PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 527 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

COMPRISING PERIOD
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26 April 2011

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 527**

EIGHTEENTH VOLUME OF SESSION 2010-2012

House of Commons

Tuesday 26 April 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Neuromuscular Services (North-West)

1. **Barbara Keeley** (Worsley and Eccles South) (Lab): What progress the NHS North West Specialised Commissioning Group has made in reviewing neuromuscular services in the region; and if he will make a statement. [52548]

14. **Mr John Leech** (Manchester, Withington) (LD): What progress the NHS North West Specialised Commissioning Group has made in reviewing neuromuscular services in the region; and if he will make a statement. [52562]

The Parliamentary Under-Secretary of State for Health (Anne Milton): I understand that the North West Specialist Commissioning Group received a report from its neuromuscular services review group at the end of March, and that it has since circulated it to all primary care trust chief executives with a request that it is shared with board members and GP commissioning consortia leads.

Barbara Keeley: The north-west has not seen the investment in extra services, such as transitional care and extra care advisers, that the report recommends, and now the Government's proposed reforms are causing turmoil in specialised commissioning and real worries about how the commissioning of tertiary services will work in future, so will Health Ministers issue guidance to commissioners to ensure that the investment is made to cover those critical gaps in the north-west, and that emergency admissions are avoided?

Anne Milton: I thank the hon. Lady for her question, but I reject her assertion that the changes to the NHS—the modernisation of the NHS—have thrown the process into difficulty. Clearly, she feels that there is a problem in the first place. As I am sure she will agree, however, it will be down to the commissioning of the GP consortia and the primary care trusts to decide the best way to provide services in the light of all the information that they have. I understand that the commissioners will feed back to the specialised commissioning group on how they will deal with the recommendations.

Mr Leech: The report highlighted that, for an investment of less than £30,000, Manchester primary care trust could ensure that all muscular dystrophy sufferers, including my constituent Ben Dale, have access to specialist care adviser support, saving an estimated £5 million in hospital admissions costs. Does the Minister agree that that investment would be excellent value for money, given that it would help my constituent Ben to live a more fulfilling life and save money for the NHS?

Anne Milton: The hon. Gentleman specifically mentions a constituent of his, and I have every sympathy with people coping with muscle-wasting diseases, and indeed with their families. The burden can be quite considerable. The multidisciplinary group that examined services throughout the north-west deserves our thanks for its

work, but the fact is that it is for NHS commissioners, PCTs and the emerging GP-led consortia to consider the evidence that they have. Indeed, if money can be saved by commissioning services in a different way, so they should be, but that decision should be taken locally.

Acute Services (Trafford)

2. **Kate Green** (Stretford and Urmston) (Lab): What steps he is taking to ensure the provision of acute services in Trafford district. [52549]

The Minister of State, Department of Health (Mr Simon Burns): This is a matter for the local NHS. Every NHS trust has a duty to provide the best quality care for its patients. The Government believe that the delivery of health services should be led locally, with clinicians working with GPs and patients to ensure that their needs are met.

Kate Green: I am grateful for that answer and for the Minister's letter to me last week, but, having already lost paediatric and maternity services recently, and with the decision not to provide trauma services in Trafford, local people are understandably anxious about further services being lost. Is the Minister confident that sufficient independent oversight is in place to ensure that the needs and wishes of local people are adequately met?

Mr Burns: I hope that I can reassure the hon. Lady, because if there were to be any reconfigurations in the future—I put that in the conditional tense because the relevant trust is confident that there will not need to be any—quite clearly the four tests that my right hon. Friend the Secretary of State introduced last May would have to apply. There would have to be full consultation with local people and with clinicians, GPs and others in the health economy.

NHS Reform

3. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What processes he has put in place to allow lay members of the public and elected public representatives to contribute to discussions on the reform of the NHS. [52550]

The Secretary of State for Health (Mr Andrew Lansley): Following formal consultation last year, and as I told the House on 4 April, we are taking this opportunity to pause, listen, reflect and improve the Health and Social Care Bill. A total of 119 events have already been organised centrally, and the regional and local NHS will organise many more. Those events will allow us to hear a full range of views from professionals, the public and patients.

Simon Hughes: The Health Secretary knows that colleagues welcome the pause and the opportunity to reflect on what changes might be beneficially made to the legislation. Will he assure us that lay people and elected representatives, such as councillors and others, will be fully engaged in the process? The professionals have had their say, and they have very strong views, but the patients and elected people need to have their say, too.

Mr Lansley: Yes. I am grateful to my right hon. Friend, and I can give him that assurance. Indeed, one reason why it is important to pause and to listen now is not least that shadow health and wellbeing boards have been put forward by 90% of relevant local authorities in England, and it is an opportunity for them to be very clear about how we can improve patient and public accountability. I hope that they and others will take that opportunity. As my right hon. Friend knows, the Bill already substantially improves both the public and the patient voice in the NHS, and we have to ensure that we take every opportunity now further to improve it.

Mr Kevin Barron (Rother Valley) (Lab): If the Government do come back with some major changes to the Bill, will those changes go out to public consultation, and will this House have the opportunity to oversee and to look in detail at any further proposals they may make?

Mr Lansley: I think I made it clear to the right hon. Gentleman in the House on 4 April that we were looking to pause, to listen, to reflect and to improve the Bill, and we are taking the opportunity to do so now, before Report and Third Reading.

Mr Stephen Dorrell (Charnwood) (Con): Can my right hon. Friend confirm that in the listening exercise it is his intention, in addition to listening to representatives of local authorities and the public, to ensure that we fully take account of the views of representatives of the full range of clinical opinion within the health service—nurses, hospital doctors and community-based clinicians as well as GPs?

Mr Lansley: Yes. My right hon. Friend will know that we have done that in the past, and we continue to do so. Just as early implementers of health and wellbeing boards have an important voice in how local authorities will strengthen public accountability and democratic accountability, we also now have an opportunity that we did not have in the consultation last year for the new pathfinder consortia, as they come together—88% of the country is already represented by them—to have their voices heard. I hope that the public generally will exercise this opportunity too. I know that groups representative of patients are doing so and very much want to get involved in these discussions.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The Secretary of State will be aware that if Lib Dem MPs were seriously opposed to this reorganisation, they could have voted against it on Second Reading—so how can he expect the public to take these discussions and the listening exercise seriously? Are they not just a device to get the coalition through the May elections, and is he not determined to get away with as little substantive change as he can manage?

Mr Lansley: On the contrary—the hon. Lady should know, because I made it clear on 4 April, that my objective, and that of the Prime Minister, the Deputy Prime Minister and all of the Government, is further to strengthen the NHS, and we will use this opportunity to ensure that the Bill is right for that purpose. The reason Government Members supported the Bill on Second Reading, and Labour Members should have done so, is

that, as the right hon. Member for Wentworth and Dearne (John Healey) said, the general aims of reform are sound.

Mark Pritchard (The Wrekin) (Con): As part of the listening exercise, will the Secretary of State confirm that the public, patients and medical professionals will be listened to? Many of them want to see root-and-branch reform of the NHS in order to improve its effectiveness and efficiency and improve patient outcomes.

Mr Lansley: Yes, my hon. Friend is right. We have an opportunity, which we want to realise to its fullest potential, to improve many of the ways in which patients and the public are involved. For example, we want to arrive at a point where patients feel that the invariable response of the NHS to their need is that there is no decision about them without them. We are proposing in the Bill to strengthen the scrutiny powers of local authorities. We are also proposing to bring in a patient voice through HealthWatch and HealthWatch England that has not existed since the Labour Government abolished community health councils, and we are going to strengthen substantially democratic accountability through health and wellbeing boards.

Diabetes

4. **Keith Vaz** (Leicester East) (Lab): What his policy is on funding for a national framework and quality of service guidelines for diabetes patients. [52551]

The Minister of State, Department of Health (Paul Burstow): To support the NHS in improving outcomes, the National Institute for Health and Clinical Excellence has published a quality standard for diabetes building on the existing national service framework, which provides an authoritative definition of good-quality care. Under proposals in the Health and Social Care Bill, quality standards will have a central role within the new system's architecture.

Keith Vaz: May I declare my interest as someone who has type 2 diabetes, and remind the Minister that we currently spend 10% of the NHS budget—£1 million an hour—on diabetes-related illnesses? Does he agree that what is central to this framework is providing funding for prevention? If we can prevent and assess diabetes, we will save a great deal of money in the long run.

Paul Burstow: I certainly agree with the right hon. Gentleman that prevention is undoubtedly the right way forward, but earlier diagnosis is also very important. That is why we continue, as a Government, to support the roll-out of NHS heath checks for people aged 40 to 65 as a way of ensuring that we detect more readily and earlier so that we can provide the appropriate support.

John Pugh (Southport) (LD): Just 10 minutes ago, I met representatives of Diabetes UK, who want to see greater emphasis on integration and co-operation between and within services in the NHS Bill. Can I assume that they will not be disappointed?

Paul Burstow: As my right hon. Friend the Secretary of State has already indicated in today's exchanges in this House, we are committed to listening and reflecting during this pause, and to ensuring that we come back with substantive improvements to the Bill to deliver its central purpose of improving health care for the people of this country.

Out-of-Hours Surgeries

5. **Mr Jim Cunningham** (Coventry South) (Lab): How much his Department allocated to the provision of out-of-hours surgeries in the last 12 months for which figures are available; and if he will make a statement. [52552]

The Minister of State, Department of Health (Mr Simon Burns): The Government do not allocate centrally how much money is spent by local NHS providers on out-of-hours services. However, in 2009-10, the last year for which figures are available, £403.8 million was spent on out-of-hours GP services in England and £1.6 million was spent on out-of-hours services in Coventry. We plan to give GPs and other health professionals greater powers to commission out-of-hours care to achieve high quality, integrated services that are focused on the needs of patients.

Mr Cunningham: Given that waiting times in emergency units are increasing, what will the Minister do to protect out-of-hours clinics?

Mr Burns: It was, of course, the hon. Gentleman's Government who did so much to undermine the provision of out-of-hours services. We propose not only to review the existing framework, but to ensure that there are the real improvements that benefit patient care, which are so badly needed.

Sir Peter Bottomley (Worthing West) (Con): Will my right hon. Friend ensure that there are no artificial constraints so that GPs, even though they may be commissioners, can ensure that they provide out-of-hours services in combination with clinics and ambulance services?

Mr Burns: I am grateful to my hon. Friend for raising that important issue. I assure him that there are mechanisms in the Health and Social Care Bill to provide protection so that there are not the problems that he anticipates.

Health and Social Care Bill (Cross-border Implications)

6. **Mr David Hanson** (Delyn) (Lab): What discussions he has had with Ministers in the Welsh Assembly Government on the cross-border implications of the Health and Social Care Bill. [52553]

The Parliamentary Under-Secretary of State for Health (Anne Milton): The Secretary of State for Health met Ministers of the Welsh Assembly Government on 1 December last year to discuss the future of the cross-border commissioning protocol, and I am meeting the Under-Secretary of State for Wales in the next few weeks. It was agreed that until the forthcoming changes in the Health and Social Care Bill are finalised, no substantial changes to the cross-border protocol should be introduced, as is right. The protocol, which expired on the 31 March this year, has therefore been renewed for one year with minimal changes.

Mr Hanson: More than 200,000 people from Wales, including people from my constituency, access services in England at the Countess of Chester hospital, Clatterbridge, the Christie, and the Walton in Liverpool. More than 50,000 people from England access health services in Wales. What guarantees can the Minister give me that the proposed changes in the Health and Social Care Bill will not wreck those arrangements?

Anne Milton: There is absolutely no reason why they should. I thank the right hon. Gentleman for raising this issue. It is worth pointing out that there are many areas of commonality between the health services in England and Wales. Of course, it is up to the Welsh Assembly Government to decide what scale of finance and resource they provide. I am aware that there are some cross-border issues that clearly need to be resolved.

Richard Drax (South Dorset) (Con): Will the Minister confirm whether funds will be held by the consortia or the GPs in the practices, because there is confusion among GPs in my constituency of South Dorset on that point?

Mr Speaker: With reference to the discussions that have been held with the Welsh Assembly Government.

Anne Milton: I am grateful, Mr Speaker. I was going to make that point. Although Dorset is a long way from Wales, I assure the hon. Gentleman that GPs will not have the money in their personal bank accounts.

Hywel Williams (Arfon) (PC): The Minister will know from the Welsh Affairs Committee report that there is considerable traffic of people accessing GP services across the border in both directions, with the net benefit going to England. Will she reassure me that the interests of people on both sides of the border will be served when the Health and Social Care Bill is finally enacted?

Anne Milton: Yes, I assure the hon. Gentleman that the Health and Social Care Bill aims to resolve as many of the problems that we know about on the border as possible.

Social Care (Eligibility Criteria)

7. **Mrs Linda Riordan** (Halifax) (Lab/Co-op): What estimate he has made of the number of local authorities which changed their eligibility criteria for social care in the last 12 months. [52554]

The Minister of State, Department of Health (Paul Burstow): Decisions about eligibility criteria are a matter for local councils. As part of last year's spending review, the Government committed an additional £530 million through the local government formula grant, and £648 million in direct support from the NHS, to support social care, as well as £150 million for re-ablement. By 2014, that will rise to £2 billion of additional support for social care.

Mrs Riordan: Is the Minister aware that according to a recent survey by the Association of Directors of Adult Social Services, 19 local authorities including my own, Calderdale, have had to raise the eligibility criteria for social care because of the cuts that they have received from the Government? Does he stand by his statement of 21 October that there is

"no justification for local authorities to slash and burn or for local authorities to tighten eligibility"?

Paul Burstow: I certainly stand by the idea that the Government provided adequate resources in the financial settlement last year, alongside efficiency savings, to ensure that every local authority could choose to maintain the current levels of eligibility and services in its area if it so wished.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Minister examine situations in which domiciliary care contracts are awarded under the EU public procurement directives, to ensure that especially when they are awarded on price, they are not dumbed down and the level of service reduced?

Paul Burstow: My hon. Friend makes an important point about ensuring that competition is always based on quality, not just price. If she would like to write to me with more details about the matter, I would certainly be happy to follow it up with her.

Emily Thornberry (Islington South and Finsbury) (Lab): Since the Government are no longer doing an assessment of the provision of social care by local authorities, I have done it for the Minister. My survey has found that not only have eligibility criteria been tightened, but 88% of councils are increasing their charges, 63% are closing care homes and day centres and 54% are cutting funding to the voluntary sector. Now that I have told the Minister the facts, will he take back his comment that

"no councils need to reduce access to social care"?

Would he like to start being straight with the public?

Paul Burstow: I will take Labour facts with a pinch of salt. Under Labour, social care was always very much the poor relation. Under this coalition, social care has received a £2 billion spending boost and an unprecedented transfer of resources from the NHS—something that the hon. Lady's party, if it had been in power, would not have been able to do, because it would have been busy cutting the NHS.

NHS (Rochdale)

8. **Simon Danczuk** (Rochdale) (Lab): What plans he has to visit NHS services in Rochdale; and if he will make a statement. [52555]

The Parliamentary Under-Secretary of State for Health (Anne Milton): My right hon. Friend the Secretary of State for Health visited the Pennine Acute Hospitals NHS Trust, which delivers services to the people of Rochdale, in June last year. There are no immediate plans to repeat the visit.

Simon Danczuk: The reason I asked the question is that the people of Rochdale are extremely concerned about how Rochdale infirmary is being run and believe

that the Pennine acute trust is not accountable. The Minister and the Secretary of State will be aware of the recent Channel 4 "Dispatches" programme, which showed the trust and its chief executive in a very poor light. The reconfiguration of services there has been handled very badly. May I ask the Minister, as a matter of urgency, to act upon all the concerns and investigate the management of the Pennine acute trust?

Anne Milton: I thank the hon. Gentleman for his question. I am aware of the recent "Dispatches" programme and the fact that the Pennine Acute Hospitals NHS Trust is implementing a number of service changes in a number of areas, including Rochdale. Those changes are part of the "Healthy Futures" and "Making it Better" programmes, both of which have been subject to full consultation with local people. NHS North West has confirmed that both programmes meet the four tests for service change, but if the hon. Gentleman continues to have concerns, I am sure one of the ministerial team will deal with them personally.

Front-line Services

9. **Chris White** (Warwick and Leamington) (Con): What steps he is taking to maintain front-line services in the NHS. [52556]

The Secretary of State for Health (Mr Andrew Lansley): We are increasing funding for the NHS in each year of this Parliament, amounting to an increase of £11.5 billion over its course. Over the next few years, planned improvements in the efficiency of use of NHS resources, increasingly led by front-line staff, will support modernisation of the NHS to respond to rising demand and new technologies. Not least, we are cutting administration costs across the system by one third, saving £1.7 billion a year, every penny of which will be available for reinvestment in front-line services.

Chris White: Will the Secretary of State join me in praising the work of chief executive, Glen Burley, and the excellent team of health professionals at Warwick hospital, who are improving community care while seeking to reduce management costs? Will the Secretary of State also take the opportunity to visit Warwick hospital to discuss how those things can be done at local level?

Mr Lansley: I am glad to endorse my hon. Friend's congratulations to the staff and team at Warwick hospital. I hope to have an opportunity to visit that hospital at some future date. Across the NHS, we are setting out not least to increase productivity and efficiency, stimulate innovation, reduce administration costs and put more decision-making responsibility into the hands of those who care for patients, which the Labour party failed to do.

Clive Efford (Eltham) (Lab): How can the Secretary of State convince people that he is protecting front-line services when a flagship Bill such as the Health and Social Care Bill is in such disarray? While he is pausing and listening and reflecting on that Bill, will he also consider whether the House will have a further opportunity to consider his reflections, because we are through the Committee stage? Will there be another Committee?

Mr Lansley: The hon. Gentleman misses the point that what matters to the public is the quality of services that are provided to them. When he asked his question, he might have reflected on the simple fact that the Labour party told us before the spending review to cut the budget of the NHS. We refused to do that, which means that this financial year, £2.9 billion more will be available for the NHS to spend than it spent last year.

Harriett Baldwin (West Worcestershire) (Con): A crucial front-line service is the provision of stroke care. Can the Secretary of State confirm that under his proposed reforms, local clinical practitioners will have much more influence over the location of those stroke services than in the current situation, when management can make somewhat arbitrary changes?

Mr Lansley: Yes, I can confirm that. We are looking for commissioning consortia not only to lead from a primary care perspective on behalf of patients, but to work on commissioning services with their specialist colleagues. Of course, the stroke research network has formed a strong basis upon which such commissioning activity can take place.

There have been many improvements in stroke care. Over the last year, we have seen a significant improvement in performance in relation to responses to transient ischaemic attack, and I hope we continue to see improvements in future.

Liz Kendall (Leicester West) (Lab): Last year, the Prime Minister made a very clear pledge to protect front-line NHS services. Will the Secretary of State confirm that in the run-up to next year's Olympics, which will bring around 1 million extra people to the capital, the London ambulance service is cutting 560 front-line staff? Will the Secretary of State also confirm that nationally, A and E waits of more than four hours are up 65%, that the number of patients waiting more than six weeks for their cancer test has doubled, and that more patients are waiting for longer than 18 weeks than at any time in the last two years? Will he now admit that the Prime Minister's pledge to protect front-line care is unravelling even faster than the Secretary of State's chaotic Health and Social Care Bill?

Mr Speaker: There were three questions there, but I know that the Secretary of State will provide a characteristically succinct reply.

Mr Lansley: Thank you, Mr Speaker. None of those questions reminded the House that the Labour party wanted to cut the budget of the NHS, nor that in Wales, a Labour-led Welsh Assembly Government are cutting the NHS budget in real terms—there is no increase at all.

Let me tell the hon. Lady that waiting times in the NHS are, on average, nine weeks for patients who are admitted and three and a half weeks for those who are not admitted. That is broadly stable.

The hon. Lady will know that the chief executive of the London ambulance service, Peter Bradley, has made it clear that the ambulance service, like the NHS, needs to maintain front-line services while continually improving efficiency. That will happen in the ambulance service and it will happen right across the NHS.

Health and Wellbeing Boards

10. **Karen Lumley** (Redditch) (Con): What progress he has made on the establishment of local health and wellbeing boards. [52557]

The Minister of State, Department of Health (Paul Burstow): Almost nine out of 10 local authorities have signed up as early implementers to press ahead with the setting up of health and wellbeing boards. Councillors, clinicians and local communities have told us that by working together through those boards, they can and will improve health and care outcomes for local people.

Karen Lumley: Does my hon. Friend agree that giving greater public health powers to the health and wellbeing boards will allow more targeted help in our local communities?

Paul Burstow: Absolutely. By bringing public health home to local government we will have the opportunity to ensure that many of the underlying causes of ill health can be tackled more effectively, and that is why we are making the reform in this way. By having a health and wellbeing board that brings together all the interested parties we can also ensure a far more integrated approach.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the hon. Gentleman persuade the Secretary of State to come to Yorkshire and perhaps speak to a small group of people—no more than 60—in a quiet room about what these boards are supposed to do? Who will be on them, how accountable and transparent will they be, and will they have any teeth?

Paul Burstow: My right hon. Friend of course is more than happy to go to all sorts of places to talk to people about the health reforms. However, local government fully supports this particular proposal and sees it as a vital innovation for the involvement of local government in the health service. It will be transparent because it will be part of the local authority and will meet in open.

GP Pathfinder Consortia

11. **Neil Parish** (Tiverton and Honiton) (Con): What recent assessment he has made of progress by GP pathfinder consortia in delivering improvements in NHS services. [52559]

The Secretary of State for Health (Mr Andrew Lansley): I am delighted that nearly 90% of the country is now covered by pathfinder consortia, including my hon. Friend's constituency, where the eastern Devon consortia chairs board pathfinder is up and running. I know that one area on which these emerging consortia are focusing is providing better, more flexible services for patients in community settings. We are supporting all the pathfinders through the pathfinder learning network, which is already showing a wide range of examples of where clinician-led commissioning is delivering benefits for patients.

Neil Parish: I welcome the Secretary of State saying that the consortium in my constituency is up and running. Will he also take this opportunity to ensure that through these consortia patients can get better access to their doctors? Labour paid doctors a great deal more money, but patients actually got less access to their doctors.

Mr Lansley: That, indeed, will be one of the areas on which the quality and outcomes framework for individual GP practices will focus. In addition, however, through the commissioning outcomes framework for the NHS as a whole, one area in which we want to see continuing improvement in quality is patient experience and outcomes as reported by patients. GPs and their clinical colleagues will therefore be incentivised continuously to improve quality.

Valerie Vaz (Walsall South) (Lab): Can the Secretary of State tell us how much this consultation exercise is costing the public purse?

Mr Lansley: No, I cannot, but I will write to the hon. Lady.

Mr Rob Wilson (Reading East) (Con): The Secretary of State knows that many of us have received e-mails from constituents, the majority of which have been cut and pasted from a left-wing website. The impression given of the role of the GP consortia bears little relationship to that of GP leaders in my constituency such as Elizabeth Johnston. Will he confirm that he will listen very carefully to the experience and expertise of my local GP leaders, and not a left-wing motivated campaign?

Mr Lansley: My hon. Friend will know, like I do, that his GPs in Reading have already commissioned a new care pathway for people with lower back pain, which means that instead of having to go to hospital appointments, patients can be seen in their own homes by physiotherapists or occupational therapists offering practical advice and assistance in managing pain. Those are practical steps led by front-line staff, the purpose of which is to improve care for patients.

Hospital Services

12. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What arrangements he has made for continuity of provision of existing hospital services under his proposed reforms of the NHS; and if he will make a statement. [52560]

The Minister of State, Department of Health (Mr Simon Burns): Commissioners would remain responsible for securing continued provision of NHS services to meet the needs of their local populations. We are proposing to support commissioners in this by introducing a comprehensive system of regulation at national level and additional regulation for designated services.

Luciana Berger: The Minister told the Bill Committee that some accident and emergency services might be undercut by private providers, which could force them to close. Will the Government bring forward amendments to the Bill to safeguard existing A and E services in all areas, including Merseyside?

Mr Burns: I know that the hon. Lady does not want to mislead the House, but she is totally, factually incorrect in how she paraphrased what I said in the Health and Social Care Bill Committee. As any hon. Member who was there will know, I tried to be helpful to the hon. Member for Leicester West (Liz Kendall)—it is the last time I will—and gave her an illustrative example of how designated services would work. However, I did not say what the hon. Member for Liverpool, Wavertree (Luciana Berger) attributed to me.

Mr David Ruffley (Bury St Edmunds) (Con): Clinicians at the West Suffolk hospital in Bury St Edmunds are concerned that they will get the same tariff for an operation as a private sector provider, even though the NHS has to carry the cost of training whereas, on the whole, the private sector does not. What steps will the Minister take to address this perceived unfairness?

Mr Burns: I should like to reassure my hon. Friend. As he will know, we do not propose to introduce price competition into the NHS; rather, we propose to introduce competition based on quality. His clinicians are correct that the price will be the same. However, they must remember that we are going to stop the practice of the last Government, who, with independent sector treatment centres, paid the private sector over 11% more per operation than they were prepared to pay the national health service.

Mr Speaker: I call Mr Derek Twigg.

Derek Twigg (Halton) (Lab) *indicated dissent.*

Mr Speaker: I thought that the hon. Gentleman wanted to come in on this question. That is what I have been told, but never mind: we will wait to hear his dulcet tones in due course.

Non-Emergency Phone Number

15. **Helen Goodman** (Bishop Auckland) (Lab): Whether he has made an assessment of the effectiveness of the 111 non-emergency number; and if he will make a statement. [52563]

The Minister of State, Department of Health (Mr Simon Burns): NHS 111 is currently being piloted in County Durham and Darlington, Nottingham city, Lincolnshire and Luton, and a full independent evaluation of these pilots will be available in spring 2012.

Helen Goodman: In Durham, 111 calls are being answered by telephone receptionists without any medical training. They run through a list of pre-scripted questions and frequently divert ambulance paramedics away from 999 calls. Clearly that is risky. Will the Minister look into that before the number goes nationwide?

Mr Burns: I am sorry, but the hon. Lady is a little bit confused. She says, rather dismissively, that the calls are being answered by telephonists. These are non-medically trained people who have nurses and GPs available to give them help and advice as and when the callers demand it, because of the complaint or problem that they are raising. The beauty of the 111 service is that people do not have to wait to be called back, as they do with NHS Direct. Instead, the people trained to help callers will point them towards the appropriate care—which in some cases will be the emergency services—and they are right to do so when this has been clinically determined.

Andrew Bridgen (North West Leicestershire) (Con): Can my right hon. Friend assure the House that 111 telephone operators will be trained to the same level as 999 telephone operators?

Mr Burns: Yes, absolutely.

Health and Social Care Bill

16. **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): What amendments he plans to table to the Health and Social Care Bill. [52564]

The Secretary of State for Health (Mr Andrew Lansley): As I told the House on 4 April, we are taking the opportunity presented by a natural break in the legislative process to pause, listen, reflect and improve our plans for modernisation of the health service. We will consider what amendments are required in the light of this.

Jonathan Reynolds: The Health and Social Care Bill is undoubtedly one of the most controversial pieces of legislation being proposed by the coalition. May I push the Secretary of State a little further on some of the answers that he has given my hon. Friends and ask him exactly how he will ensure adequate parliamentary time to scrutinise the amendments that he will bring forward?

Mr Lansley: I am not sure that I necessarily subscribe to the hon. Gentleman's premise. This issue is important and it warrants the kind of attention that we are giving to it, and there is an opportunity to listen, reflect and improve the Bill because we want to ensure that we can thereby strengthen the NHS. On strengthening the NHS, I am surprised that the hon. Gentleman did not take the opportunity to refer to the £12.9 million increase in the budget for Tameside and Glossop PCT this year—something that Labour would not have offered. The truth is that we are going to strengthen the NHS through the Health and Social Care Bill, as we are strengthening it through our commitment to the priorities of the NHS.

David Tredinnick (Bosworth) (Con): Has my right hon. Friend had any further thoughts on the effect of HealthWatch England's representatives being included in local health and wellbeing boards? Does he think that the provisions are sufficiently robust to ensure that they have an impact on commissioning?

Mr Lansley: As my hon. Friend knows, we intend health and wellbeing boards to bring together HealthWatch, plus councillors, commissioning bodies and providers, as part of the process of local representation, so that we can link up NHS commissioning with public health and social care, to see how they collectively meet the joint strategic needs assessment led by the local authority.

Mr Speaker: I call Diana Johnson.

Derek Twigg (Halton) (Lab) *rose—*

Mr Speaker: I apologise to the hon. Member for Kingston upon Hull North (Diana Johnson). The change of mind on the part of the Opposition Front Bench fazed me, for which I apologise. The hon. Member for Halton (Derek Twigg) wants his opportunity to ask a question, and he should have it.

Derek Twigg: Thank you, Mr Speaker. I think there was some confusion between questions 13 and 16.

We obviously want to see important improvements to the Bill, including the deletion of part 3, which drives competition to the heart of the NHS, and of clause 150, which removes the private patients' income cap. I also want to ask the Secretary of State a specific question. On 16 March, during the Bill's passage through the House, the Prime Minister said to the Leader of the Opposition:

"Perhaps he would like to...support our anti-cherry-picking amendment."—[*Official Report*, 16 March 2011; Vol. 525, c. 292.]

Will the Secretary of State tell us whether it is still the Government's policy to table such an amendment in this House, or whether they intend to do so at a later stage?

Mr Lansley: As I said earlier, when we have completed this process of listening and reflecting, we will table amendments to the Bill. I will tell the House about them then, just as I told them on 4 April that we were going to go through this process. Let me make it clear that we are intending not to allow cherry-picking. We intend to make it absolutely clear to the private sector or anybody else that they must not be able to compete with the NHS on uneven terms because, actually, that is what the last Labour Government did. Under that Government, we ended up with £250 million being spent on operations in private hospitals that never took place because of the poor nature of the private sector provision that they put in place. We are not introducing competition into the NHS through this Bill. Why does the hon. Gentleman suppose that the last Labour Government set up the competition and co-operation panel, if not—

Mr Speaker: Order. I am grateful to the Secretary of State. I call Diana Johnson.

Local Authorities (Public Health Duties)

17. **Diana Johnson** (Kingston upon Hull North) (Lab): How much funding he plans to allocate to local authorities in order to perform their new public health duties in each of the next three years. [52565]

The Parliamentary Under-Secretary of State for Health (Anne Milton): We want local authorities to have the powers and the resources that they need in order to make a real difference to the health and well-being of their local populations. Shadow allocations for the local ring-fenced public health budget will be announced later this year.

Diana Johnson: Hull's Lib Dem council does not have a very good record on public health. It is currently slashing services delivered to children through its children's centres and early years services. We all know that public health can be improved by that early investment. What is the Minister going to do to ensure that councils take their wider public health responsibilities seriously?

Anne Milton: I thank the hon. Lady for her question. With resources come responsibilities. I am pleased that the hon. Member for Hackney North and Stoke Newington (Ms Abbott) has welcomed the shift in public health. There is no doubt about it: local authorities have a long history of delivering public health improvements, and this will give them the opportunity to see again some of the improvements that were long awaited under the last Government.

Children with Disabilities

20. **Helen Jones** (Warrington North) (Lab): What assessment he has made of progress in providing co-ordinated medical assessments for children with disabilities. [52568]

The Parliamentary Under-Secretary of State for Health (Anne Milton): The Department for Education Green Paper, "Support and aspiration: a new approach to special educational needs and disability—a consultation", was published in March and includes a proposal to develop a single new co-ordinated assessment for education, health and care plans by 2014. The consultation on the Green Paper continues until June 2011, and I hope that the hon. Lady will respond to it.

Helen Jones: That was a very interesting answer, particularly as the Prime Minister told me on 30 March that this

"idea is rapidly becoming Government policy."—[*Official Report*, 30 March 2011; Vol. 526, c. 340.]

Can the Minister tell us whether she intends to table an amendment to the Health and Social Care Bill to ensure that those crack teams of medical experts that the Prime Minister promised would be set up will be set up by GP consortia?

Anne Milton: Families of children with disabilities and special needs will welcome the single, co-ordinated assessment. We have to see health and social care working more closely together, because those families bear a considerable burden of care. I would point the hon. Lady towards the consultation, and I suggest that she points her constituents towards it as well, as it is extremely important that we get their feedback.

Patient Choice

22. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What steps he is taking to extend the choice that patients have over the treatment they receive from the NHS. [52570]

The Minister of State, Department of Health (Mr Simon Burns): The Government have consulted on proposals to give patients greater choice and control over their care and treatment. We have deferred publication of our response to take into account the results of the listening exercise.

Mr Evennett: I thank my right hon. Friend for that answer and refer him to the King's Fund paper, "Patient choice", which was published in March 2010. Does he agree that people value being able to choose and that

the exercise of choice raises standards and encourages NHS providers to design services around patients and their needs?

Mr Burns: My hon. Friend is absolutely right. I am certainly aware of the King's Fund publication. The report was cited as a key source of evidence in the consultation document, "Liberating the NHS". The Department of Health welcomes this significant contribution to the evidence base, which will inform how we implement the choice commitments set out in the White Paper, "Equity and excellence: Liberating the NHS".

Fiona Mactaggart (Slough) (Lab): When I was first elected, I regularly received letters from constituents who were concerned about how long they had to wait for treatment. During the years of the Labour Government, those letters went away, but they are coming back again. What I know from my constituents is that their main choice is not to have to wait. Is that a choice that this Government are going to offer them or will waiting times increase?

Mr Burns: The choice this Government will offer them will make sure that they get the finest quality health care, where they can exercise their choice of which hospital to go to, which consultant to see, which GP to see, without having to wait unduly for that treatment.

Topical Questions

T1. [52573] **James Morris** (Halesowen and Rowley Regis) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Mr Andrew Lansley): My responsibility is to lead the NHS in delivering improved health outcomes in England; to lead a public health service that improves the health of the nation and reduces health inequalities; and to lead the reform of adult social care, which supports and protects vulnerable people.

James Morris: The Alzheimer's Society predicts that by 2021, there will be a million sufferers from dementia in this country. Will the Secretary of State reassure my constituents that those people suffering from it will get the support they need—now and in the future?

Mr Lansley: Yes, I can tell my hon. Friend that the response to dementia is a key priority for this coalition Government. I think we have already demonstrated it in our commitment to dementia research. We need to improve both earlier diagnosis of dementia and the possibilities for treatment. We have demonstrated our commitment to improving standards in dementia care, both in hospitals and in care homes, and, indeed, in the further work we have done on reducing the use of anti-psychotic medicines.

John Healey (Wentworth and Dearne) (Lab): How does the Health Secretary square the Prime Minister's promise to pause in his changes to the NHS with the NHS chief executive saying a week later:

"I want to stress very firmly that we need…to maintain momentum on the ground."

With the Government's health Bill, are we not seeing both rushed pre-legislative implementation and confused post-legislative policy making? If the Prime Minister really gets cold feet about his NHS changes, let me ask the Health Secretary for a fourth time whether the Government will guarantee the extra time needed for this House to examine the changes fully?

Mr Lansley: Let me be clear about the right hon. Gentleman's point. Both things are entirely compatible because there are 220 GP-led consortia that have come together as pathfinders to demonstrate how they can improve commissioning and the service to their patients; 90% of local authorities have come together in health and wellbeing boards; while at the same time, we have to deliver the challenge of improving productivity, quality and efficiency. All of that requires us, on the ground, to continue the momentum of improvement for patients. At the same time, we are listening not least to all those clinicians and members of the public who want to be sure that the Bill will provide them with the opportunities for involvement and the safeguards they are looking for in the NHS in the future.

John Healey: The Health Secretary ducked for the fourth time this afternoon the question of whether he will do right by this House in allowing sufficient time for proper scrutiny of any changes to the Bill that come forward. While he is listening, will he consider the risks he is running with the NHS? The Prime Minister promised a real rise in NHS funding, yet this year more than nine out of 10 hospitals are faced with cutting costs by more than 4%; one in seven by more than 8%; while nearly £2 billion for patient care is being held back to cover the costs of the internal NHS reorganisation. Will he admit that this reorganisation is now piling extra pressure on NHS funding and services so that patients are seeing waiting times rise, operations cancelled and front-line staff jobs cut as the NHS starts to go backwards again under the Tories?

Mr Lansley: I find the hon. Gentleman's cheek astonishing. It was his party which, before the election, announced its intention of making up to £20 billion of efficiency savings, it was his party which told us after the election that the NHS should be cut, and it is his party which is actually cutting the NHS in Wales. It is the coalition Government who have made decisions that will give the NHS £2.9 billion—a 3% cash increase—and, because of the way in which we are tackling the costs of management, will put more people on the front line. Following the election, there are 3,500 fewer managers and 2,500 more doctors and nurses.

T2. [52574] **Greg Mulholland** (Leeds North West) (LD): The Secretary of State is well aware of concern in the Yorkshire area about the review of children's heart units, and I thank him for his recent letter, but does he accept that there is a contradiction between the logic applied to the south of England and that applied to the north, where 14 million people rely on the fact that the children's heart unit in Leeds is only a two-hour drive away?

Mr Lansley: I should make it clear that the review is being led by the Joint Committee of Primary Care Trusts, not by the Department of Health, and that it is being conducted by an independent team who are employing an independent consultative process. My colleagues and I have made no decisions so far, but we will expect all the points made by the hon. Gentleman and others throughout the country about paediatric cardiac surgery to be taken fully into account in the consultation.

T4. [52576] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): The Secretary of State will be aware that, according to the quarterly monitoring report from the King's Fund, waiting times have hit a three-year high. Does he accept that that is a direct result of his actions, particularly the abolition of the centrally managed target in June last year?

Mr Lansley: I can tell the hon. Gentleman that waiting times in the NHS are stable. The average waiting time for patients who are admitted to hospital is nine weeks, and the average waiting time for out-patients is three and a half weeks. I think that people in the NHS might reasonably say that it is not fair to cite February 2011, when patients waiting for elective operations could not be admitted because critical care beds were occupied in the immediate wake of a severe winter and the largest flu outbreak since 1999.

T3. [52575] **David Morris** (Morecambe and Lunesdale) (Con): According to recent press reports, hospitals have used money earmarked for front-line NHS services to pay salaries to trade union officials. Does my right hon. Friend consider it acceptable to spend taxpayers' money on paying union hatchet people, and will he order an investigation?

The Minister of State, Department of Health (Mr Simon Burns): The Government consider it right for NHS staff to have access to trade union representatives at work, but that should not be abused. Arrangements for reimbursing staff for trade union activities should be agreed locally between trusts and unions. There are no current plans to review union facility time.

T6. [52578] **Diana Johnson** (Kingston upon Hull North) (Lab): Given that, according to the King's Fund, waiting times are increasing as a result of the reorganisation, does the Minister expect things to improve now that the financial squeeze is starting to bite?

Mr Lansley: As I have already explained, I do not accept the premise; but would the hon. Lady apply the same logic to the fact that the number of cases of hospital-acquired and health care-acquired infection has fallen substantially over the past year, the fact that access to services for strokes and transient ischaemic attacks has improved, and the fact that diabetic retinopathy and bowel cancer screening are improving? Would she argue that those developments are a result of our reforms? No, because our reforms have not been implemented., but we are making the investment in the NHS that the Labour party would not make, and we are giving the NHS the credit, which the Labour party would not do.

T5. [52577] **Mr John Baron** (Basildon and Billericay) (Con): There is some concern about whether GP consortia will be given enough specialist support when commissioning integrated cancer services. Will my right hon. Friend use the pause in the passage of the Health and Social Care Bill to consider extending the guarantee for cancer network funding from 2012 to 2014, when the transition period ends and GP commissioning comes fully into effect?

The Minister of State, Department of Health (Paul Burstow): I am grateful to the hon. Gentleman for his question. The listening exercise is a genuine one, and we intend to bring forward appropriate changes as a result. I can certainly give the commitment that we will want to take on board such representations. We are, and consistently have been, committed to such clinical networks for the valuable contribution they make.

T7. [52579] **John Mann** (Bassetlaw) (Lab): If Bassetlaw council refers the reconfiguration of accident and emergency, paediatric and maternity services at Bassetlaw district general hospital to the Secretary of State, what criteria will he use to make a decision?

Mr Lansley: Under those circumstances, if a referral is made to me, I will wish to apply the kind of criteria that I set out last year for reconfigurations across the country for the first time: that they must meet the tests of being consistent with the result of any public consultation and with the public's view, with the views of prospective future commissioners—such as the commissioning consortia that are coming together as a pathfinder in the hon. Gentleman's constituency—and with the future choices made by patients about where and how they want services to be provided to them, and that they must meet clinical criteria for safety and quality.

Philip Davies (Shipley) (Con): May I join my hon. Friend the Member for Leeds North West (Greg Mulholland) in urging the Secretary of State to protect the children's heart unit at Leeds hospital as it is a very worthwhile facility for people in Yorkshire, and does my right hon. Friend the Secretary of State agree with me that doctors should go to where the patients are, rather than the other way around by expecting patients to travel for many hours to get to such an important service?

Mr Lansley: I am grateful to my hon. Friend for his question, but in response I will simply reiterate what I said to our hon. Friend the Member for Leeds North West: that these matters are currently the subject of consultation by an independent group representing the primary care trusts collectively, and not by the Department of Health at this stage.

T8. [52580] **Yvonne Fovargue** (Makerfield) (Lab): Given the concerns of researchers and medical research charities and their belief that the research provisions in the Health and Social Care Bill should be strengthened, what discussions has the Secretary of State had with the medical research community during this pause?

Mr Lansley: The hon. Lady will know that the Health and Social Care Bill does make specific provision for

NHS organisations to have regard to the needs for research. She will, I hope, also be very well aware that, by virtue of decisions made by this Government in the spending review, we have been able to sustain the level of research in the NHS. In particular, I was recently able to announce a new 30% increase in funding for translational research funded through the NHS.

Dr Julian Lewis (New Forest East) (Con): When the consultation on the future of children's heart surgery units is complete, will the Secretary of State bear it in mind that it would be a preposterous and perverse conclusion that the unit in Southampton, which is one of the two best in the country, should be threatened with closure?

Mr Lansley: I am, of course, aware of these issues, which have been raised by colleagues on both sides of the House. At this stage, may I simply reiterate that the consultation team should consider the points that I know my hon. Friend and others are making to it? After the consultation team has fully reflected on all the points, I hope Members will be able to see that it has fully taken them into account in whatever proposals it brings forward.

T9. [52582] **Gavin Shuker** (Luton South) (Lab/Co-op): The Secretary of State has just appeared to blame the rise in waiting times on, as it were, the wrong kind of snow. Can we infer from that that if waiting times continue to rise over the coming months, he will reinstate the targets that brought waiting times down and kept them low?

Mr Lansley: The point I made was that average waiting times are stable. Maximum waiting times continue to be a right of patients under the NHS constitution. I recommend that the hon. Gentleman should go to Luton and Dunstable hospital and discuss with the staff there how they dealt with a combination of circumstances that led to there being unprecedented pressure on critical care beds. He must know that if hospitals do not have critical care beds immediately available, it is not in the patients' interests for the hospitals to bring some patients in for elective surgery. That had an inevitable consequence on waiting times for a small minority of patients.

Annette Brooke (Mid Dorset and North Poole) (LD): I have received representations from constituents regarding the reclassification by the primary care trust of elderly relatives for continuing health care funding, with severe needs apparently becoming moderate over time. Does the Secretary of State share my concern about this, and how widespread is this practice in the current climate?

Paul Burstow: My hon. Friend's point is important and I regularly receive correspondence about this from hon. Members from all parts of this House. If she wishes to write to me, I will be happy to discuss the matter with her further, once I have had a chance to look at the details.

Mr Dave Watts (St Helens North) (Lab): Given that Department of Health officials are actively discussing the privatisation of my local trust behind closed doors and are signing secret documents, will the Minister publish all those documents and will he make a statement in the House about the Government's plans to privatise some of our NHS hospitals?

Mr Burns: I am afraid that I do not accept the premise of the question. May I tell the hon. Gentleman that this Government are not seeking and will not ever seek to privatise either the whole of the NHS or an individual trust? St Helens and Knowsley Teaching Hospitals NHS Trust is, like all other health trusts, currently agreeing plans to achieve foundation trust status by April 2014. That involves ongoing discussions with the North West strategic health authority and the Department of Health to determine the issues the trust faces and the actions needed to address them.

Stuart Andrew (Pudsey) (Con): May I join my hon. Friends the Members for Leeds North West (Greg Mulholland) and for Shipley (Philip Davies) in supporting the children's heart unit in Leeds? If the review fails to take full account of, and reflect on, the issues raised, what steps will the Secretary of State take to ensure that that is done so that we can fully understand the problems that would face families in Yorkshire?

Mr Lansley: I understand my hon. Friend's concern and that of colleagues in other locations across the country. If—I repeat the "if"—the consultation were not to arrive at what he or others in any specific location regarded as justified conclusions, it would be open to them, as this is a service reconfiguration of the NHS, to seek a referral of the proposal to me as Secretary of State.

Jim Shannon (Strangford) (DUP): Diabetes UK has a strategy to reduce the number of people with diabetes across the whole UK. Will the Minister tell the House what discussions he has had with the Northern Ireland Assembly—the matter is devolved in Northern Ireland—to ensure that the strategy of prevention, awareness and education is followed across the whole of the UK?

Paul Burstow: The hon. Gentleman is absolutely right, because this strategy must contain four elements; it must be about prevention, earlier diagnosis and appropriate self care, and we also have to have world-class research. Discussions with the Northern Ireland Assembly are ongoing.

Duncan Hames (Chippenham) (LD): Professional autonomy need not come at the expense of transparency in the provision of public services. Given that the Department for Education was able to extend the Freedom of Information Act to academy schools, does the Minister agree that it would be healthy for the Act to apply also to GP consortia in the NHS?

Mr Lansley: I am grateful to my hon. Friend for that. The Health and Social Care Bill establishes the commissioning consortia as public statutory bodies and, as such, that Act will apply to them.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): As part of his consultation exercise on NHS reform, the Secretary of State recently visited Liverpool, where

he met nurses. When he was listening to the nurses at the Royal College of Nursing conference, what did he hear?

Mr Lansley: I heard many things, including the nurses' concerns about front-line services, which I share; Dr Peter Carter has said time and again that he is very worried that the NHS might go through a process of trying to salami-slice services to the detriment of patients when it is actually possible to deliver greater efficiency through cutting out waste, administration and bureaucracy. I agree with many of the things I heard and I want to make sure, as a matter of urgency, that right across the country that efficiency is achieved and we do not act to the detriment of front-line services.

Richard Graham (Gloucester) (Con): Will the Secretary of State join me in congratulating GP practices in Gloucestershire, all of which have decided to participate in the single consortium taking forward the commissioning of health services? Will he reassure those of my constituents who still have concerns that this whole process is about protecting front-line services and that it is absolutely not about the back-door privatisation of the NHS?

Mr Lansley: Yes. My hon. Friend makes an extremely important point and his pathfinder consortium in Gloucestershire is focused on how it can deliver more integrated services. One of the things that we are looking for is the integration of services, which has not happened sufficiently in the past. In Gloucestershire, both in the commissioning consortium as it comes together and in the work done by the local authority, we can see how, on the ground, there is determination and enthusiasm to make the modernisation of the NHS work for patients. We must ensure that the legislation supports it.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry to disappoint colleagues but as is so often the case, demand has exceeded supply and we must now move on.

Escape of Taliban Prisoners

3.35 pm

Paul Flynn (Newport West) (Lab) *(Urgent Question)*: To ask what repercussions the escape of Taliban prisoners will have on United Kingdom soldiers.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): I am grateful to the hon. Member for Newport West (Paul Flynn) for raising the subject of this serious incident. It might help the House if I give some of the background to it.

At 4 o'clock in the morning on 25 April, 476 prisoners escaped from the national security unit in Sarposa prison, Kandahar. This prison is under the control of the central prisons directorate of the Afghan Ministry of Justice. A number of prisoners have been recaptured by Afghan security forces, and they continue to search for escaped prisoners. The Afghan Ministry of Justice will conduct a joint investigation into the escape with the national directorate of security. The head of the CPD, General Jamshid, is travelling to Kandahar and General Tahir, of the detention and investigation section of the NDS, is already there. In the meantime, all prisons in Afghanistan have been put on alert and have reviewed their security accordingly.

The UK has had no involvement with infrastructure builds, training, mentoring or any other support to Sarposa prison. We continue to support the development of the Afghan prison sector by assisting the Afghan Ministry of Justice's central prisons directorate in developing prison infrastructure, policies and working practices; supporting and structurally maintaining the high security unit within Policharkhi prison in Kabul; providing training and mentoring to improve prison officer standards; and funding the construction of a prison in Lashkar Gah.

In answer to the hon. Gentleman's specific question, this is a serious event that vividly underlines the importance of building a secure prisons sector in Afghanistan. We urge the Afghan Government to put every effort into recapturing those who have escaped in order to minimise the danger and damage to anyone—be they UK forces and personnel or anyone else—and to apply lessons learned from the planned investigation to ensure that this does not happen again.

Paul Flynn: The valiant professionalism of our soldiers in Afghanistan is as distinguished as that of any in our proud military history. They deserve our gratitude and they also deserve our vigilance to protect them against avoidable risks. This was not just a small incident—it was a disaster. Many of those who escaped were captured originally at grievous cost in blood and treasure. Now hundreds are liberated to attack our soldiers again.

The Government have been accused of being optimistic in their faith in the reliability and loyalty of the Afghan police and army. This is the second major escape from Kandahar. Three British soldiers were murdered by an Afghan soldier. This month, the Afghan police stood aside as United Nations peacekeepers were lynched. The Afghan security services have proved themselves, to a large extent, to be endemically corrupt, inept and probably, in this case, infiltrated by the Taliban. Their loyalty is often for sale. When will the Government realise that they cannot build an ethical reliable army and police force on rotten corrupt foundations? Will they now concentrate on a political solution in Afghanistan and abandon our misplaced trust in the Afghan army and police, which is now a deadly threat to the lives of our British soldiers? Optimism and trust become naivety when we do not know who to trust.

Alistair Burt: I understand, and go along with, a certain amount of what the hon. Gentleman has said. This is a significant event—a disaster, to use his term. It is a disaster in security terms; of course it is. Were those held in the prison detained at great cost? Yes, they must have been, to all who were involved. I understand that only three or five of them were originally UK detainees who were passed into the Afghan system, but that does not mean that others who were involved in capturing and holding them were not upholding the very standards that he was talking about, or that they have not been let down by the security situation. That is why there must be an investigation, and why we must find out what happened.

In answer to the hon. Gentleman's other points, it is of huge importance to us all that there be a transfer of power and responsibility to allow Afghanis to be responsible for their security, because there is no other answer. Security cannot be held indefinitely by those outside Afghanistan. I am sure that he is well aware of the political process that is going on in parallel with the transition process and everything else. I do not think that those members of the Afghan national security force who, along with the international security assistance force, were involved so much in Helmand last year in clearing out the Taliban and working so hard to create a safe space for their fellow Afghanis would quite recognise his description of them. Of course, maximum effort must be given to the training of new security forces—both police and army. Loyalty must be an absolute basic and training must be rigorous, but it is not correct to dismiss them all because of individual incidents.

That this matter is serious there is no doubt. We must get to the bottom of it and there must be tightening regarding those responsible and the security system. The future for Afghanistan is, as the hon. Gentleman makes out, a political solution, but the military and tactical support we are providing to the Afghanis, who must ultimately be responsible for their own security and safety, must continue despite the setbacks.

Patrick Mercer (Newark) (Con): Having been involved with several such prisons around the world, I know that reinforced floors and listening microphones were customarily fitted in them to prevent the digging of tunnels. Was such equipment fitted—and if not, why not?

Alistair Burt: Clearly, at this stage, not having the same experience as my hon. Friend, I am not able to go into detail about what equipment was available to protect security. The basic point is that if people have expended effort in detaining people to pass them into a secure system, the responsibility we owe to all those to whom those people might be a threat is to make sure that they are secure. It will be part of the investigation to look not only at what has been done to ensure security previously, but at what might be done in future to reinforce that and to make sure that in future, secure places are indeed secure.

Mr John Spellar (Warley) (Lab): May I express our admiration and support for the work of our troops in countering the Taliban and inflicting heavy losses on them? Understandably, our troops will be concerned at the escape of some of those whom they risked their lives to capture. We fully recognise that these are early days in collecting information and framing a considered response. In that context, can the Minister give us an early assessment of the seniority, importance and capabilities of those who have escaped, especially as we approach the fighting season? We should be frank that this is a setback, but we also need to be clear about its significance.

Secondly, what assessment has been made about the—clearly failed—level of security at the prison, and what steps are being taken across Afghanistan to check on security arrangements at other prisons? Indeed, given the previous breakout, what had been done to make the prison more secure, and to vet the staff? Can the Minister give any assessment of those who have been recaptured—what level they are, and what level of co-operation has been given by the Afghan police and the local population in relation to their recapture?

Thirdly, has the Minister also asked for an assessment of recent intelligence gathering? Had any indication of an impending escape been picked up, and if so, was that information conveyed to the right level?

Fourthly, what discussions has the Minister had with our NATO allies, especially the US, about our immediate response and our assessment of the broader impact on progress in Afghanistan?

Finally, moving closer to home, has the Minister made, or will he be making, an assessment of the impact of the escape on the threat to our security in the United Kingdom?

Alistair Burt: I am grateful for the tone and the nature of the right hon. Gentleman's questions, which mirror almost exactly the questions that we in the Department are asking. It is barely a day after the event, and the answers to his questions lie a little way in the future, but in fairness I must deal with them.

It is indeed crucial to find out who has escaped. Record keeping is not such that we can be supplied with a list immediately. It is a matter of huge concern to us to find out exactly who escaped, and their positions in the seniority of the Taliban. Estimates of who has been recaptured already vary. There are some estimates as low as 25 and others as high as 60, but we do not know. Again, it is just too early to find out, but we need to do that. The investigation into what happened will cover not only what has changed as a result of events but, as I indicated to my hon. Friend the Member for Newark (Patrick Mercer), what might be done in the future to make these places more secure.

The right hon. Member for Warley (Mr Spellar) made extremely good points about intelligence gathering. Again, we have not yet had the reports on what might have been picked up, but plainly it was not accurate enough to enable the escape to be prevented, or on threat levels to us, but those are at the top of our agenda.

What the incident demonstrates clearly is that in the process of working with Afghan authorities in the essential job that they do—taking responsibility for their own country, its security, its prison system and its justice system—it is vital for our engagement and the engagement of others to continue. Kandahar, the area concerned, is not the direct responsibility of the United Kingdom. Another nation is responsible for the provincial reconstruction team working with the authorities there, including the prison authorities.

Of course the incident is a huge setback, but it demonstrates why we continue to need to be engaged as much as any reason to say no, there should be no further engagement. I am sure that the right hon. Gentleman will join me, and the rest of the House, in saying that the work must continue and lessons must be learned every time there is an incident in order to prevent it from happening again, but ultimately Afghanistan must be responsible for its own security under a proper political process initiated by the Afghans themselves and supported by the international community.

Mr John Baron (Basildon and Billericay) (Con): This event will come as a heavy blow to our armed forces just as the fighting season begins. The handover of operations to Afghan security forces is integral to our exit strategy, yet it seems that they are incapable of even guarding the Taliban, let alone taking them on in the field. Although it is early, what lessons can be learned from this in terms of our eventual exit strategy?

Alistair Burt: I am grateful to my hon. Friend for understanding the essential nature of Afghanistan's involvement in its own security. The lessons are blindingly obvious to all of us. Whatever security was in place there was inappropriate. The methods to detect what might be going on in terms of any potential escape were clearly inadequate, but we need to know a lot more before we can make definitive judgments and, more importantly, work out what needs to be done in the future. It is essential for the process to continue.

The Afghan security authorities and the Afghan Ministry of Justice are responsible for other installations elsewhere in Afghanistan that have not been subject to similar incidents. To draw from one incident the conclusion that none of them are working anywhere in the country would therefore not be appropriate or correct, which is why some provinces are moving towards transition, as was announced by the President just over a month ago.

David Miliband (South Shields) (Lab): I very much welcome the sober and serious remarks of the Minister today, which stand in sharp contrast to the claim of the Defence Secretary in the House last July, when he said:

> "In Kandahar, and under the direct oversight of President Karzai, Afghan security forces are leading operations as part of a rising tide of security".—[*Official Report*, 7 July 2010; Vol. 511, c. 373.]

May I ask the Minister to respond to two points? First, there should be an absolute ban on that kind of happy talk. Secondly, is it not time for the United Nations to appoint a mediator to take forward precisely the political settlement that he and I agree is so essential to our exit from Afghanistan and its development as some kind of secure and stable society?

Alistair Burt: On the right hon. Gentleman's second point, I do not necessarily make the same link as he does between this incident and the political process. That is continuing. There are further conferences this

year on the peace process, which was authorised and supported at the Kabul conference earlier this year. There are processes in place, which are being followed by the international community and led by President Karzai. The UN is closely involved, but I am not certain that a call for a mediator is either enhanced or diminished by the events of the past 36 hours. I recognise what the right hon. Gentleman says, but that process is continuing apace.

As for remarks about optimism or otherwise, it is entirely appropriate that, as they have done in the past, colleagues make statements honestly as they see the circumstances and as they see security situations improving, or not improving. I am here to talk about an incident that has clearly set back the process, but there are other things to talk about in relation to Afghanistan that clearly show the process moving in a different direction. I think that it is right that colleagues should be able both to report honestly the optimistic aspects of what is happening in Afghanistan and, as the right hon. Gentleman suggests, to assess things soberly if they go wrong.

Dr Julian Lewis (New Forest East) (Con): Can the Minister at least confirm the early report that suggests that instead of prisoners tunnelling out, accomplices tunnelled in to reach them? What does it indicate about the internal security of a prison if people are able to tunnel in and it proves possible to go from cell to cell assembling hundreds of prisoners so that they can take advantage of that outside help?

Alistair Burt: I am grateful to my hon. Friend for such a detailed question. However, I am sure that although he will be disappointed, he will not be surprised to learn that the Foreign and Commonwealth Office does not yet have sufficient detail to confirm the veracity or otherwise of that report. It is such reports that lead, understandably, to our great concern about this case, and the need to find out exactly what has happened—and, of course, how we can ensure that such circumstances do not arise in future.

Mr Bob Ainsworth (Coventry North East) (Lab): The Minister is right that this is a blow of whose significance we cannot at this stage be certain, but surely it points to the fact that we cannot rely on the security sector alone to provide a stable situation in Afghanistan within the time frame that the Government have set—by 2014-15. We must now, as the Foreign Affairs Committee has called for, redouble out efforts on the political front, in conjunction with our allies. Will he ensure that the Government do precisely that without delay?

Alistair Burt: The right hon. Gentleman is entirely correct. He will not hear any voices from the Government side of the House, or indeed from his colleagues, indicating that the events of the past 36 hours or so suggest any lessening in the determination to find a political answer. Ultimately, the future of Afghanistan will be in the hands of Afghanis themselves. They will be responsible for security, whether through policing, justice or the army, and the work of training goes on apace. I read with great interest the Foreign Affairs Committee's report about its concerns and how it wishes to see people proceed in future. The political process is an absolutely key and integral part of that, and the United Kingdom will continue to support it, while at the same time supporting the work being done to ensure that the transition to Afghan security control is as good as possible, but that work will continue beyond 2015. The House should remember that although 2015 is the date when combat troops will be withdrawn, it is not the date when the United Kingdom will finish its commitment to the people of Afghanistan and their future.

Andrew Bridgen (North West Leicestershire) (Con): Does my hon. Friend agree that the news of 476 dangerous Taliban fighters escaping from detention risks seriously damaging the morale of our troops serving in Afghanistan, and that it is therefore essential not only to improve the security at the detention centres immediately, but to tell our troops on the ground what measures are being taken to improve security, in order to shore up their morale and give them the confidence to know that that will not happen again?

Alistair Burt: My hon. Friend makes a very good point. Armed forces from whatever background, whether Afghanis, other elements of ISAF forces or UK forces, must be absolutely reassured that when they have done their job, at great cost to themselves, by securing the detention of those who have caused harm or danger to others, the system at that stage is able to pick those people up and make them secure. It is certainly my intention to ensure that once we have a full report and the Afghan authorities have completed their investigation, that information is transmitted to forces so that they know that if they do their jobs, other people will do theirs.

Chris Bryant (Rhondda) (Lab): I wholeheartedly support the calls that have been made this afternoon for redoubling the political effort in Afghanistan, but is not one of the most depressing facts about this event that in many cases it will have been British special forces who captured those people in the first place, and it may well be British special forces that have to capture them all over again? I do not expect the Minister to comment on operational matters, but is it not depressing that at this stage we are cutting 650 troops from the Royal Marines—precisely where those special forces are largely drawn from?

Alistair Burt: May I repeat something that I said earlier? Of the 476 detainees who escaped from the prison, as far as we are aware between three and five of them were captured and transferred into the system by United Kingdom forces: as the hon. Gentleman makes his distinction, I have to make that distinction back. A very small number of the total were involved with and detained by British security forces—but that does not avoid the main point, which is that of course there are 476 detainees who should be inside the prison today, not outside. The situation affects all the forces that have been engaged, and we do not draw a distinction as to who detained the prisoners.

Mr Denis MacShane (Rotherham) (Lab): The Minister has made a very clear and good statement, but is the situation not proof again that events in Afghanistan are controlling us, rather than the other way around? I wonder whether, on the subject of Afghanistan, a lot more people in this House and in the country may be

[Mr Denis MacShane]

recognising the salience of Pitt the elder's remark that we should retract while we can, rather than retract when we must.

Alistair Burt: The right hon. Gentleman—*[Laughter.]* Clearly, we understand the point that he makes.

Mr MacShane: You could ask somebody about Pitt.

Alistair Burt: Yes, I am very comfortable knowing a great deal more about Pitt than I did when I first took this role, having read some excellent books about him over the past few months. [HON MEMBERS: "Wrong Pitt!"] All the Pitts.

In answer to the question, however, I must say no. This is an example—whatever the effort being made on military operations in Afghanistan and on the political process—of an immensely complex and difficult process in which there will be progress and setbacks, and it is no more fair to suggest that policy is run by all the setbacks than it is to say that progress can continue in an absolutely linear direction without any setbacks whatever.

It is perfectly proper to advance the process on the basis that the work that so many people are doing will increase and improve security month after month as time goes on. That is what everyone is working towards, but of course it is absolutely inevitable that there will be setbacks and difficulties. The responsibility of the Government, and my responsibility, to the House is to make sure that anything that can be done to prevent those setbacks is done, and that if things occur to which there was no opportunity to make any change or difference, lessons are learned from them in order to make improvements for the future.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I think the record will show that I have spent the best part of the past five years asking Ministers in successive Governments how many secure prison places they think exist in Afghanistan. So far I have not had a decent answer, but, given that the Minister said he thought that this was an isolated incident, can he give us an assessment of how many secure prison places he thinks currently exist in Afghanistan?

Alistair Burt: The short answer to the hon. Lady is that I do not know, and she must forgive me for that. I will endeavour to get a written answer—to the best of our knowledge—to her as quickly as possible, so that it is public. The picture is more flexible, depending on what one sees as detention, official prison places and the like, but if the hon. Lady has asked successively we must get the best answer that we can for her, and I undertake to do that as quickly as I can.

Jim Shannon (Strangford) (DUP): That was a very sober statement to the House. The indications are that it took eight months to dig the tunnels and 450 prisoners on their hands and knees probably upwards of 12 hours to escape—but nobody saw anything. We in the United Kingdom have many governors and prison people with experience and knowledge, so will the Minister offer that knowledge to the Afghan authorities to ensure that they can improve on what has happened?

Alistair Burt: Yes, indeed. I have already had that discussion with officials. The inquiry and investigation must be carried out by the Afghans as the sovereign power, but we do indeed have great expertise in all aspects relevant to the escape, and it is absolutely clear that it should be made available to the Afghan authorities. We will certainly be doing that.

Middle East and North Africa

3.59 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): With permission, Mr Speaker, I will update the House on recent developments in the middle east and north Africa.

Britain has continued to take a leading role in international efforts to protect civilians in Libya, and the case for action remains compelling: Gaddafi's regime persists in attacking its own people, wilfully killing its own civilian population. Our strategy is to intensify the diplomatic, economic and military pressure on Gaddafi's regime, and since the House last met we have made progress on all those fronts.

On the diplomatic front, I co-chaired the first meeting of the Libya contact group in Doha on 13 April. The 21 states and seven international organisations represented demonstrated clear unity, with participation from across the Arab world and the African Union in attendance. The group agreed that Gaddafi's regime had lost all legitimacy, that the national transitional council should be offered further support, and that the UN special envoy should take forward an inclusive political process. I will attend the next contact group meeting in Rome on 5 May.

At the NATO Foreign Ministers meeting in Berlin on 14 and 15 April, I joined colleagues in showing our determination to increase the pace of military operations to enforce UN Security Council resolution 1973. The 28 NATO member states and six Arab countries that attended, 16 of which out of the 34 are engaged in military action, agreed a common strategy. That is an important milestone in world affairs, a sign of a growing ability to work across traditional regional divisions and a demonstration of the breadth and unity in the international coalition in support of the Libyan people.

On the economic front, since my statement on 4 April further Libyan entities have been sanctioned, and the regime is now subject to some of the most comprehensive economic sanctions ever agreed by the United Nations.

On military matters, since NATO assumed full control over all military operations on 31 March, more than 3,500 sorties and 1,500 strike sorties have been conducted. This action has seriously degraded Gaddafi's military assets and prevented widespread massacres planned by Gaddafi's forces. Gaddafi's forces remain unable to enter Benghazi, and it is highly likely that without these efforts Misrata would have fallen, with terrible consequences for that city's brave inhabitants. Yesterday, Italy announced that its aircraft would take part in ground strikes, and the United States Government have contributed Predator unmanned aerial vehicles to the coalition forces. My right hon. Friend the Defence Secretary is in Washington today to discuss the military situation.

Heavy fighting continues around the towns of Brega, Ajdabiya, Yefren and Misrata. The regime's indiscriminate shelling of residential areas in Misrata shows that it continues to target the civilian population. Gaddafi has shown that he has no regard for civilian lives. The International Criminal Court prosecutor has said that there is evidence of a case against Gaddafi for crimes against humanity. We look forward to the prosecutor's report to the UN on 4 May. By his actions, it is clear that Gaddafi has no intention of observing the conditions in Security Council resolution 1973 that I described to the House earlier this month. He has repeatedly ignored the ceasefires that he himself has announced. Our military action is defined by the UN Security Council resolutions. We are also clear that Gaddafi should go, and it is impossible to see a viable or peaceful way forward for Libya until he does so.

The Libya contact group's statement made it clear that, in contrast to Gaddafi, we and our allies regard the national transitional council as a legitimate interlocutor representing the aspirations of the Libyan people. Our diplomatic mission in Benghazi is working with it. Our special envoy, Christopher Prentice, will shortly be succeeded by John Jenkins, currently Her Majesty's ambassador in Baghdad.

Last week, I announced our decision to expand this mission with a small advisory team of British military officers. Their sole purpose is to support the NTC's efforts better to protect civilians by advising on military organisational structures, communications and logistics. They are not involved in training or arming the opposition's forces, nor are they executing or providing operational military advice. This is fully in line with the UN resolutions, and I reiterate to the House that we will remain wholly in accordance with the UN resolutions, retaining the moral, legal and international authority that flows from that. We have supplied vital, non-lethal equipment to assist the NTC in protecting civilian lives. So far, this consists of telecommunications equipment and body armour. We are considering with our international partners further requests.

In the coming week, we hope to agree internationally the process for establishing a temporary financial mechanism to provide a transparent structure for international financial support for the financial requirements of the NTC, such as public sector pay. Yesterday, Kuwait announced about £110 million of support for the NTC.

I am sure that the House will join me in paying tribute to the skill, bravery and professionalism of the men and women of the UK and our allies' armed forces. Their actions in the NATO operations have saved many lives and their efforts are essential to bringing a lasting peace and a better future for the Libyan people, who have suffered so much at the hands of this brutal regime. I also pay tribute to those from the international humanitarian community who have put their lives on the line to help their fellow human beings.

The UK is supporting the other needs of the Libyan people in every way we can. The humanitarian situation in the west of the country is getting worse every day. Many civilians in Misrata lack access to basic necessities, including food, water and electricity. There is a shortage of some crucial medical supplies. That is why my right hon. Friend the Secretary of State for International Development announced last week that the UK will provide medical and other emergency supplies, and undertake the evacuation of 5,000 migrants stranded at Misrata port in squalid conditions. The UK has so far given more than £13 million to meet immediate humanitarian needs through funding for medical and food supplies and emergency shelter, and assisting in the evacuation of poor and vulnerable migrants. In Misrata alone, British support has given 10,000 people food and 2,000 families water and hygiene kits, and it has provided essential medical staff. The regime must

[Mr William Hague]

guarantee unfettered humanitarian access and not just give broken promises, which put the lives of aid workers and volunteers at risk.

The wave of demand for change in the Arab world continues to gain momentum in other nations. As I said earlier today, we condemn utterly the violence and killings perpetrated by the Syrian security forces against civilians who are expressing their views in peaceful protests. That violent repression must stop. President Assad must order his authorities to show restraint and to respond to the legitimate demands of his people with immediate and genuine reform, not brutal repression. The emergency law should be lifted in practice and the legitimate aspirations of the people met.

The United Kingdom is working intensively with our international partners to persuade the Syrian authorities to stop the violence and to respect the basic and universal human rights to freedom of expression and assembly. Syria is at a fork in the road. Its Government can still choose to bring about the radical reform which alone can provide peace and stability for Syria in the long term, and we urge them to do so, or they can choose ever more violent repression, which can only bring short-term security for the authorities. If they do so, we will work with our European partners and others to take measures, including sanctions, that will have an impact on the regime. Given our concerns for British nationals in Syria, we changed our travel advice on Sunday to advise against all travel there and to advise that British nationals should leave unless there is a pressing need for them to remain.

On Yemen, the UK welcomes this morning's news that the efforts of the Gulf Co-operation Council countries to resolve the political deadlock are close to success. I understand that President Saleh and the parliamentary opposition have accepted the GCC's proposal. That is potentially good news. Both sides now need to come together to confirm their commitment to the peaceful, inclusive and timely transition process that the GCC has brokered. The UK remains committed to its long-standing support for Yemen in these difficult times.

Although the immediate situation in Bahrain is calmer, there continue to be credible reports of human rights abuses. I urge the Government of Bahrain to meet all their human rights obligations and to uphold political freedoms, equal access to justice and the rule of law. Dialogue is the way to fulfil the aspirations of all Bahrainis. I urge all sides, including opposition groupings, to engage with each other.

In Egypt, which I will visit shortly, we welcome the actions being taken by the authorities to move towards a broad-based, civilian-led Government and an open and democratic society.

In Tunisia, we are providing support with EU partners to help its Government meet the wishes of the Tunisian people. On 11 April, the commission responsible for bringing together opposition parties and civil society approved the draft law for the constituent assembly elections scheduled for 24 July. That is a step towards free and fair elections, and an open and democratic society.

The European Union has a crucial role to play in the southern Mediterranean. The great changes in the Arab world are truly historic, and the response from the nations of the EU should be bold and ambitious. The review of the European neighbourhood policy is due to be published in a fortnight. We have been making the case that we have the opportunity to use that policy to help the peoples of the southern Mediterranean achieve their desire for freer and more prosperous societies. A renewed neighbourhood policy should see the EU using its economic magnetism to encourage and support political and economic reform in neighbouring countries. A partnership of equals should reward those who make the necessary political and economic reforms and, importantly, withdraw benefits from those who do not.

Finally, it remains essential that progress is made in the search for a just and lasting solution to the Israeli-Palestinian conflict. That is what the majority of ordinary Palestinians and Israelis demand of their leaders. The extraordinary changes in the region are an opportunity to be seized, not an excuse for further prevarication leading to more frustration and discontent.

In our response to the dramatic events in north Africa and the middle east, we will continue to stand for reform, not repression, and for the addressing of grievances rather than brutal reprisals. It is a policy in accordance with our own beliefs, in line with our own national interest and in pursuit of the peace and prosperity of the wider world.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the Foreign Secretary for advance sight of his statement this afternoon.

I join the Foreign Secretary by saying that the Opposition, too, support the Gulf Co-operation Council initiative to resolve the current crisis in Yemen and achieve a peaceful political settlement. I also associate myself with his remarks regarding the continued need for a focus on the Israeli-Palestinian conflict and the need for a review of the European neighbourhood policy.

I begin with Syria. Every Member will have been appalled by the recent reports of Government violence and repression there. First, on the question of UK nationals, can the Foreign Secretary provide an estimate of the number who are in Syria at present, and can he assure us that all contingency plans are in place should it prove necessary, in time, for them to leave?

Of course, I fully support the Foreign Secretary's condemnation this afternoon of the actions of the Syrian Government, but it was only a few weeks ago, on 27 January, that he travelled to Damascus to meet President Assad. From those conversations, how likely does he judge it that President Assad will now heed the calls for restraint and reform?

I welcome the Foreign Secretary's statement that work is under way at the United Nations. Can he provide more detail on what progress has been made regarding a statement and/or a resolution from the Security Council? In particular, will he outline what financial sanctions and freezes at UN or EU level are being discussed to make clear the international community's condemnation?

In a statement this morning, the Foreign Secretary said:

> "There needs to be accountability for the deaths that have occurred."

Of course, I concur with that statement. What discussions have been entered into regarding the investigation of accusations of crimes against humanity and regarding

Human Rights Watch's call for an official commission of inquiry? Finally, what discussions has he held with the Turkish Government, among others, to marshal a unified condemnation of the recent actions and assess possible ways forward in the region?

Although news regarding Bahrain has subsided slightly, the reports of the arrests of opposition figures and deaths in custody, and allegations of torture and the denial of medical treatment, are of course extremely concerning. Will the Foreign Secretary update the House on the progress of the political reform process initiated by King al-Khalifa? Will he also tell us what recent discussions he has had with the Crown Prince, who, it has been reported, has been close to reaching agreements with the protestors? Britain's historically close ties to Bahrain should give us all the more reason to be clear and unequivocal in our urging of reform, not repression, as a response to popular protests on those islands.

I join the Foreign Secretary in commending our men and women in the armed forces, and those of our allies, for their brave service in Libya while the House has been in recess. The specific operational steps announced by the Government during that time—providing telecommunications, body armour and 10 military advisers—each had an operational rationale reflecting the new realities on the ground. Although we understand that rationale, will the Foreign Secretary now update the summary of legal advice provided to the House to cover each of the announcements made during the recess? The ad hoc and apparently unco-ordinated manner in which they were announced, rooted in no clearly articulated plan, has, I fear, served only to increase anxieties held by many members of the public.

In truth, none of those specific measures is likely significantly to affect the strategic situation in Libya. As things stand, neither Benghazi nor Tripoli appears likely imminently to fall to either side. Can the Foreign Secretary therefore give the House a somewhat fuller assessment of the military situation than he has so far shared with us? I ask that because the Prime Minister's official spokesman stated this morning, in summarising the Foreign Secretary's report to the Cabinet, that we need to

"prepare for the long haul",

yet a press release was published only this weekend on the Foreign Office website entitled, "Foreign Secretary denies claims of stalemate in Libya". The situation on the ground led the US chairman of the joint chiefs of staff, Admiral Mike Mullen, to observe on Friday that

"Libya is moving towards stalemate".

Can the Foreign Secretary share with the House the information or insight on military progress that was available to him that was apparently not shared with America's most senior military figure?

That brings me to the question of political objectives and the military mission. On 21 March, the Prime Minister told the House from the Dispatch Box that resolution 1973

"explicitly does not provide legal authority for action to bring about Gaddafi's removal from power by military means."—[*Official Report*, 21 March 2011; Vol. 525, c. 713.]

On 14 April, in an article in *The Times*, the Prime Minister and the Presidents of the US and France said that

"so long as Gaddafi is in power, Nato and its coalition partners must maintain their operations so that civilians remain protected and the pressure on the regime builds."

Would the House be correct to understand that the language in that article means that in the view of the British Government, UN Security Council resolution 1973 cannot be enforced without Gaddafi's departure? Given the article's explicit commitment to maintaining NATO operations "so long as Gaddafi" remains "in power", will the Foreign Secretary clarify whether a Libya free of Gaddafi is a political aim—incidentally, that aim is shared by all in the House—or a military objective of the British Government? Will the Foreign Secretary further say whether, following that joint statement, American fighter aircraft have once again engaged in ground-assault operations, and whether that statement of aims has led to any significant alteration of the US force posture?

Does the Foreign Secretary agree that there is no plan, no mandate and no appetite for NATO ground troops attempting to fight their way into Tripoli to remove Gaddafi? If so, can he offer a clearer way forward, beyond the intensification of the current efforts that he spoke about in his opening remarks, to achieving the outcome that the Government seek? It is vital that he does so, not simply to ensure that the Government address the concerns at home and abroad, but, crucially, to convince Gaddafi's henchmen that there is a credible strategy in place to ensure that his brutal attacks on civilians will not prevail.

We seek as broad a coalition as possible for these efforts, and in that spirit I add my welcome to the addition of Italian fighter aircraft to the mission, which we heard announced today. Will the Foreign Secretary update the House on the precise number of EU, NATO and Arab League countries that are participating in the military operation, and on what efforts are being made to expand those numbers further? Does he believe that the contact group is proving agile and effective enough to direct the mission? Does he further agree that the comparison last week by the Defence Secretary of the current mission in Libya with the Afghanistan campaign, where a decade on we have about 11,000 troops in theatre, not only ignores the different order of magnitude of threat posed by al-Qaeda and its supporters, but needlessly threatens support for the mission at home and abroad? In the light of that comparison, and given the continuing national security threat being confronted in Afghanistan, will the Foreign Secretary assure the House that no personnel or equipment will be redeployed from Afghanistan to Libya?

The Government are acting in Libya for principled reasons, but that does not remove our obligation to look at practical questions. In conclusion, in the light of this morning's statement, which mentioned a "long haul" in Afghanistan, what further diplomatic measures are being pressed by the Government on the international community to strengthen the isolation of, and to increase the pressure on, Gaddafi's regime?

Mr Hague: I am grateful to the right hon. Gentleman particularly for what he said about various countries at the beginning of his questions. I am sure that the whole House will join him in welcoming the seemingly successful efforts of the Gulf Co-operation Council in relation to Yemen. There is also agreement across the House,

[Mr Hague]

I think, about the importance of the middle east peace process and a bold and ambitious European neighbourhood policy.

The right hon. Gentleman asked some specific questions about Syria. About 700 British nationals in Syria are now registered with us, although some of them of course will be dual nationals with their families in Syria, and we should not assume that they would want to leave Syria whatever the circumstances there. However, we have contingency plans for their evacuation. Previous to the change of travel advice on Sunday, we advised them to consider leaving Syria by commercial means, and it is still possible to do so—for instance, over the land border to Lebanon and by commercial flights still running every day out of Damascus.

The right hon. Gentleman asked about the conversations that I had with President Assad at the end of January. From those conversations, I think I can fairly say that what has happened in Syria over the past couple of weeks will have come as a surprise to the President and the Government. I asked him then why he thought that Syria would be different from what had already begun to happen in Egypt and Tunisia, and he said that it was because of Syria's clear ideology, the continuing resistance to Israel and the popular support for the Government in Syria. Clearly, however, there are common aspirations in many of these countries for economic freedom and greater political rights, and therefore the position of the Syrian authorities in relation to their population was not as strong as he and his Government assessed. Of course, we have many differences with the Government of Syria on many foreign policy subjects that I discussed with him. For a long time Governments of the United Kingdom have urged the Government of Syria in the direction of greater respect for human rights. Had they taken that advice, including from previous Foreign Secretaries, such as the right hon. Member for Blackburn (Mr Straw), they would be in a stronger position today.

The right hon. Member for Paisley and Renfrewshire South (Mr Alexander) was right to ask about work with the Turkish Government. I regard them as holding a central position in working with other nations on how we should proceed on Syria. I discussed the matter at length last night with the Turkish Foreign Minister, Ahmet Davutoglu, and we are in close and daily touch with the Turkish Government. The work on what may happen at the UN and in the EU is of course at a preliminary stage, and it will be difficult at the UN Security Council, because not all the permanent members will see this in the same light, so I do not want to raise expectations of action at the Council. That would be unrealistic. However, we are working closely with our European and American colleagues on the Council to see how we can proceed, and we are doing initial work on what action the EU could take. However, I cannot go into more detail about that at this stage.

On Bahrain, the dialogue between the Government and the opposition is not overtly progressing. However, the authorities there have reiterated to us their determination to proceed with and reignite that dialogue. I spoke recently to the Foreign Minister of Bahrain, Sheikh Khalid al-Khalifa, to ask for his commitment to that, as well as to investigation of the human rights issues that I have mentioned in the House, and he has given those commitments. As I said in my statement, therefore, we look to all sides in Bahrain to commit themselves to that dialogue. That is the only way forward for a country in Bahrain's situation. However, I do not have any reports of success in that dialogue to give to the House now.

The right hon. Gentleman asked about Libya and our various announcements over the recess of non-lethal assistance to the transitional national council. It was my decision in every case to make public the information as soon as possible about every form of assistance. It might have satisfied his desire to avoid what he called ad hoc announcements had we waited to put them all together, but in my view it would not have satisfied the interests of full transparency and of giving Parliament the necessary information as soon as it became available by depositing it in the Library. This is a fast-moving situation. How we help the transitional national council has to be agreed with other countries in order that we do not duplicate what they do, so how we are able to assist the council will change from week to week. However, we will keep the House informed as rapidly as possible, as we did over the recess, even if that means that announcements come out at different times and are followed one after the other.

It is important to remember that the military situation remains fluid and has not settled into a stalemate. Hon. Members will be aware of how much the situation in Misrata has changed over recent days. Fighting has gone backwards and forwards on the western borders of Libya, and although there is a fairly static situation on what might be called the eastern front, between Brega and Ajdabiya, it has not yet settled into what one would call a long-term stalemate. The military mission is defined by the United Nations resolution, and what the Prime Minister said about that on 21 March absolutely stands. That has not changed, although it is the common assessment of all NATO and Arab League nations involved—there might be a difference of view in some African Union nations—that it is impossible to see a way of securing the full implementation of the UN Security Council resolution while Colonel Gaddafi remains. That is why it is quite right to reiterate, as we all do in this House, that Gaddafi should go. However, the military mission remains defined by the UN Security Council resolution, and there has been no change in the Government's approach to that.

On the question of NATO participation, there are 16 nations participating in the military effort at the moment. The shadow Foreign Secretary asked whether the contact group of 21 nations and seven international organisations was unwieldy. My experience so far is that it is not unwieldy—provided that it is well chaired, which it has been—but works together well. Having such a wide spread of nations and international organisations might initially look unwieldy, but it allows the contact group to continue the international legitimacy and the broad-based coalition that are present on this occasion and in these operations, the lack of which has sometimes bedevilled our efforts and those of the previous Government in foreign affairs, so it is important to maintain that.

The right hon. Gentleman asked about the Defence Secretary's remarks about Afghanistan. The Defence Secretary was simply saying that we wanted Afghans to be able to take on responsibility for their own security;

he was not comparing the conflict in Libya to the conflict in Afghanistan, and we should not give that impression. I absolutely agree with the shadow Foreign Secretary that NATO ground troops will not be going into Tripoli to resolve this matter. It is clear in UN resolution 1973 that there should be no foreign occupation of any part of Libya. We will adhere strictly to that, as to all other parts of the resolution. The strategy going forward is what I set out in the statement—to intensify the diplomatic, economic and military pressure.

The point that I made at the Cabinet this morning was that in this situation, time is not on the side of Gaddafi. We are often asked in international conflicts whether time is on our side. We should be confident that in this situation—given this coalition, this range of sanctions and these intensifying efforts—time is not on the side of Gaddafi, and the members of his regime need to know that. The resolve of the international community to implement the UN resolutions—and our resolve, separately from those resolutions, that he should go—is undiminished; indeed, it is strengthened by the experience of recent weeks. We have already achieved the saving of thousands of lives, the assembly of a remarkable international coalition and the prevention of the regime's re-conquest of Libya by force, which could also have destabilised Egypt and Tunisia. These things have been worth achieving in the last five weeks, and if we continue to intensify our work in the way that I have described, we will indeed go on to success.

Several hon. Members *rose*—

Mr Speaker: Order. The Front-Bench exchanges, although enlightening and engaging in equal measure, have nevertheless consumed almost half an hour. I am very keen that there should be time for Back Benchers to contribute. Short questions and short answers are required.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I suggest to my right hon. Friend that it may be over-optimistic to assume that the civil war in Libya will cease when Colonel Gaddafi departs the scene? As he knows, the estrangement of Tripolitania and Cyrenaica dates back to the Punic wars, which is why in 1946 Ernest Bevin wanted to restore Mussolini's single Libya to its two historic entities. Moreover—if you will bear with me for a moment longer, Mr Speaker—we could impose an immediate partition on the country by air power alone. That would enable us to remove by sea those rebels on the coastal strip who found themselves on the wrong side of the dividing line, before they were massacred by the inland tribes.

Mr Speaker: It is always a pleasure to listen to the hon. Gentleman. When I have heard him, I invariably feel better informed, and somewhat improved.

Mr Hague: Well, so do I. I absolutely take my hon. Friend's point about the Punic wars and the historical division between Tripolitania and Cyrenaica, but I have to say that I do not think that that is the solution in this particular case, in the 21st century. All the people we have spoken to in the transitional national council are very much committed to the territorial integrity of Libya as a whole. The country could not be so easily partitioned as my hon. Friend might think, in that there is strong support for the opposition forces throughout Libya, including in the west, in cities in the western mountains and in Misrata. The people of Misrata do not want to be taken away to the east; they want to stay in their own city, with their rights being respected and their lives being preserved. There is no simple east-west division in Libya now, in contrast to what has happened in previous centuries or, indeed, in previous millennia.

Mr Bob Ainsworth (Coventry North East) (Lab): Fear is growing that, although we are doing enough to keep this operation going, we are not doing enough to bring it to a successful conclusion. If stalemate or de facto partition are unacceptable, and if the people cannot be properly protected while Gaddafi is in place, surely we need to make enough effort, now that we are engaged in this operation, to bring it swiftly to a conclusion, and to bring to an end the suffering in Libya. Surely that means doing more than is currently being done.

Mr Hague: I understand the right hon. Gentleman's concern. Other Ministers and I went to the NATO meeting in Berlin to ask for an increased tempo in the military operations, as well as increased support from other countries for military operations, some of which we have secured. He will have heard us talking about Italy earlier. However, when he says that the situation needs to be brought to a conclusion more rapidly, he is really calling for a military effort that is very different in its scale and in its nature. I would say to him that that would not be in accordance with UN resolution 1973. The large-scale use of ground troops, for instance, would not be in accordance with the resolution. Whatever we do, it is vital to keep the legal, moral and international authority that comes from working within the United Nations resolutions. I must therefore resist his demands for a more rapid or overwhelming military solution to the situation. We have to continue to intensify the pressure on Gaddafi through diplomatic, economic and military channels, but we must stay within what is legal and internationally supported.

Sir Malcolm Rifkind (Kensington) (Con): Does the Foreign Secretary accept that the Government's twin fundamental aims of protecting civilians and requiring the departure of Gaddafi cannot be achieved by coalition air power alone—or, indeed, by diplomatic and economic pressure—and that the achievement of those aims will require giving military support to the insurgents? I welcome the fact that instructors have been sent to Benghazi, but does the Foreign Secretary not agree that much more military support could be given that would be consistent with the UN resolution, which allows all necessary measures for the protection of civilians throughout Libya?

Mr Hague: The first point to make to my right hon. and learned Friend is that these are not instructors. I would not refer to them as instructors. It is a military liaison team; it is working on headquarters organisation. I stress that these officers are not involved in arming or training the forces of the opposition side in Libya. Our position—my right hon. and learned Friend has brought it up before—is that we will help with non-lethal equipment. The British Government have taken no decision to arm or equip the opposition forces with lethal equipment. I

[Mr Hague]

have expressed our view of the legality of that before, which is that the arms embargo applies to the whole of Libya, but that it is legal under the UN resolution to supply equipment to protect civilian life in certain circumstances. Other nations may wish to do that or to interpret the resolution in a different way. We interpret it in that way and believe that the best way for us to help is to supply the non-lethal equipment that I have mentioned.

Jeremy Corbyn (Islington North) (Lab): May I congratulate the Foreign Secretary on delivering an absolutely brilliant piece of Foreign Office speak for the last 10 minutes? He assured us that there was to be no ground intervention, yet military forces are being sent to assist the British diplomatic mission. He assured us that there was no intention of regime change, and then promptly called for a regime change. What exactly is the Government's position on Libya? Is it to have a partition; is it the overthrow of Gaddafi; is it to hand over the oil and banking interests to Qatar; is it the sale of arms to the whole region? What on earth are the Government's long-term intentions on Libya? Will he please explain?

Mr Hague: I accept the hon. Gentleman's congratulations in the spirit in which they were offered, and I am tempted to go over my whole statement again. Our attitude to the whole issue of change in the middle east is that if it goes right, it will be one of the greatest advances in human freedom and world affairs that we have seen—certainly since the end of the cold war, and in some ways comparable to it. If it goes wrong, however, leading to more authoritarian regimes or a long period of violent disorder, it will provide a serious threat to our own national security and that of the whole of Europe, with new breeding grounds for terrorism, uncontrolled migration and threats of extremism. We therefore have to do what we can to make sure that change goes in the right direction, not the wrong direction. That is what we want for Libya and what we want for other countries. We are able to help in each country in different ways, but that is the context in which our Libya policy sits.

Sir Menzies Campbell (North East Fife) (LD): Notwithstanding my right hon. Friend's careful and circumspect response to the shadow Foreign Secretary, is it not clear that the United Kingdom and France are disproportionately bearing the burden of the offensive air campaign? Why is it that our NATO allies are not making a better contribution, and is the Foreign Secretary disappointed by their failure to do so?

Mr Hague: It is certainly true that the United Kingdom and France make a huge contribution and, most of the time, the largest contribution to the campaign. I hesitate to use words like "disproportionate", as I must say that the contribution—including an offensive strike capability—from countries such as Denmark and Norway is, considering their size as countries and the size of their armed forces, very much proportionate to the efforts that we are making. We should not think that only the United Kingdom and France are contributing. There are 16 nations involved in the military activity. As my right hon. and learned Friend knows, Arab nations are also involved. In response to our recent requests, other countries have brought other military assets into play—Spain, for example, providing additional air-to-air refuelling capability and Italy bringing in ground-strike capability. At all times, the United States continues to supply about a quarter of all sorties flown, even in periods when it is not taking part in ground strike. The right hon. and learned Gentleman can see that the burden is spread more widely than the headlines sometimes give the impression, but would we like a greater contribution from some other nations and did we say so at the NATO meeting in Berlin? Well, yes, we did.

Tony Lloyd (Manchester Central) (Lab): The Foreign Secretary has quite rightly referred to the legal, moral and international base that resolution 1973 mandates, and it is imperative that we stick within it. In that context, can he restrain those voices calling to go beyond that—as, for example, the call to target Colonel Gaddafi and others—and make them desist, because that sort of thing will not keep the coalition together?

Mr Hague: I am trying to restrain them, as I restrained the right hon. Member for Coventry North East (Mr Ainsworth) a moment ago in relation to a parallel subject. As for the question of specific targets, we will not go into it. Who or what become legitimate targets depends on how they behave. I will not expand, and no Minister will expand, on who or what will be a target.

Mr John Redwood (Wokingham) (Con): Given that the Libyan regime can place its forces in heavily congested urban areas and fight house to house, and given the terms of the resolution, is it not the case that the NATO forces are in no position to exert any influence over the outcome of this civil war?

Mr Hague: No. Although NATO air forces are constrained by having to operate entirely from the air—obviously there can be problems with air operations on days when the weather is bad—they have clearly had a huge and, so far, decisive impact. Had it not been for those NATO-led air operations, Benghazi would have fallen and Gaddafi would have reconquered the entire country; I think that Misrata would have fallen.

As my right hon. Friend says, it is very difficult when forces are making themselves look like civilians and fighting at close quarters in a city like Misrata. Nevertheless, there is a good deal of evidence that in recent days they have been pushed back. The use of a Predator unmanned aerial vehicle over Misrata is something that the regime forces have to worry about and, I think, have worried about greatly over the past 48 hours, however clever they may think they are at concealing themselves.

Mr Geoffrey Robinson (Coventry North West) (Lab): May I compliment the Foreign Secretary on his attitude to this difficult matter? May I also urge him to continue to resist the calls that have come from certain important Members of Parliament, notably a former Foreign Secretary and a former Defence Secretary, my fellow Coventrian the right hon. Member for Coventry North East (Mr Ainsworth)?

Difficult though the matter is, I welcome the Foreign Secretary's reassurance that—as we all now accept—ground troops have no role to play, and his continued resistance to a deeper, heavier NATO involvement than that described by him and allowed by the United Nations resolution.

I believe that this is the only way forward, and that, if pursued with sufficient patience and perseverance, it can achieve our objectives.

Mr Hague: I am grateful to the hon. Gentleman. We do operate under certain constraints. The United Nations resolutions are clear and comprehensive—they authorise "all necessary measures"—but they are not qualified in certain important ways, and we are clear about what those mean. It is more important to stick to the resolutions, and to achieve success within their constraints, than to expect a lack of support among the nations of the coalition for our action in continuing these operations as necessary, along with our other diplomatic and economic efforts. I think that we must indeed have the persistence and the patience to continue with that strategy.

Richard Ottaway (Croydon South) (Con): The Foreign Secretary is working with our international partners to persuade the Syrian authorities to stop the violence, which he rightly condemns. Does he recall that the intervention in Libya came only after a request for intervention from the Arab League? Is there any sign of a further request from the Arab League for intervention in Syria?

Mr Hague: No. The work with international partners is very important—particularly the work with Turkey, as I mentioned in response to the shadow Foreign Secretary—but my hon. Friend is right: in the case of Libya there was a clear call from the Arab League for the United Nations to take action. That was a transformative intervention, in that it gave legitimacy and broad international support to our work at the United Nations Security Council. We should hesitate to draw direct comparisons between what we may do in Libya and what we may do in other countries in the region.

Joan Ruddock (Lewisham, Deptford) (Lab): The reported use of cluster bombs against civilians by the Gaddafi regime has been rightly condemned. Equally worthy of condemnation would be the use of depleted uranium. Has the Foreign Secretary sought any assurances from his United States counterparts that depleted uranium weapons have not been, and will not be, used in this conflict?

Mr Hague: The right hon. Lady is absolutely right about cluster munitions—and we might add land mines as well; there are reports of the Gaddafi forces laying them in the vicinity of Misrata. I am certainly not aware of any use of depleted uranium weapons. I would be very surprised if any such weapons were being used, and I think I can give her the assurance she seeks.

Mr David Davis (Haltemprice and Howden) (Con): It has been reported that NATO intelligence believes that some 450 of Gaddafi's mercenary army are in fact Algerian-backed Polisario guerrillas paid for to the tune of some millions of dollars. Has the Foreign Secretary taken this matter up with the Algerian Government, and can he tell the House what we have done, beyond the freezing of British, European and American bank accounts, to deny access to the money that enables this sort of action to take place?

Mr Hague: Yes, there are many such reports. My right hon. Friend mentions reports concerning Algeria, and there are also reports of fighters for the Gaddafi regime coming from other countries in north Africa. We are taking these reports up; we have taken them up at the diplomatic level with some of the countries concerned. We need more specific evidence than usual in these situations, in order to be able to say squarely to the countries involved that they are in breach of UN Security Council resolutions, but whenever we have that evidence we will act on it, and at the ministerial level as well.

On the question of denying Gaddafi the ability to pay for such fighters, we have done two sets of things. One of them is the asset freeze, to which my right hon. Friend referred. Tens of billions of dollars of the regime's assets have been frozen, particularly in the United States and our country, although that measure is also widely observed across the world. Secondly, the sanctions that we are implementing also deny a great deal of income to the regime. That is why I say that there is no future for this regime. Time is not on the side of Gaddafi. It will be very difficult for the regime to amass the resources required for it to be able to continue with this effort for the longer term. We will seek the rigorous implementation of those measures, and, of course, if any nation appears to have sanctioned the employment of people from its own country as mercenaries in Libya, we will pursue that matter with it.

Mike Gapes (Ilford South) (Lab/Co-op): This morning, the BBC was reporting that four European Union countries were working up a new resolution for the Security Council. The Foreign Secretary did not refer to that in his statement. Is that because of the reluctance on this issue of the Arab League, to which he previously alluded? Is there not also a danger, however, that many people in the Arab world will perceive double standards if the UN Security Council does not at least adopt a strong resolution condemning the Ba'athist repression in Syria?

Mr Hague: I think the report in question was about the possibility of a presidential statement, rather than a resolution of the UN Security Council. Certainly, France, Germany, Portugal and the United Kingdom are working together at the Security Council to raise the issue of the situation in Syria. The hon. Gentleman asks about double standards. Different countries will have their own opinions on this subject, and I sounded a note of caution about the attitude of some of the other permanent members of the Security Council. Particularly on Syria, they will be very cautious about adopting statements, and especially about adopting resolutions. The position of the Arab League is a matter for its members. It is, of course, up to them to decide whether to be consistent in their statements or to regard the situation in different countries as requiring different responses. We have certainly had no call or clear message from the Arab League on the situation in Syria in the way that developed in respect of Libya.

Mr James Arbuthnot (North East Hampshire) (Con): If, as my right hon. Friend suggests, there is such general international agreement that Gaddafi should go, is any work being done in the United Nations to

[Mr James Arbuthnot]

change the resolutions to reflect that, because otherwise we will continue with a military objective that is at odds with the political objective?

Mr Hague: I have had no indication that it would be possible to pass a new and—what one might call—stronger resolution in the UN Security Council than the ones that have already been passed: resolutions 1970 and 1973. I think there would be a good deal of opposition to that. I think it is unlikely at this juncture that such a resolution could be adopted in the UN Security Council, which is why, as I have said in answer to earlier questions, we must work within the resolutions we have and maximise the diplomatic, economic and military pressure, consistent with those resolutions.

Keith Vaz (Leicester East) (Lab): May I welcome what the Foreign Secretary has said about developments in Yemen, and commend his efforts and those of the GCC? If the President signs the agreement tomorrow, there could be a new Government in 28 days. Are our Government ready to assist that new Government? What matters then is the stability of Yemen.

Mr Hague: Yes, we absolutely are ready to do that. At that point we will, of course, want to revive, with some vigour, the Friends of Yemen process, which was started under the previous Government—we have continued it, but the group has not been able to have meaningful meetings in recent weeks, given the situation. We will very much look to revive that, working closely with Saudi Arabia as co-chairs of the Friends of Yemen. There is a great deal we can do to encourage stability and peace in Yemen, and we will be highly active in doing so.

Jo Swinson (East Dunbartonshire) (LD): May I ask the Foreign Secretary about Saudi Arabia, as there have also been reports of protests—albeit on a smaller scale—met with repression there and as its contribution to finding a peaceful solution to the unrest in Bahrain was to send in its troops? Does he think that the Arab spring could have a positive influence on human rights improvements in that oppressive regime? How can it be encouraged to take a positive attitude to the dialogue towards democracy that is so needed in Bahrain?

Mr Hague: Given the previous question, it is important to recognise in this context the strong and, it seems, successful efforts of Saudi Arabia to bring mediation to Yemen. The hon. Lady is right to say that Saudi forces are in Bahrain—at the request of the Bahraini Government—but I think that Saudi Arabia, like other states in the region, is very anxious that there is a successful national dialogue in Bahrain. I have no reason to doubt that at all, having discussed the situation at some length with Prince Saud, the Saudi Foreign Minister, over recent weeks. Of course, we do ask all Governments in the region to respect the right to peaceful protest and freedom of expression.

Mr David Winnick (Walsall North) (Lab): No one disputes the brutality of the Gaddafi regime, which of course we were selling arms to, along with other western powers, right up to recent events, but may I urge the Foreign Secretary to resist the calls that we have heard today from what I would describe as the "war party", which wants to escalate the conflict? Some of us believe that what is really required is a genuine effort to bring about a ceasefire. I am aware of all the difficulties—I know that Gaddafi cannot be trusted—but if there is a chance of stopping the bloodshed on both sides in the civil war, that opportunity should certainly be grasped.

Mr Hague: Of course we all want a ceasefire. One of the stated goals of resolution 1973 is a ceasefire—a genuine end to violence—but it would have to be a genuine ceasefire in which the regime's forces pulled back from the populated areas they were attacking and really ended the violence and stopped the suppression of all opposition in the areas that they controlled. Although it is important, as the hon. Gentleman says, to resist calls to change the nature of this conflict and go beyond the resolutions, it is also important to resist any temptation to weaken in our implementation of the resolutions. That is why we must continue carefully and persistently with the strategy we have set out.

Robert Halfon (Harlow) (Con): Given that there are now 300 dead in Syria and hundreds more imprisoned, is it not time for Britain to lead the way with a United Nations resolution to try to stop what Syria is doing?

Mr Hague: As I mentioned in answer to earlier questions, it is not a simple matter to pass a United Nations Security Council resolution on Syria—of course that may change as the situation in Syria develops. The important thing for today is to emphasise that, as I said in my statement, the Syrians are at a fork in the road and are coming to the last point at which they can say, "We are going to embrace the reform that is necessary in our country and that will be supported nationally and internationally." If they continue down the alternative route of ever more violent repressions, our concerns will of course be shared more widely at the UN Security Council and the situation there may change.

Chris Bryant (Rhondda) (Lab): I sympathise with the Foreign Secretary, but I am afraid I agree—I do not often say this—with my hon. Friend the Member for Islington North (Jeremy Corbyn) in that the arguments that the Foreign Secretary is using increasingly sound casuistical, especially when he tries to draw a distinction between why we are engaged in Libya but not in Syria or anywhere else and, in particular, when he says that although we are providing equipment, that is all right because it is non-lethal, or that although we are providing military personnel, that is all right because they are not instructors. Surely we are coming to a fork in the road: either we want rid of Gaddafi and we should get rid of him, or we should get out of there.

Mr Hague: Sympathy from the hon. Gentleman is entirely unnecessary in my case; I can assure him that I will be fine without it. Anyway, I suppose I am grateful for it. Let us think about the alternatives for which he seems to be calling. One is to weaken in what we are doing, to say that we do not really care what happens in Libya, and to allow Colonel Gaddafi to run amok in murdering thousands of his own people, destabilising everything else in north Africa. I reject that alternative. The other alternative to our policy is to say that we are

not really going to abide by the UN resolutions and that we will do whatever we are urged to do, because we think that our public's patience is too limited in any matter of international relations and so we will be panicked into doing other things. I reject that alternative, too. For too many years, we have been accused of not having the necessary legality or moral support for, or an international coalition behind, what we are doing. We are going to maintain those things in what we do in Libya and that requires persistence in the policy we have adopted.

Mr William Cash (Stone) (Con): The Foreign Secretary and I have had a number of exchanges on this subject. I have a great deal of sympathy with what the hon. Member for Islington North (Jeremy Corbyn) said, because the Prime Minister has written to me today saying that

"we do not rule out supplying lethal equipment, but we have not taken the decision to do so, and there remain legal and practical questions which need to be carefully considered."

That is the Government's policy, the legal basis of which seems to be as clear as mud. The problem, very simply, is that we want to relieve the pressure on civilians and to ensure that the people in Libya are properly protected. Unless they are given arms and the right kind of equipment under the resolutions—including paragraph 9(c) of resolution 1970, which I have mentioned before—there will be hand-to-hand fighting and they will not have the ability to deliver. That is where the problem lies and the policy must be made clearer. Why does not the Foreign Secretary go back to the sanctions committee and find out?

Mr Hague: I hope the policy as I have set it out is very clear about the Government's understanding of what is legal under the UN resolutions and about what we are doing, which is different from going the whole way under the resolutions towards arming civilians and the opposition in certain circumstances. We have not taken the decision to do that, as my right hon. Friend the Prime Minister said in his letter to my hon. Friend. We are giving a great deal of other assistance. We should remember that what the United Kingdom is doing as regards the deployment of the Royal Air Force and its military action over the past five weeks, which has potentially saved the lives of hundreds or thousands of people, is a greater help to the civilians of Libya than we can provide to them in any other way.

John McDonnell (Hayes and Harlington) (Lab): As we have seen in the House today, to many outside this House Britain's intervention in Libya looks like a blood-soaked political shambles. As we have moved from the protection of civilians to regime change, promises of no boots on the ground have been undermined by the presence of advisers' boots on the ground. Now a limited intervention has moved to being a long-haul engagement. Have the Government given any consideration whatsoever to conflict resolution and taking up the offers from other countries of mediation to secure a peaceful settlement?

Mr Hague: Attempts at mediation by other countries so far have run into the problem of Colonel Gaddafi's refusal to depart. Without that departure, it is hard to see a solution being arrived at in Libya. That is the difficulty. We have agreed in the contact group that it is primarily for the UN special envoy, Mr Khatib, to take forward the work of trying to search for a political settlement—that is absolutely what the UN special envoy is for. We have in no way lost sight of that aim, but it will require a genuine ceasefire, which seems also to require the departure of Colonel Gaddafi. The hon. Gentleman speaks of a blood-soaked result to what we have been doing, but there really would have been a blood-soaked result had we done nothing five weeks ago, allowing Benghazi to be overrun, thousands of people to be killed and tens of thousands to be driven towards the border. That would have been a blood-soaked result, and I think that was the policy that the hon. Gentleman favoured.

Mr John Baron (Basildon and Billericay) (Con): The debate and vote on Libya was couched very much in terms of humanitarian aid, but it has since become clear, from the rejection of the African Union peace proposals and from the joint statement, that Britain, the US and France will accept nothing less than Gaddafi's removal. Will the Foreign Secretary sanction a further debate and vote on this issue in Government time?

Mr Hague: No. Of course, I will make statements to the House whenever possible and I am in no way resistant to long debates about the matter, but I do not think the Government's policy has changed in any material way that requires a fresh vote in the House of Commons. We are absolutely within the United Nations resolutions and within the policy we expressed at the outset.

Stewart Hosie (Dundee East) (SNP): Could the Foreign Secretary explain how it is that the Italians are now providing strike aircraft and the Americans unmanned Predators? He described how the 1,500 strike sorties have seriously degraded Gaddafi's military capacity and he described the severity of the UN sanctions, but those are all actions undertaken by external bodies—the UN, NATO and Arab allies. Will he tell us whether there is a plan—not a time scale, but a plan—so that the House can know how the national transitional council might be in a position to offer Libyan political and military leadership, which would bring an end to the problem?

Mr Hague: The national transitional council has organised itself over the past five weeks. It has a president in Mr Jalil and an executive prime minister figure in Mr Jabril, and it is seeking other adherents and allies in Libya—and not just in the east, where it is based, in Benghazi. In recent days, towns in the west—on the western border—have also declared their adherence to the national transitional council. It is making a genuine effort to include people in its work beyond its current base and operations. It believes in the territorial integrity of Libya and in being able to bring the Libyan people together in future. I think it does have a political plan and a plan for a political transition, but the behaviour of the regime's forces at the moment prevents it from carrying that out.

Dr Andrew Murrison (South West Wiltshire) (Con): It seems fairly clear that the western Sahara and the Tindouf refugee camps are being used as a recruiting

[Dr Andrew Murrison]

ground by General Gaddafi, yet the Polisario Front maintains an office in many western capitals, including London. What pressure can we put on the Polisario formally or informally to make it very clear that any co-operation with Gaddafi is unacceptable and highly unlikely to help its cause?

Mr Hague: If we have clear evidence of what my hon. Friend raises, we will make that very clear and there will certainly be consequences, but we would have to have clear evidence.

Mrs Madeleine Moon (Bridgend) (Lab): The Foreign Secretary might well have the agreement of the Libya contact group, but does he have the support of the British public for what is happening? When we had a debate only weeks ago in the House we were assured from the Government Benches that there would be no mission creep and no targeting of Colonel Gaddafi. We were assured that regime change was not our objective and that there would be no boots on the ground, but we now have quite a strategic change. How will the right hon. Gentleman assure the British public that there will not be further mission creep when those military liaison officers advise that further support is needed on the ground?

Mr Hague: I hope that I have made it clear in the House today—indeed, on all days—that there will be no ground invasion of Libya and that we are not planning to send troops in any large numbers into Libya. I have made clear the terms on which the military liaison advisory team has gone into Benghazi. I think that what people would worry about with mission creep is a ground invasion—a protracted ground battle involving British troops in Libya—and that is not on the cards. It has no part in our plans and it is not consistent with the UN resolutions, so I can reassure people about that and I hope that the hon. Lady will join me in doing so.

Laura Sandys (South Thanet) (Con): From contacts of mine in Libya it is clear that morale among the opposition fighters, whether they be in the east or the west, differs greatly depending on their military successes and on what the international community does and how it acts. One thing that many people are calling for is the British Government's recognition of the TNC as the legitimate Government, albeit a transitional one. Are we considering that measure?

Mr Hague: The wording that we agreed for the whole contact group at Doha and the wording that I used in my statement earlier is that in contrast to Gaddafi, whom we do not regard as having legitimacy any more in leading the Libyan people, we regard the transitional national council as a legitimate interlocutor representing the aspirations of the Libyan people. I think that is the right way to put it. My hon. Friend will say that that is not formal recognition of the council, and it is not, because we recognise states rather than Governments within states and there are very good reasons to continue that policy, but it means that our diplomatic mission in Libya is in Benghazi, not in Tripoli. Our active daily work is with the transitional national council, so for all intents and purposes our approach, and that of France and Italy, for instance, which have formally recognised it, is identical in practical terms.

Caroline Lucas (Brighton, Pavilion) (Green): Does the Foreign Secretary accept that our activities in Libya have now gone well beyond the terms of a no-fly zone to protect civilians? Is he not concerned that we will be giving the impression that we are taking sides with the intention of regime change, rather than protecting civilians? Is that impression not being strengthened by the fact that we are not even calling for sanctions in Bahrain and Syria, in spite of the atrocities being carried out there?

Mr Hague: Well, no. It will be evident that I do not agree with that. I think we are operating within the UN resolutions and so do the vast majority of other nations—so does the whole of NATO and the vast majority of the Arab world, including the Arab League. I stress again the importance of the legitimacy of our actions internationally, which means that where the Arab League has called for assistance, as it did in the case of Libya, we are in a different situation from other countries and regarded as such at the United Nations Security Council. We are operating in response to the calls from the Arab League and with the authority of the United Nations Security Council, and we will continue to operate within those constraints.

Several hon. Members *rose—*

Mr Speaker: Order. A very large number of colleagues are still seeking to catch my eye. As right hon. and hon. Members know, I always seek to accommodate as many as possible. I know that the Foreign Secretary regards occasions such as this as the political and intellectual equivalent of one of his judo routines, and I am sure he makes no objection, but I need a degree of economy if we are to accommodate the interest of colleagues.

Nadhim Zahawi (Stratford-on-Avon) (Con): At the end of February, I and a number of colleagues visited Syria. It was obvious to us then that that country was at a tipping point. Two things were obvious: first, young people wanted economic and social reform; and secondly, the reformers and the hard-liners were locked in battle inside the Government. We now have a report that Iran has been invited in to crush the reformers. What robust message can we send that aligning itself with Iran is in the long term a losing game for Syria?

Mr Hague: Since it is possible to make quick, deadly judo moves, I will try to give quick answers. We have consistently given the message to Syria, including when I saw President Assad in January, that aligning Syria with Iran is a great mistake, and it would be a great mistake to intensify that in the current crisis.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I remind the Foreign Secretary that with a heavy heart I voted in favour of the intervention in Libya? I and many colleagues did so because we believed that it was imperative to stop the death of innocent civilians—men, women and children. That was the reason that I voted for it. I am very concerned about some of the right hon. Gentleman's remarks today, which did not address the

report that many of us heard on Radio 4 this morning from a respected British journalist about the 1,000 deaths in Libya in recent days. We are not doing enough to stop that. I do not want ground troops; I am not a warmonger; but what has happened to the American intervention that seemed to be more effective in the early days?

Mr Hague: Just because we cannot do everything does not mean that we should not do something. It has of course not been possible to save every life in Libya—this is an extremely messy and difficult situation—but the hon. Gentleman should be proud of the fact that, although he voted with a heavy heart, the vote in this House, and that in other Parliaments, to support military action has probably saved thousands of lives and saved tens or hundreds of thousands of people from a desperately difficult humanitarian situation. It is better to vote with a heavy heart than to be a faint heart about this situation.

Duncan Hames (Chippenham) (LD): The Foreign Secretary carefully draws the distinction that the equipment supplied by Britain to the Libyan transitional national council is of a non-lethal nature, but in an era of improvised explosive devices how confident can we be that even telecoms equipment might not ultimately have a lethal use?

Mr Hague: We can be fairly confident that the transitional national council very much wants to use the telecommunications equipment that we have given it as telecommunications equipment, as it is doing. It would not be productive to divert that into other things. The other equipment that we have given is body armour, and it is quite difficult to use that in any way other than to save life.

Barry Gardiner (Brent North) (Lab): On 18 March the Prime Minister said:

> "The resolution helps to enforce the arms embargo, and our legal understanding is that that arms embargo applies to the whole of Libya."—[*Official Report*, 18 March 2011; Vol. 525, c. 623.]

That has been reinforced by the Foreign Secretary today. Can he therefore tell us what active measures NATO forces are taking to stop the supply of any arms to the rebel forces from outside Libya, or is it in fact the truth that NATO is the military wing of the rebel forces in a civil war?

Mr Hague: The NATO operations, in which ships of many nations are involved, including those of our own Royal Navy, are dedicated to enforcing an arms embargo on the whole of Libya. They are positioned in order to do that, so the hon. Gentleman can be confident that they are doing that.

Mr Matthew Offord (Hendon) (Con): Given the permeable nature of the Libyan border, particularly around the Sarra triangle, will the Foreign Secretary please advise us on what actions he has sought from the countries surrounding Libya to prevent foreign mercenaries from entering the country and assisting the Gaddafi regime?

Mr Hague: We have made that point to neighbouring countries and have been particularly active with the Government of Tunisia in trying to stop any flows into Libya of matériel or arms that would be used by the Gaddafi regime and that would enter the country in contravention of the Security Council resolutions.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Over the weekend I met a number of constituents who are very concerned about their families and the situation in Yemen. Yesterday, two protesters were killed there and hundreds were injured. The Foreign Secretary spoke about the Gulf Co-operation Council's efforts to break the political deadlock and a revival of the Friends of Yemen group, but what specific representations are the British Government making to call on President Saleh to end the violence?

Mr Hague: We have made those representations all the time. I went to Yemen and saw President Saleh at the beginning of February to urge him to come to an agreement with the opposition parties, which he seems to have done in the past 24 hours, thanks to the mediation of the GCC countries, so we have been very heavily involved in that. Our ambassador in Sana'a has been particularly heavily involved on a daily basis for many weeks with both the Government there and the opposition, and the British Government have been heavily involved.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Will my right hon. Friend take this opportunity to remind the Assad regime that ordering the army's tanks to slaughter its own people is completely unacceptable, that it will have repercussions for Syria's international relations for years to come, that it may well be a war crime, and that it will undoubtedly lead to sanctions?

Mr Hague: Yes, I will. On top of that, such actions will not even bring longer-term security to the regime itself, so it is a thoroughly bad idea.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): We have sent in a small team of military advisers, as have the French and, for all I know, some other countries. What co-ordination is there between those various teams of military advisers in order to provide coherent, rather than contradictory, advice?

Mr Hague: As ever, that was a very perceptive question from the hon. Lady. That is a very important issue. A French team is going, and there may well be a team from another European country. They are working very closely together, and the effectiveness and experience of the British team is helping to ensure that everyone there works together.

Kris Hopkins (Keighley) (Con): Does the Foreign Secretary agree that it is important to communicate to the critics—in this country and abroad—of previous military conflicts that the intervention in Libya is not just another western intervention? Can I ask the Foreign Secretary, therefore, how many Muslim countries are contributing to the implementation of UN resolution 1973?

Mr Hague: My hon. Friend makes a very powerful point. The coalition includes countries from the Arab League, and the specific answer is that two Arab nations are involved in enforcing the no-strike zone, and in one case in ground strikes as well. Several other nations are

[Mr Hague]

providing logistical, humanitarian and, indeed, financial support. I have already mentioned the case of Kuwait, and Turkey is of course heavily involved in enforcing the arms embargo and in giving humanitarian support, so a wide range of Muslim nations is involved.

Graham Stringer (Blackley and Broughton) (Lab): The Foreign Secretary sounds increasingly like Dr Pangloss —that this is the best possible policy of all possible policies—but in tone and content his statement is very different from the speech that the Prime Minister made here last month. There has been a clear defining of objectives on regime change and on taking one particular side in a civil war. I regret that the Foreign Secretary has already said that he will not organise a debate in the House on a voteable motion, and I hope he will reconsider that, because it is better done on a Government motion than on a Back-Bench one.

Mr Hague: Those are of course matters for the House anyway, but my point is that I do not regard the Government's policy on the issue as having changed. I have said today that Colonel Gaddafi must go, and the Prime Minister said that in the debate on 21 March. I have said also that we will continue to take all necessary measures to protect civilians, although the nature of those measures may change from week to week, and that is what we said in the debate of 21 March that we would do, so we have not changed our approach.

David Rutley (Macclesfield) (Con): Given the Gaddafi regime's constrained refining capability, what assessment has my right hon. Friend made of the merits of strengthening the restrictions on supplies of petrol and diesel to the regime's forces?

Mr Hague: It is very important to enforce the existing sanctions on the regime. We are doing a lot of work to make sure that they are rigorously enforced by other countries, and that takes in my hon. Friend's point. So we are looking at that at the moment.

Thomas Docherty (Dunfermline and West Fife) (Lab): May I press the Foreign Secretary on the subject of the contact group? What discussions has it had about the need for humanitarian troops to go in and provide aid, and specifically what discussions has he had with Turkey and other Muslim nations about that role?

Mr Hague: The contact group has not discussed troops going in for humanitarian purposes. It did of course discuss in Doha the need for effective humanitarian relief, particularly for people in Misrata, and we have been successful in providing a good deal of that over the past couple of weeks, but the group has not had discussions about military provision to assist the humanitarian effort. We would be guided by the United Nations and, in particular, by the Office for the Co-ordination of Humanitarian Affairs on requesting any military support for humanitarian needs, but no such request has been made.

Christopher Pincher (Tamworth) (Con): I welcome my right hon. Friend's announcement of a proper financial structure to provide short-term finance to the Libyan national transitional council, but he will be aware that one of the many challenges facing the rebels is the need for cash to fight Gaddafi as well as to provide important public services, so will my right hon. Friend consider releasing to the rebels the many hundreds of millions of Libyan dinars that are printed or held in this country in order to help to finance their fight?

Mr Hague: Those Libyan banknotes are held in this country as part of the asset freeze, and since they are held as part of the asset freeze they remain frozen. *[Interruption.]* Indeed, that is not surprising. The Government have not so far seen any legal way of releasing those banknotes from the asset freeze.

Fiona Mactaggart (Slough) (Lab): May I add my voice to those on both sides of the House who have called for a further debatable resolution of the House about the future of this action? Does not this whole issue illustrate the importance of the International Criminal Court's being able to take effective action against despots before their people rise up against them, and what is the Foreign Secretary doing to make that more possible?

Mr Hague: Of course it would be helpful if the ICC were able to do that. As the hon. Lady knows, there are cases such as that of the President of Sudan where we have all supported the ICC's being able to come to its indictments. There is then the problem of the people of those countries not being able to turn over those despots to the ICC. However, we certainly support the ICC's being able to make investigations in circumstances short of what we are seeing in Libya now.

Bob Blackman (Harrow East) (Con): In the weeks leading up to the most recent major religious festivals, Jerusalem suffered the first suicide bombing for nearly three years and ordinary Israeli citizens experienced an escalation of rocket attacks from the Gaza strip. What has my right hon. Friend done to apply pressure to Islamic Jihad and Hamas to cease their terrorist activities and return to the negotiating table?

Mr Hague: The UK is very clear: we have expressed our outrage at those attacks. We have also called on Israel to exercise restraint in responding to those attacks, because we believe that there is an overriding need to put new life into the middle east peace process and for Israeli and Palestinian leaders to make the necessary compromises—compromises which Hamas leaders have never yet shown that they are prepared to make. It is necessary to do that in order to bring long-term security to the middle east and an end to the kind of appalling incidents that my hon. Friend mentions.

Jim Shannon (Strangford) (DUP): I thank the Minister for his statement. Right across the whole of Libya a great many new battles are starting—for example, on the Libya-Tunisia border. Is NATO and the western alliance aware of all these battlefronts in places where people are fighting for freedom, and what help is it able to give them?

Mr Hague: Yes, I believe that the NATO command—NATO plus the Arab allies, I should stress—are aware of these situations, some of which are difficult to help for the reasons of close-quarters fighting that were

described earlier. NATO air strikes have been used in recent days to relieve the pressure not only on Misrata but on towns in the west of Libya, with some effect. That will continue and, if necessary, intensify.

Stephen Phillips (Sleaford and North Hykeham) (Con): It was plain from my right hon. Friend's answer to my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) and to my hon. Friend the Member for Stone (Mr Cash) that the Government have received very clear legal advice on the action that has been announced while the House has not been sitting. The Government made a great advance in publishing a summary of the legal advice on Libya before the last debate. Will my right hon. Friend undertake to update that advice by placing a copy of the Attorney-General's advice in the Library?

Mr Hague: We provided the note on the legal advice in order for the House to have a debate and for it to take a very important decision. History showed that the House really did want to know more about the legal advice in such circumstances, but I am not going to commit the Government to doing so on a case-by-case or continuous basis.

David Morris (Morecambe and Lunesdale) (Con): Should Colonel Gaddafi be deposed, or go by whatever means, would he be subject to the 1970 human rights Act—I am sorry, not human rights—*[Interruption.]* If I may carry on, would he be subject to the war crimes part of UN resolution 1970?

Mr Hague: That depends on what Colonel Gaddafi has done. The International Criminal Court is looking into that at the moment. As I said, we expect a report from the prosecutor of the ICC to the United Nations next Wednesday, 4 May. That will be the next development in this subject and it is the ICC that will come to a view about it.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. Friend agree that over the last few weeks, not only have the eyes of much of the world been on Libya, but, unfortunately, so have the eyes of the leaders of many of the most brutal and oppressive regimes in the world? If Colonel Gaddafi manages to cling to any form of power having turned heavy weapons on his own people, it will make such behaviour far more likely in other countries across the region, costing many tens of thousands of innocent lives and potentially putting back the cause of democracy for decades. Is it not for that reason that Gaddafi must go, by one means or another?

Mr Hague: That is one of the reasons. Certainly, if Gaddafi had been able to do what he intended to do, the Arab spring, as many have called it, and the desire for democracy and greater freedom in the Arab world would have suffered an enormous setback, with potentially damaging consequences for this country.

Mr Speaker: I am grateful to the Foreign Secretary and colleagues for their co-operation in what were very full exchanges.

Points of Order

5.26 pm

John Hemming (Birmingham, Yardley) (LD): On a point of order, Mr Speaker. Vicky Haigh, a horse trainer and former jockey, was the subject of an attempt by Doncaster council to imprison her for speaking at a meeting in Parliament. There was discussion earlier today as to whether that case was sub judice. An application was made to the court, a copy of which I have provided to your office. Additionally, I have provided to your office a copy of the court order in which it was deemed that she would not be jailed. I assume, therefore, that the case is not sub judice, in accordance with sub-paragraph (b)(ii) of the relevant resolution:

> "Any application made in or for the purposes of any civil proceedings shall be treated as a distinct proceeding."

Mr Speaker: I am grateful to the hon. Gentleman for his attempted point of order and for notice that he was to raise the matter this afternoon. I do not intend to have a discussion on the Floor of the House, notwithstanding what he said about documents that have been deposited, on whether a particular case is or is not sub judice. One of my duties is to uphold the resolution of the House with respect to sub judice issues. As far as this particular matter is concerned, I am perfectly prepared to discuss it privately with the hon. Gentleman. I will not take any further points of order on this matter today, and I feel sure that he will take his cue from the clear response that I have given.

John Hemming: On a separate point of order, Mr Speaker.

Mr Speaker: The hon. Gentleman may have a separate point of order, but it is a bit greedy to have two in one go. We will have someone else first so that he can save his vocal cords and we will revert to him in due course.

Mr Nigel Dodds (Belfast North) (DUP): On a point of order, Mr Speaker. Have you had notice from the Secretary of State for Defence that he will come to the House to make a statement on the decision to refuse the invitation of Belfast city council for a homecoming parade for the men and women of the Royal Irish Regiment and the Irish Guards, who have recently completed tours of duty in Afghanistan? That decision has been greeted with incredulity and anger across Northern Ireland. Given that there was a parade the last time they returned and tens of thousands of people turned out in the streets of the capital city of Northern Ireland, which the troops appreciated greatly, surely the Secretary of State owes it to this House to come and at least explain the decision, if not to announce its reversal and allow these brave men and women their moment of appreciation in the capital city of Northern Ireland.

Mr Speaker: I fully understand the strength of feeling of the right hon. Gentleman, and I know that the House will respect the sincerity and experience with which he registered his concerns. I hope that he, as an experienced parliamentarian, will readily understand that I cannot join the argument. However, he has put his point forcefully on the record in the presence of Ministers. In particular, it has been heard with courtesy

[Mr Speaker]

by the Deputy Leader of the House. If the right hon. Gentleman wants to pursue the matter in other ways, he can. I have not as yet had any indication that a Minister wishes to make a statement on the subject.

John Healey (Wentworth and Dearne) (Lab): On a point of order, Mr Speaker. This afternoon in Health questions, the Health Secretary told the House that waiting times were stable in the NHS. In fact, for the first time in three years more than one in 10 in-patients are waiting more than 18 weeks for their hospital treatment; the proportion of people waiting more than four hours for emergency treatment is the highest for six years; and the number of people waiting for diagnostic tests for more than six weeks has doubled. Those are the Government's figures, confirmed recently by the independent King's Fund. Can the House, through you, Mr Speaker, ensure that the Health Secretary sets the record straight and, in future, gives a full and accurate account of the changes in waiting times that we have seen over the past year?

Mr Speaker: What I would say to the right hon. Gentleman is as follows. First, Ministers are responsible for the content, including the accuracy, of the answers that they give and the statements that they make to the House. Secondly, I hope he will understand when I say that I cannot get involved in the question of the quality of an answer. Thirdly, I think it would be well beyond the limited powers and capacities of the Chair to join an almost theological debate about what constitutes stability, in respect of either the health service or any other feature of our national life. However, the shadow Health Secretary has put his point on the record.

John Hemming: On a second point of order, Mr Speaker, of which I also gave notice, I wish to make another point about sub judice. There is a tendency for people to issue injunctions on the basis of a claim that they intend to issue proceedings, but then not actually issue those proceedings. One such case is AMM, in which no proceedings have been issued. One would therefore presume that such a case never becomes sub judice.

Mr Speaker: The ingenuity of the hon. Gentleman is almost boundless, and that fact will not have gone unnoticed in any part of the House. However, the initial observations that he made demonstrate to me that the second issue that he has raised is also one for consideration at our private meeting, which I feel sure he is eagerly awaiting.

Barry Gardiner (Brent North) (Lab): On a point of order, Mr Speaker. You will know that during the parliamentary recess over Easter, a number of Members wished to see the recall of Parliament in order to debate Libya more fully. Indeed, that was borne testament by the number of contributions following the statement this afternoon. Is there a way that is in order to thank you for extending the statement by almost half an hour to enable all Members to get in?

Mr Speaker: Well, there is, because the hon. Gentleman has just proved that there is and done it. We are grateful to him for his point.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. Over the Easter break—an unfortunate term, perhaps—News International confessed to the fact that there had been a very significant degree of criminality at the *News of the World*, in direct contradiction to the evidence that it had provided to two Select Committees of this House. In other words, it had misled the House. In addition, Rebekah Brooks, who on 11 March 2003—I can see that the Clerk is worrying, Mr Speaker. I am not—

Mr Speaker: Order. What I would say to the hon. Gentleman is that it is clear to me that he is raising a matter of privilege. That is certainly my very clear understanding of what he has said—it is about privilege and the breach or invasion thereof. It seems to me, therefore, obviously a matter that should be pursued with me in writing in the first instance. I readily expect and almost invite the hon. Gentleman to take that course if he so wishes.

Chris Bryant *rose—*

Mr Speaker: I am being very generous, but I will give the hon. Gentleman one last go at a point of order.

Chris Bryant: I am grateful to you for your generosity, Mr Speaker.

In addition, Rebekah Brooks, who in March 2003 said that she had paid police officers for information, wrote to the Home Affairs Committee only a couple of weeks ago to say that what she really meant was that other newspapers had done so. That is a blatant lie. Before I write to you about standards and privileges, Mr Speaker, may I ask whether you have had any apology from News International? The House should no longer put up with being lied to.

Mr Speaker: I am not aware that the House has received any apology, and I certainly have not. Notwithstanding the intellectual and political ingenuity of the hon. Gentleman, his second set of observations merely confirm the truth and wisdom of what I said in my first answer, which is that he should pursue these matters with me in writing in the first instance. He and other Members know that on this matter, as on others, I am very receptive to hearing what the House has to say. These matters should be aired, but they must be aired in the appropriate forum and at the appropriate time.

If there are no further points of order—the creative juices of the House are always on display when we have had a long recess—we will move on.

Industrial Relations (Voting Procedures)

Motion for leave to introduce a Bill (Standing Order No. 23)

5.35 pm

Mr Dominic Raab (Esher and Walton) (Con): I beg to move,

That leave be given to bring in a Bill to prohibit strike action in the emergency and transport service sectors unless a majority of employees in the unionised workforce has voted in favour of such action; to make procedural provision in relation to balloting for industrial action; and for connected purposes.

The right to peaceful protest and collective action are inextricably linked to, and bound up with, this country's struggle for liberty, democracy and basic rights. The House will recall that it was a criminal offence to strike in Britain until 1875 and the Administration of Benjamin Disraeli. We should never forget the sacrifices made by those who went before, including the Chartists, social reformers and the early union movement, those who campaigned against child labour in the poor house and virtual slave labour under the poor laws, and those who campaigned for greater democratic representation.

Industrial action played its part in securing reform, from Annie Besant's match girls union striking against the use of yellow phosphorous in match-making, which caused bone cancer, to the 1889 dockers' strike in east London against the mercenary exploitation that pitted desperate workers against one another in competition for casual labour on the very harshest terms. I wonder what those heroic campaigners would have made of recent strikes over travel perks, annual bonuses and the right to retire at 50.

Despite a massive expansion of health and safety regulation, employment law and various other social protections, Britain is still episodically held hostage by a vocal minority led by militant union bosses. The damage to the British economy and jobs is immense. In 2002 and 2007, we lost more than 1 million working days because of strike action—*[Interruption.]* Opposition Members may find that a laughing matter, but the tax-paying public do not.

In 2009—a comparatively quiet year—we lost almost 0.5 million days, which is way more than in Germany, Italy, the US and Australia, and the last tube strike cost the capital £50 million each day, disrupting more than 1 million commuters. What is worse still is the way in which union bosses frequently rely on a minority of members to corral and coerce the majority into strike action. That is what the Bill addresses.

The number of strike ballots carried on a minority of members is increasing at a rapid rate. The National Union of Rail, Maritime and Transport Workers, led by Bob Crow, is one of the worst offenders. A third of members supported his tube strikes in the autumn of 2010. The current ballot, for which results are due tomorrow, seeks to escalate previous strike action on the Bakerloo and Northern lines and carried just 35% and 20% of support from members.

In 2010, the Public and Commercial Services Union, claimed legitimacy for a strike ballot on redundancy pay that carried the support of only 20% of its members. Unite and the Broadcasting Entertainment Cinematograph and Theatre Union have also recently led strikes with minority support.

My Bill will address that by amending the Trade Union and Labour Relations (Consolidation) Act 1992 to require the support of a majority of members—not simply a majority of those voting—for strike action in the emergency services and the transport sector to be lawful.

Let me be absolutely clear: the Bill would have stopped not the majority of recent strikes, but just those not supported by a majority of union members. Some will say, "Yes, but politicians are elected only by those who turn out to vote," but strike ballots and political elections are fundamentally different—[Hon. Members: "Why?"] I am coming to that very point. Strike action takes advantage of an express immunity created by an exemption to the law. Without that exemption, unions could be sued in contract and tort law for the damage that they do, just like everybody else.

Strike action based on minority support allows union bosses to corral, cajole and sometimes even bully the majority of union members into supporting strike action and losing pay, when actually they want to get on with their work and their job. Guidance issued by many unions instructs all members to support strike action regardless of whether they voted for it. Then there are the widespread reports of bullying. When British Airways sacked and suspended almost 100 workers after the 2010 strike, it stated that they were mostly for allegations of bullying or intimidation made by other colleagues. The pending RMT ballot was called by Mr Crow in defence of a tube striker sacked after being accused of abusing another tube worker during a strike in 2010, and just last month his right-hand man at RMT, Mr Steve Hedley, was convicted of assault after attacking a fellow worker who crossed the picket line to work. It speaks volumes that the RMT leadership backed Hedley over the victim of that assault.

This kind of bullying is bad enough in any circumstances, but it is particularly reprehensible during strikes that cannot command a majority of support among a union's own members. Why should a militant minority coerce, intimidate and bully the silent majority? *[Interruption.]* I think we are hearing the answer from the mutterings from Labour Members. Nor should the same militant minority be licensed to disrupt the wider public and damage the UK economy. This Bill will focus on strikes in the emergency services and the transport sector, where the scope for such disruption is particularly acute. The CBI, Policy Exchange and the London Mayor have all called for a threshold for strike action. Other countries, such as Denmark and the Czech Republic, have a threshold, and the Prime Minister has agreed to consider the case for reform in this area.

In truth, this is just one of the changes we need. However, the Bill is framed in terms that would at least allow for a wider debate, if Labour Members can stomach it, particularly on, for example, the case for a requirement that strike ballots specify the grievance, so that—God forbid—members are actually told what they are being asked to strike for, and so that union bosses cannot exploit a successful ballot on a specific grievance in pursuit of their own wider vested interests. Likewise, there is a case for requiring individual ballots for strikes against each legal public sector employer, so that nationwide strikes cannot be instigated on the thin pretext of some localised dispute.

The main aim of the Bill, however, is to give strikes greater democratic legitimacy. Union bosses on six-figure salaries, some elected by a small fraction of their

[Mr Dominic Raab]

membership, have grown out of touch with their members and with reality. The number of minority strikes shows that they are often less interested in representing all their members, and more interested in pursuing their own political agendas. Our law gives them too much power, and they are abusing it, not just to blackmail the Government, but to coerce their own members and inflict maximum damage on the wider taxpaying public. The question for the House, therefore, is: who is prepared to stand up for the hard-working majority in this country? These proposals will support the silent majority struggling and striving across both the public and private sectors. I commend the Bill to the House.

5.43 pm

Tony Lloyd (Manchester Central) (Lab): Obviously, I rise to oppose the Bill. Let me be honest: it was not just the sight of the salivating rants of Tory MPs and their Lib Dem friends that got me to my feet; it was probably this sense of déjà vu, this groundhog day. I was looking round for Lord Tebbit—I have been in the House a long time—because this proposal is cast very much in the mould of what we have seen before. *[Interruption.]* Those same old Tories indeed.

The beginning of the speech by the hon. Member for Esher and Walton (Mr Raab) was interesting, because he invoked some of the great industrial disputes of the past, when people fought for their basic legitimate rights and the kind of things that people are now fighting for in Egypt, Syria and wherever else. However, the instinct of the parties of Government is to crush exactly that right of people to proper demonstration against injustices imposed on them whether by employers or someone else. That is what is so sad. Once again, we have a rewind of history.

I know that the hon. Member for Esher and Walton does not have the opportunity to reply to this debate, but there are some serious points that I hope he will consider. He did not mention where else our national legislation sets out such a terrifically high threshold. Not even the advocates of AV propose such a high threshold. The bizarre thing in all this is that any election with a turnout of 70% where 70% of those voting supported a proposition would fail the test for legitimacy under the hon. Gentleman's Bill. A turnout of 70% with 70% in favour would be seen as an overwhelming victory for the proponents of a particular course of action, whether a politician standing for elected office or anyone else.

I will make an offer to Government Members. If they accepted the same concept—a 50% threshold among all those available to vote—as a means of determining the 2010 general election, when the coalition parties got under 40% of the vote between them, and if on that basis we reverted to the status quo of a Labour Government, then many people in this country would accept the legitimacy of that threshold. What they would not do, however, is accept that the Bill has anything to do with modern industrial relations.

It is interesting that in proposing the Bill, the hon. Gentleman failed to mention the fact that in many cases bad employers are involved. Bad employers have consequences for the work force. They lead to increases in, for example, absenteeism, sickness and, of course, the capacity of the work force to think about taking industrial action. The other thing that the hon. Gentleman did not mention is the fact that in many disputes the turnout would pass his threshold—a threshold that I do not think he managed to pass in his general election results. He did not get 50% of eligible voters voting for him in the general election. *[Interruption.]* I am told that he did. Will all Government Members who got the support of 50% of those eligible to vote put their hands up? *[Interruption.]* We see three—a very poor test of democracy among representatives of the governing coalition.

The important point is that this Bill has nothing to do with modern industrial relations or ensuring that we bring parties in dispute to the negotiating table. At no point did the hon. Gentleman mention the fact that we need an industrial framework that involves ACAS at an early stage, and includes a capacity for arbitration, and give and take on both sides. Instead, for Government Members, this issue is about domination—one side being the victor under all circumstances—but that is not the modern world that Britain wants. That mentality is why, when the Conservatives and their friends were in government in the '80s, more than 1 million days were lost every year in industrial action. That dropped by a third when a Labour Government took office, because the industrial relations climate was very different.

Members in all parts of the House—even on those on the Government Benches—should pause and ask whether this Bill is really the direction of travel that modern Britain wants to take. I have been in this House for quite a long time, and I remember the days when rather bizarre ideas were thrown up by Back Benchers in ten-minute rule Bills, early-day motions and so on. We dismissed them and laughed at them as the fancies of the rabid right-wing of the Conservative party—and now its Lib Dem friends—but the problem was that quickly afterwards those ideas were translated by those on the Front Bench into Government policies. That is why it is so important that the House and the country should recognise the irrelevance of this Bill when it comes to having any practical impact on modern Britain or addressing its need for improved industrial relations.

I invite the hon. Gentleman to get out a little more and to talk to people who work and who are not bullied by trade union bosses but who cast their vote in secret. That is the nature of the balloting process for trade unions; it is a secret ballot in which individual members cast their own votes. Those members are sovereign. Most aspects of the balloting process for industrial action are widely accepted by trade unions and by employers as the legitimate way of doing this. Very few of them are arguing that we should increase the height of the hurdles to make it difficult for legitimate industrial action to take place.

The reality is that when we restrict the capacity for people to register this kind of protest, we do not improve industrial relations. There might be short-term gains, but in the end, such action merely entrenches the disaffection of those employees who feel that they have been badly treated and increases the arrogance of the bad employers. That is exactly what we had in the 1980s: an arrogant management culture; attempts by the Government to support arrogant managers; the de-industrialisation of Britain; an increase in the number of days lost through industrial action; and the very shameful record of previous Conservative Governments on industrial relations.

Perhaps the hon. Gentleman should come over and talk to some of the people on the Opposition Benches who know employers and employees, and who know what good industrial relations look like. Perhaps we could give him a quick crash course on how to move forward with a measure that makes sense in modern Britain. If his Bill is not defeated today, perhaps he could gracefully withdraw it and say, "Yes, I admit that I got this wrong. I was influenced by those around me who simply wanted to turn the clock back to the 1980s. On that basis, I withdraw my Bill and we will start again with a better concept and a way of looking at industrial relations as something that involves the employer and the employee in partnership, rather than in permanent conflict." I urge hon. Members to oppose the Bill.

Question put (Standing Order No. 23)

The House divided: Ayes 121, Noes 171.

Division No. 255] **[5.51 pm**

AYES

Aldous, Peter
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Baker, Steve
Baron, Mr John
Barwell, Gavin
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Bottomley, Sir Peter
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Bruce, Fiona
Campbell, Mr Gregory
Carmichael, Neil
Cash, Mr William
Clifton-Brown, Geoffrey
Colvile, Oliver
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dodds, rh Mr Nigel
Drax, Richard
Ellis, Michael
Elphicke, Charlie
Evans, Graham
Fallon, Michael
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
Glen, John
Gray, Mr James
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hancock, Matthew
Harris, Rebecca
Hart, Simon
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Mr Marcus
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Leigh, Mr Edward
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Mordaunt, Penny
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Raab, Mr Dominic
Reckless, Mark
Rees-Mogg, Jacob
Robertson, Mr Laurence
Rosindell, Andrew
Ruffley, Mr David
Sandys, Laura
Shannon, Jim
Shepherd, Mr Richard
Smith, Henry
Spencer, Mr Mark
Stanley, rh Sir John
Stewart, Bob
Stewart, Iain
Stuart, Mr Graham
Sturdy, Julian
Syms, Mr Robert
Tomlinson, Justin
Truss, Elizabeth
Uppal, Paul
Vickers, Martin
Walker, Mr Charles
Walter, Mr Robert
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Williamson, Gavin
Wilson, Sammy
Wollaston, Dr Sarah
Zahawi, Nadhim

Tellers for the Ayes:
Chris Heaton-Harris and Stephen Barclay

NOES

Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Bailey, Mr Adrian
Bain, Mr William
Barron, rh Mr Kevin
Bayley, Hugh
Begg, Dame Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brake, Tom
Brennan, Kevin
Brown, rh Mr Nicholas
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Campbell, Mr Alan
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farron, Tim
Fitzpatrick, Jim
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gilbert, Stephen
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Green, Kate
Greenwood, Lilian
Gwynne, Andrew
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harris, Mr Tom
Hemming, John
Hendrick, Mark
Hepburn, Mr Stephen
Hilling, Julie
Hood, Mr Jim
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Huppert, Dr Julian
Jarvis, Dan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Kaufman, rh Sir Gerald
Keeley, Barbara
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mann, John
McCarthy, Kerry

McDonnell, John
McFadden, rh Mr Pat
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Mitchell, Austin
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munt, Tessa
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Onwurah, Chi
Pearce, Teresa
Percy, Andrew
Pound, Stephen
Pugh, John
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Russell, Bob
Sanders, Mr Adrian
Sarwar, Anas
Sharma, Mr Virendra
Sheerman, Mr Barry
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Sir Robert
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Timms, rh Stephen
Twigg, Derek
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Weir, Mr Mike
Whitehead, Dr Alan
Whittaker, Craig
Wicks, rh Malcolm
Williams, Hywel
Williams, Stephen
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Wishart, Pete
Woodcock, John
Wright, David

Tellers for the Noes:
Mr Dai Havard and Mr Dave Watts

Question accordingly negatived.

Finance (No. 3) Bill

[Relevant document: The Tenth Report from the Treasury Committee on Budget 2011, HC 897]

Second Reading

Madam Deputy Speaker (Dawn Primarolo): Before calling the Minister to move Second Reading, I inform the House that Mr Speaker has selected the amendment standing in the name of the Leader of the Opposition.

6.4 pm

The Chief Secretary to the Treasury (Danny Alexander): I beg to move, That the Bill be now read a Second time.

The clauses that we are here to debate are another important step on the long road to economic recovery. They will promote growth and provide support for households and small businesses under pressure. They will encourage investment as well as enterprise, and they will help us to clean up the mess that the previous Government left behind.

As we start this debate, it is worth recalling the state of the economy that this Government inherited nearly a year ago. Britain had endured the longest and deepest recession in living memory. We were borrowing one pound for every four we were spending. We had the largest budget deficit in our peacetime history, one of the largest in Europe and the largest in the G20, yet no detailed plan was in place to deal with it—and that was not the end of the story. In the preceding decade Britain had slipped down the international league of competitiveness from fourth to 12th. We had seen our share of world exports decline, and we were considered to be a worse place to start a business than many of our European neighbours.

That was the coalition Government's inheritance, which is why we have set about restoring confidence and stability to our economy, with a clear strategy for growth. At its heart is a credible plan to tackle the enormous deficit—a plan we are already implementing—so that the current structural deficit will fall in each and every year of this Parliament, and is forecast to be eliminated by 2015. National debt is forecast to fall as a proportion of gross domestic product in the same year, so that we can finally start to reduce the huge interest payments with which this country has been saddled—the lasting legacy of Labour's failure.

The action we have taken on the deficit has shown that Britain's economic future is now in safe hands, that this is a Government who know how to manage the country's finances and that we have a credible plan to deliver the strong, sustainable and rebalanced growth that this country needs.

Mr Andrew Love (Edmonton) (Lab/Co-op): If things are so rosy, why has the Office for Budget Responsibility forecast for growth gone down from 2.6% to 1.7%? Why has it projected that unemployment will increase by 200,000 as a result of this and previous Budgets? Why is it that we are doing so badly under this Government?

Danny Alexander: I do not think I said that the position was rosy. I was going out of my way to describe the calamitous state of the public finances that the Labour party left.

I would like to touch on growth first. In the Budget we set out four economic ambitions: that Britain should have the most competitive tax system in the G20; that Britain should be the best place in Europe to start, finance and grow a business; that we should be a more balanced economy by encouraging exports and investment; and that we should have a more educated work force who should be the most flexible in Europe. The clauses in the Bill set us on the road to meet those objectives.

For the past decade Britain has been losing ground in the world economy. While other nations have reduced their business tax rates, ours have lost competitiveness. While other countries have removed barriers to enterprise, ours have grown higher still. We cannot afford this to continue. Instead, our plan for growth is based on private sector enterprise, not public sector borrowing—growing businesses, not growing debts—and on securing sustainable long-term investment.

Essential to that is creating a competitive tax system—one that enables our businesses to compete on a global stage. That is why clause 4 will see our corporation tax rate fall by 2% this year. As the House already knows, we will implement further cuts of 1% in each of the next three years, so that by 2015 we will have the lowest corporate tax rate in the G7, allowing businesses to invest more of the money that they earn, hire more workers, export more goods and support the recovery.

Dame Anne Begg (Aberdeen South) (Lab): The right hon. Gentleman says that in order to encourage business growth he will drop corporation tax. Why has he taken a completely opposite approach to those who are developing the North sea oil and gas reserves?

Danny Alexander: For the simple reason that the very high price of oil on the world markets is having a direct effect on consumers and, I am sure, on motorists in the constituency of every Member. It is right, I think, to ask the one industry that is benefiting substantially from the high price of oil to make an additional contribution to help us to reduce fuel duty.

Dame Anne Begg *rose—*

Danny Alexander: I will deal with the supplementary charge in more detail later, and the hon. Lady might want to come back to me at that stage, but I shall make some progress now, if I may.

An efficient tax system is not just about lower rates. To be competitive we must also look at how we tax, how that affects our businesses, and what has been holding them back in the past. The Bill legislates for reform of the taxation of foreign branches, as well as making interim changes to the outdated controlled foreign companies rules—a process started and consulted on under the previous Government. This will stem the tide of businesses leaving our shores for more favourable climes, and will ensure that the UK is an attractive place to locate and headquarter. This shows that Britain is once again open for business.

Mr Andrew Tyrie (Chichester) (Con): Has the Chief Secretary had a chance to look at the six tax principles set out in the Treasury Committee's recent report? Will he tell us whether he agrees with those principles, and if so, how the changes in the North sea tax regime accord with one of them—namely, that there should be certainty over time to enable businesses to plan?

Danny Alexander: I have looked at those principles. The Government will, of course, respond to the Committee's report—along with other reports—in the usual way, but the principles seem very sensible.

In fact, this is among the Finance Bills on which there has been the most consultation in advance. I believe that 260 of its 390-odd pages were published in draft some months before its publication. *[Interruption.]* I am replying to the question asked by the hon. Member for Chichester (Mr Tyrie). We have taken on board some of the principles to which he referred, but the Government must be able to respond to economic circumstances with their tax policy. As I have said, one of the predominant economic circumstances that we face is the high price of fuel. The Government considered that in order to relieve motorists of some of the burden on them—which we felt was incredibly important—we should ask the oil industry to pay a little more tax in the form of a supplementary charge.

Dame Anne Begg: At what point—it was certainly not during any discussions, because there were none—did the Chief Secretary discover that slightly more than 50% of the business of offshore oil operators is in gas, and that the price of gas is the equivalent of about $55 a barrel?

Danny Alexander: As the hon. Lady knows, the price of gas has also been on an upward path. However, we have discussed the matter with representatives of the industry, including Centrica, which has raised it directly with me and with other Ministers. We said in the Budget that we were willing to consider extensions of the field allowance regime to provide breaks for particular fields in the event of particular problems, and we are doing that at the moment. Existing rules allow breaks for very deep oil wells and heavy oil, for example. The discussion continues. It is right for us to engage with the industry openly, in recognition of the issue raised by the hon. Lady.

Stewart Hosie (Dundee East) (SNP) *rose—*

Danny Alexander: I will give way to the hon. Gentleman, but I must make progress once I have heard his intervention.

Stewart Hosie: The right hon. Gentleman says that the price of gas is rising. It will be driven up by, possibly, a third because the $75 trigger point established by the Government is equivalent to about 80p a therm. The gas price is currently about 57p a therm. The Government's actions will drive the price up to an extraordinary extent. Did they not understand that before they set their Budget?

Danny Alexander: I do not accept the hon. Gentleman's analysis. As he will know, we are currently consulting and engaging with the industry on precisely that question of the trigger price.

I am sure Members in all parts of the House agree that on the road to sustainable growth, access to finance is also a critical issue. For that reason, clause 42 increases

[Danny Alexander]

the relief available for the enterprise investment scheme to 30%, encouraging further investment in small and growing businesses; clause 9 doubles the lifetime limit on entrepreneurs' relief from £5 million to £10 million; and clause 43 raises the rate of research and development tax credits for small and medium-sized enterprises to 200%. As we announced in the Budget, from next year it will rise again to 225%, providing real support for small firms investing in research and development.

Small and medium-sized enterprises are the driving force behind the recovery. They employ 60% of Britain's work force, and contribute to about 50% of all output. Their success will help to define the future of our economy. The last Government planned to increase the small profits rate of corporation tax, but we have chosen to do the opposite. Clause 6 will reduce the rate paid by small businesses to just 20%. The Budget also revealed that we would continue to provide business rate relief for small firms for another year, which will support growing businesses up and down the country.

Mr Geoffrey Robinson (Coventry North West) (Lab): Many firms will, of course, be grateful for the reduction in corporation tax, but will not the slashing of investment allowances go a long way towards offsetting any benefit that might have been gained by small companies in particular? According to the Institute for Fiscal Studies, the real beneficiaries of both measures will be the less capital-intensive service sector,

"historically typified by the financial sector",

rather than the small companies that export and depend on investment which the Chief Secretary is seeking to help.

Danny Alexander: I believe that the reduction in corporation tax will benefit businesses in all sectors. As for the question of capital allowances, the changes in relation to short-life assets have been welcomed throughout the business community, and particularly by the Engineering Employers Federation.

In 2007 the last Government reduced the writing down allowances from 25% to 20%, and we are reducing them from 20% to 18%. That is a balanced move which will ensure that firms in all sectors, including manufacturing, benefit from the new corporation tax environment that we are introducing.

Ms Angela Eagle (Wallasey) (Lab): The Chief Secretary has mentioned small business. It is clearly agreed throughout the House that the SME sector will make a vital contribution to future growth in the economy. Does it worry him that, once again, it has been demonstrated that lending to small business fell in the first quarter of this year, despite the attempts to boost it in Project Merlin? What is he going to do about that?

Danny Alexander: Of course I am worried if lending to small businesses is falling. The Merlin agreement, which we announced at the end of February, was an agreement with the major United Kingdom banks to secure an additional £10 billion of lending to small businesses this year. We will monitor the position, the figures will be made available, and we will watch the banks like a hawk to ensure that they deliver on the agreement. That is critically important: this Government have acted as the last Government did not manage to.

Ms Eagle *rose—*

Danny Alexander: I am going to press on now. I want to deal with the issue of fairness.

Although growth is key to improving everyone's prospects in the medium term, we know that many families face real financial pressure now. The Bill therefore includes measures to help hard-working people with low and middle incomes, and to support families who are struggling to make ends meet. The Government are committed to real increases in the personal allowance every year, until no one earning less than £10,000 is caught in the income tax net. Clause 3 takes the first step towards meeting this objective by increasing the personal allowance by £1,000 for this tax year. That is the largest single rise in history. It means that 23 million taxpayers in Britain will be £200 better off this year in cash terms, and that more than 800,000 people will be taken out of income tax altogether.

The Budget also revealed the next step in the process. An increase of £630 next year will keep us on track to deliver the £10,000 allowance by 2015, as promised. That is progressive action by a coalition Government who recognise that those with the broadest shoulders should continue to bear the largest burden, and that those on the highest incomes should pay their fair share.

The Bill includes 11 new measures to close tax loopholes that have remained open for too long. For example, clause 26 will help to end the unfair practice of disguised remuneration. No longer will highly paid employees be offered virtually tax-free lifetime loans which, in truth, will never be repaid. Such arrangements are completely unacceptable. We will ensure that they cannot continue, and that all income is properly taxed. We have consulted to ensure that the impact of the legislation on commercial arrangements is limited, and we intend to make further changes when the Bill is considered in the Public Bill Committee.

Those measures will give us more resources to help families who pay their taxes, but who are struggling with the daily cost of living. The same motivation lies behind clause 7, which increases the supplementary charge on the large profits being made from oil and gas extraction in the North sea.

I understand that the increases in the supplementary charge are controversial, at least in the oil and gas sector. Given that the sector is benefiting hugely from the rapid rise in the world oil price, which currently stands at $124 a barrel, it was right to ask it to share some of its profits with motorists, but we are listening carefully to its concerns about specific investments. As we said in the Budget, we are discussing with several firms the possibility of using the field allowance regime to continue to support investment. The industry is understandably concerned about the stability of the tax regime, given the long-term nature of investments in the North sea. That is why we committed ourselves in the Budget to working with the sector to provide certainty about the long-term future of decommissioning relief, and why we announced a fair fuel stabiliser to reduce the supplementary charge if oil prices fall below an agreed trigger level.

However, we should not lose sight of the fact that this money is financing a much-needed package of support for motorists. First, it is funding the 1p reduction in fuel duty to which clause 19 refers. Secondly, it has helped to cancel Labour's inflation uprating until January next year. As a result of these two changes, fuel is 6p a litre cheaper now that it would have been under the plans we inherited.

I should also remind the House that this Government inherited plans for above-inflation increases in fuel duty for 2011, 2012, 2013 and 2014. The increase in the supplementary charge has allowed us to abolish this fuel duty escalator, so that duty will not rise above inflation for the rest of this Parliament. As with fairness, so in understanding the issues facing hard-pressed motorists it is this coalition Government who are looking to share the burden of higher oil prices.

Let me now turn to the issue of taxing Britain's banks. The previous Government announced and implemented a temporary tax on bonuses for one year only. Indeed, it was the former Chancellor of the Exchequer, the right hon. Member for Edinburgh South West (Mr Darling), who advised against repeating that. Clause 72 introduces a permanent levy on bank balance sheets, which will raise £2.5 billion in each and every year of this Parliament. That amounts to £10 billion of additional tax from the banks over the next four years, and, thanks to the decision announced by the Chancellor in February, an extra £800 million for this year too. There will be extra money to help us support jobs and growth this year, such as by providing the finance for an additional £100 million of investment in new science facilities at Cambridge, Norwich, Harwell and Daresbury, and £250 million of investment in the FirstBuy scheme for new-build homes, giving a helping hand to 10,000 people as they climb the first rung of the property ladder.

The Bill will also deliver fairness over the longer term. The changes to the requirements on annuitisation set out in clause 65 have long been called for, and will give people more control over their finances. They will allow those approaching retirement to make their own choices about how they use their pension savings, and they will offer greater flexibility in planning for old age. The introduction of automatic enrolment that is supported by the taxation changes in clauses 68 to 71 will help ensure that a low-cost pension scheme is available for the 5 million employees expected to save in the National Employment Savings Trust. The simpler, fairer rules on pensions tax relief in clauses 66 and 67 will limit the amount of tax relief received by those who make the highest pension contribution. From this year, the annual allowance will be set at £50,000 and the lifetime allowance will be reduced to £1.5 million. That will generate about £12.5 billion by the end of this Parliament, and it will ensure that the pension system remains generous for savers, is fair to taxpayers, and is affordable for the Exchequer. At the other end of the age range, clause 40 introduces individual savings accounts for children, offering a simple and tax-free way to save for a child's future

Turning to the environment, the introduction of a carbon price floor in clause 77 is a revolutionary move. It demonstrates this Government's commitment to being the greenest Government ever, and it makes us the first country in the world to introduce such a measure for the power industry.

Joan Walley (Stoke-on-Trent North) (Lab): Does the right hon. Gentleman accept, however, that there is concern about the amount of hidden subsidy for the nuclear industry in the Finance Bill, and given the coalition agreement that there is to be no subsidy for nuclear power, does he share my concern on behalf of manufacturers, particularly in my constituency, that if there is any windfall tax it should be directed to promoting energy and waste-resource efficiency in terms of manufacturing? Is there not a complete mismatch here?

Danny Alexander: I understand the concern, and I know that it has been expressed by a number of lobby groups, although I have to say that I think it has been grossly exaggerated. The purpose of the carbon price floor is to ensure a stronger, and strengthening, market over future years for investment in low-carbon energy. It will deliver a genuine incentive for green and renewable energies to be developed and invested in. Meeting the carbon reduction targets, which I think all Members support, will require several tens, or even hundreds, of billions of pounds of new investment in renewable and other energy sources, and I think that introducing a carbon price floor is exactly the right mechanism to achieve that.

Dr Alan Whitehead (Southampton, Test) (Lab): Does the right hon. Gentleman not accept that raising the carbon price floor initially to such a level above the EU emissions trading scheme will not actually reduce emissions across Europe because they are fixed on a European basis, will risk investment moving to the other end of the interconnectors, and will move us substantially away from consultation on the issue of £1 above EU ETS, which I think most people would have accepted as a starting point for a longer-term carbon price floor to move towards the 2030s? Does he accept that he has got that price floor wrong, and that he needs to review it so as to make it actually work by genuinely increasing investment and reducing emissions?

Danny Alexander: No, I do not accept that we have got this wrong; I think we have got it right. The level of the carbon price floor was set out in the consultation. A range of options were given, and we have taken a mid-point of the various responses we received. I think it is right that this country is the first country to introduce a carbon price floor. That is a very important mechanism to help us deliver on the low-carbon power generation to which I thought those on the hon. Gentleman's side of the House were as committed as we are on this side. Of course this will have an impact; it is designed to have an impact. It is designed to have the impact of ensuring that companies and industries seeking to invest in low-carbon power generation have a clear sense of certainty about the price they will receive for that energy over future years. As a result of that, our country can ensure that we deliver on our targets for renewable energy and carbon emissions reduction, which are, I hope, very important to every Member of this House.

Sammy Wilson (East Antrim) (DUP): Does the right hon. Gentleman not see any contradiction in terms in what he has said about making industry more competitive by giving it tax breaks? Introducing a carbon price floor will take more money from industry than corporation tax reductions give to it. Does he not recognise the

[Sammy Wilson]

point made by the hon. Member for Southampton, Test (Dr Whitehead): that in places like Northern Ireland this will simply push investment in electricity into the Irish Republic because of the single electricity market, rather than keep electricity production in Northern Ireland?

Danny Alexander: I recognise the force of the hon. Gentleman's concerns, and I have great respect for the detailed way in which he puts them forward, which I have learned about through the relationship we have had as a result of his role as Finance Minister in the Northern Ireland Assembly Government. On this point however, I have to say that I think he is wrong. I hope that the carbon price floor will, alongside other measures, encourage investment in low-carbon power generation, including in Northern Ireland. That is what we are seeking to achieve through this mechanism. I think he also referred to energy-intensive industries, and we have announced that the climate change agreements, which are to the benefit of such industries, are to be rolled forward for another phase and that the relief given through those agreements is to be significantly increased. I hope that will ensure that such energy-intensive industries will be able to make the transition to lower, or different, energy use in a way that does not have the economic effects he describes.

Joan Walley: Given what the right hon. Gentleman has just said about the importance of investment, does he agree that the Budget should actually be giving the advantage to energy efficiency? Because of the delays in developing the green investment bank, are there not now real concerns about where we are going to get the resource efficiency from?

Danny Alexander: I agree that energy efficiency is important, of course. That is precisely why the Department of Energy and Climate Change has been working so hard to bring forward the green deal scheme, which will start next year. It is designed precisely to give additional encouragement and incentive, and to provide a mechanism for people to engage in the sort of action on domestic energy efficiency in which they have not previously engaged over the years, which I hope the hon. Lady agrees is very important. Also, there are not delays in respect of the green investment bank. Quite the contrary; we announced in the Budget both a trebling of the amount of public money going into the bank, partly through asset sales, and that it will start its operations in September next year, thereby providing yet another strand to the additional investment we all want to see in green energy.

The measure I have been discussing will make us the first country in the world to introduce a carbon price floor for the power industry. It will help to provide an incentive for the billions of pounds of investment in cleaner sources of energy that this country needs, so ensuring we are on course to meet our carbon reduction targets. We have also preserved the link between the climate change levy and prices, through clause 23, to act as a further incentive to low-carbon investment.

The Bill will also help to address other important social issues. The new duty on high-strength beers in clause 15 will help to tackle problem drinking, increasing the cost of a typical can of high-strength lager by 25p. That is coupled with a reduction in the duty on lower-strength beers to help encourage the consumption of alcohol in a more responsible way.

Andrew Griffiths (Burton) (Con): I agree with the intention of the measure, which is to encourage people to drink lower-strength beers. However, does the Chief Secretary agree that what would help both the industry and the health of the nation would be if the Government were to go to Europe to argue for that level to be raised from 2.8% to 3.2% or 3.4%, so that brewers could brew something tasty and drinkable that would nudge people to reduce their alcohol consumption?

Danny Alexander: The hon. Gentleman makes a very good point. He will perhaps know that the Economic Secretary, having taken this measure forward, is making that case for greater flexibility at a European level. As this country has taken a lead on having greater flexibility in beer duties, we are in a stronger position to argue this case. Similarly, as this country has taken the lead on deficit reduction, we are in a stronger position to argue the case that we must argue at a European level, which is that further increases in the EU budget are unacceptable. So in a number of ways the actions this Government have taken put us in a position to make strong cases at European level.

Kelvin Hopkins (Luton North) (Lab): Are the Government not just tinkering with the alcohol measures, rather than facing up to the reality of the drink problem that Britain faces? Would it not be much better to have a significant unit price for alcohol, which would not affect pubs, beer drinkers in pubs or the average bottle of wine, but would raise the floor price for those who drink to excess, particularly the young?

Danny Alexander: If the hon. Gentleman were being fair, as I hope he would be, he would recognise that this Government have taken a number of measures to tackle problem drinking and that our approach on beer taxation, which is the subject of part of the Bill, will send further right signals. I hope that many hon. Members would agree that the consumption of high-strength beer is a particular problem in relation to antisocial drinking, and that allowing this sort of differentiation within the tax system should help to send the right signals. The Bill also includes a further step to help people to stop smoking, as clause 16 raises the duty on tobacco.

In conclusion, the Bill sets out changes that will enable our businesses to grow and succeed, supports the necessary plan to deal with the deficit, helps to tackle the rising cost of living, supports growth and supports fairness. I commend it to the House.

6.32 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to move an amendment, to leave out from "That" to the end of the Question and add:

"this House declines to give the Finance (No. 3) Bill a Second Reading because whilst the Minister of State for the Cabinet Office acknowledged that the country faces an 'immediate national crisis in the form of less growth and jobs than we need' this Bill does not address it; because the economic approach set out by the Government in this Bill puts jobs and growth at risk; because the Bill cuts capital allowances to businesses who invest in growth;

because the Office of Budget Responsibility estimates that after all the measures in the Bill are taken into account the number of unemployed will be higher by up to 200,000 than forecast in November 2010; because the Bill fails to reverse the higher petrol prices faced by families as a result of the Government's VAT increase in January 2011; because it does not address the damage done to family living standards caused by the wider tax and benefit changes this month; and because without a repeat of the bank bonus tax, the bank levy alone will mean lower taxes for the banks at a time when families and children are bearing the brunt of the Government's cuts to household incomes."

At the beginning of the Second Reading debate on a Finance Bill, it is appropriate to take stock of the situation that we face in the UK and of the Government's handling of our economy almost a year into their time in office. This was the self-styled "Budget for Growth" that downgraded the growth figures. When one in five young people were out of work, it was a Budget that forecast higher levels of unemployment. This was a Budget from the deficit cutters which forecast £46 billion of higher Government borrowing.

After listening for months to his analysis of the economic challenges facing this country, I must confess that I am very worried about the credibility of the Chancellor. His explanation of the origins of the banking crisis and the recession that it caused is partisan fiction—it has very little connection to economic reality. It seems that I am not alone in worrying about his grasp of the facts, because over the weekend he has been attacked by the enemy within. He has been accused of "fiddling the figures" and telling "untruths", threatened with a lawsuit and told to withdraw "completely unfounded" claims or risk losing "his credibility as Chancellor"—that is just what the Energy Secretary is saying about him.

The Chancellor is clearly also a founder member of the enemy faction identified by the Deputy Prime Minister in his interview with *The Independent* over the weekend as

"a right-wing elite, a right-wing clique who want to keep things the way they are".

Perhaps the Chancellor could tell us, if he bothered to turn up—*[Interruption.]* Perhaps the "Orange Book" Liberals are part of that right-wing clique. Perhaps the Chancellor will tell us whether this right-wing clique all have a uniform as fetching as the Bullingdon club tux?

What about the Chancellor's deputy, the Chief Secretary? In response to the Chancellor's wild accusations last week about the funding of the "Yes to AV" campaign, the Chief Secretary said:

"I think it is a real shame that this sort of pretty desperate scaremongering is going on."

Well let me tell the Chief Secretary that I know just how he feels, because the Chancellor has been indulging in pretty desperate scaremongering about the threat of a UK sovereign debt crisis since his theatrically named "Emergency Budget" last June, and he has been aided and abetted by none other than the Chief Secretary. As the Energy Secretary said in his letter to the Chancellor over the weekend:

"Robust debate is normal in British politics. Persistent resort to falsehoods is not."

So the Energy Secretary is off to consult his lawyers, and the Chancellor, the Prime Minister, the Foreign Secretary and the chair of the Conservative Party all appear to be in his sights.

In the meantime, will the Chief Secretary now admit, in the interests of not persistently resorting to falsehoods, that the banking crisis and global recession were not caused by the previous Prime Minister? The truth is that he helped to avoid a global depression and that the current Chancellor got every important call in those days of world crisis wrong. Will the Chief Secretary also have the decency to admit that the deficit was not caused by too much spending on schools and hospitals or by the profligacy of nurses and teachers? The truth is that the crisis was caused by unforgivable excess in the banking sector. Will he also take this opportunity to disown and stop repeating the Chancellor's irresponsible and pretty desperate scaremongering about Britain being on the brink of a sovereign debt crisis like Greece or Portugal, when it is obvious that it is not?

Like the Energy Secretary, I believe that robust debate is normal in British politics, but persistent resort to falsehoods is not. Will the Chief Secretary therefore now disown the "pretty desperate scaremongering"—I use his own words—about the supposed threat of a UK sovereign debt crisis? The truth is that it was the banking crisis that had a disastrous impact on the public finances. Between 2008 and 2009, nominal GDP fell by 1.8%—that cost £20.6 billion—and tax receipts dropped by 3.7%, costing £19.9 billion. Will he acknowledge that this sudden collapse in economic activity is responsible for the bulk of the deficit? This is not a deficit caused by too much public spending before the crisis, but a deficit caused by the crisis. The truth is that the deficit is the price that we are paying for the failure of the banking system and the recession that was caused by that failure. It is also the price that we paid to prevent a global recession from turning into a worldwide depression, and it was essential to our future well-being as a nation that a depression was averted. We could all have a more mature and relevant debate in this House about the formidable economic challenges facing us, if we began with an acknowledgement of the truth of these facts.

Last June, in their first Budget, this Government embarked on a risky and dangerous experiment with the future of our economy. Last year, they abandoned Labour's plans to halve the deficit in four years and decided to plough full steam ahead with a deficit reduction plan that went further and faster than that of any other major economy in the G20. So preoccupied were they with their desire to make the biggest public spending cuts since the second world war that they also failed to ensure that growth formed a key part of deficit reduction. They opted for a high-risk approach, and this Finance Bill continues that dubious experiment.

It appears that the Government are in thrall to the economic dogma of a long-dead 19th-century economist, David Ricardo, and their ideological preference for a small state. They imagine that the smaller the government, the less taxation and spending there will be. They think that the private sector will somehow automatically fill the gap left by cuts and that the economy will just grow. That is why they have embarked on a drastic programme of deep and immediate cuts that, if their theory is correct, should already be turning the economy around by now and why they are so uncomfortable with publishing their wholly inadequate self-styled, "Plan for Growth", which was meant to be the public relations centrepiece of the Budget. Their laissez-faire economic approach assumes that growth will happen automatically without

[Ms Angela Eagle]

the need for any Government support, much less a plan. That is why the plan was so delayed and of such dubious merit when it finally arrived. Keynesians, however, believe that the economy works very differently and that the Ricardian equivalence dogma is wrong. We ignore the insights of Keynes at our peril, which is why the Government's economic policy, as set out in the Bill, is taking us in the wrong direction.

The great banking crisis of 2007, which began in the American sub-prime mortgage market, administered a huge and near-fatal shock to the world's financial system.

Kelvin Hopkins: I agree entirely with everything my hon. Friend has said. The Government have completely failed to understand the importance of demand in the economy if we are to get growth, and demand looks as though it is weakening. Even the Treasury now estimates that by the end of this Parliament, borrowing will overshoot by £11 billion. The Government are driving the economy in precisely the wrong direction.

Ms Eagle: That is essentially the insight that Keynes developed from his experience as a practising economist. We ignore his insights at our peril—*[Laughter.]* Hon. Gentlemen on the Government Benches can laugh, but if we get this wrong and the economy does not grow or develop, the price will be paid through a smaller economy, fewer opportunities and lower standards of living for men and women up and down the country. That is not something that the Government or the Government parties should be making a joke of.

The great banking crisis transmitted itself to the real economy in the form of a synchronised global recession. Nothing so serious has been experienced in the advanced economies since the Wall street crash. That great crash destroyed the economic and social fabric of many societies in the interwar years, causing untold hardship and misery. Governments in the 1930s were in thrall to the same Ricardian dogmas as now hold sway in both the Government parties. They did not see a role for the state in protecting the economic and social well-being of their citizens. Their lack of vision and hands-off approach to economic policy led to the great depression and ultimately, the collapse into dictatorships and a cataclysmic world war.

Fortunately, in 2007 the previous Labour Government and economic policy makers the world over did not make the same mistake. They had absorbed the lessons of the interwar years, and they took actions to prevent the recession from turning into a global depression, but before the recovery had become securely established, the deficit hawks reasserted themselves, demanding austerity despite warnings from leading experts around the world that that would be the wrong approach.

Ed Balls (Morley and Outwood) (Lab/Co-op): And from the Liberal Democrats.

Ms Eagle: That is true—the Liberal Democrats gave us such warnings before the election.

Undeterred by the lessons of history and without an electoral mandate for such drastic cuts, the new Administration in the UK have proved to be the most extreme of the deficit hawks. They decided that dealing at breakneck speed with the deficit created by the banking crisis was more important than any other consideration, including protecting people against long-term unemployment or against cuts in vital public services. So, before the patient was long out of the emergency room, the Government decided to start administering a deficit reduction shock therapy that could end up being worse than the original illness. There is nothing in economic theory that dictates that Governments should plan to eliminate deficits in four years rather than eight.

The sheer scale and speed at which the Government have proceeded came as a surprise, not least to the 6.5 million people who voted Liberal Democrat at the last election. The Business Secretary warned about the dangers of cutting too far and too fast before the election, only to go along with the most savage cuts that we have had in the UK in peacetime straight after it. Meanwhile, in his speech to the Liberal Democrat Scottish conference last year, the Chief Secretary promised to

"create...jobs and boost the recovery".

Instead, he has followed the example of the leader of his party when it comes to election promises—he has done the exact opposite of what he said he would do.

Just today, Mr Gary Millar, a councillor in Liverpool, has quit the Liberal Democrats in disgust over their broken promises. He said that he was once

"happy to call myself a Lib Dem, today they make me question my integrity and reputation."

Like so many others, he feels personally betrayed by the Liberal Democrats, which is why they will face the wrath of an angry electorate next week.

At the time of the election last year, the economy had begun to improve from the depths of the banking-induced recession. Growth was up, inflation and unemployment were falling and borrowing had come in £20 billion better than forecast in the 2009 pre-Budget report. Formidable problems lay ahead, of course, but we were moving in the right direction and growth was seen as part of the solution.

Since the fiscal hawks rolled up at the Treasury, our economy, which was improving, has ground to a halt. Unemployment is higher, inflation is double the Bank of England target and the Chancellor has presided over a collapse in consumer confidence to lower levels than it reached in the depths of the 2009 recession, because he made the political choice to inflict on ordinary families the largest and longest squeeze in living standards since the 1920s. As the cost of living rises and wages fall, he has chosen to impose the increase in VAT, huge cuts in local services and a reduction in the support for child care that threatens to drive many women out of their jobs. His VAT increase alone will cost the average family with children £450 this year, far more than they will gain through increases to tax thresholds. Little wonder, then, that the Office for Budget Responsibility has downgraded the growth forecast again and again.

In his Budget speech, the Chancellor boasted:

"Our country's fiscal plans have been strongly endorsed by the International Monetary Fund, by the European Commission, by the OECD, and by every reputable business body in Britain."—*[Official Report*, 23 March 2011; Vol. 525, c. 951.]

The IMF has lowered its growth forecasts for the UK, however, and its head, Dominique Strauss-Kahn, has warned against cutting budgets too far, creating long-term unemployment and abandoning entire generations to a

workless future with no hope. The recent interim OECD assessment of G7 economies predicted that the UK was expected to grow more slowly than any other G7 country except Japan, which has just been hit by powerful earthquakes, devastating floods and the ongoing battle against a nuclear disaster.

Kelvin Hopkins: Again, I agree entirely with my hon. Friend, who is making an absolutely excellent speech. There is another factor, however, driving deflation, and that is the fear of unemployment. When people are frightened of losing their jobs, they stop spending their money and try to pay off their mortgages. That is what is happening now and that is why demand will be savagely cut by this Government's policies.

Ms Eagle: My hon. Friend makes an extremely good point about confidence and sentiment in the economy transmitting their way into the real figures through their effect on demand.

Even those who gave their personal stamp of approval to the Chancellor's aggressive cuts agenda last year in a letter to *The Daily Telegraph* are now voicing their doubts about weak growth. Ex-Tory MP Archie Norman is worried that the Government's growth predictions are too optimistic and former Asda boss Luke Bond is predicting a two-year retail recession, which picks up on the point that my hon. Friend the Member for Luton North (Kelvin Hopkins) has just made.

The Government are going too far too fast, and we are paying the price in lost jobs and slower growth. Their phobia about the deficit means they are cutting public expenditure much further and faster than any other major economy. They have made deficit reduction the only thing that matters, regardless of how terrible its social or economic effects will be; they appear to be blind to the lessons of history; they refuse to listen to public concern; and they fail to recognise the absolute necessity of re-establishing growth to get the deficit down. Without growth, austerity measures simply make the deficit worse and impoverish the society they are inflicted on. The Chancellor should, as he so notoriously lectured us in February 2006, "Look and learn from across the Irish sea". Ireland is on its fourth austerity budget with no end in sight. The evidence shows that all the countries that implemented drastic austerity measures saw their economies go into reverse in the fourth quarter of 2010. Those economies shrank in Greece by 1.4%, in Iceland by 1.5%, in Ireland by 1.6%, in Portugal by 1.5% and in the UK by 0.5%. In contrast, both the German and the American economies grew.

The Chancellor is not solving the problem; he is in danger of making it worse. The day after the Budget, the ratings agency Moody's embarrassed the Government by suggesting that the UK's triple A rating might be at risk not because of the deficit but because of slower growth. I would take any pronouncement from the rating agencies with a very large pinch of salt, as they are hugely compromised by the part they played in making the banking crisis worse and they need to be reformed, but, unlike the Chancellor, we have neither made their flawed and partial judgments the central justification for our economic policies nor installed them as the most important judges of our success by giving a dangerous credence to the fiction that the UK's ability to finance its debts is at risk for reasons of petty party politicking. Their influence makes the inconvenient point for the Government's political cuts narrative that growth is equally important to successful deficit reduction. Without growth, the deficit will not be sustainably reduced.

Mr Love: According to the Government, one of the major contributors to growth in coming years will be an increase in net exports, but with all our European partners struggling, as has been shown, how are we meant to get that increase in net exports and demand?

Ms Eagle: With a 25% devaluation in the value of our currency, we certainly ought to be seeing strong increases in economic performance, but my hon. Friend makes an important point about demand in other areas of the economy, especially in the European Union, which is our largest export partner—60% of our exports go there.

The Chief Secretary will already have seen the growth figures for the first quarter of 2011, and I am looking at his face for any scrutable or inscrutable reaction. The figures are due to be released tomorrow, so he has an advantage over the rest of us. I do not know whether he is going to give us any facial hints as to what is in them, but if the OBR's three-times downgraded forecast of 0.8% is right, the economy will have grown a tiny 0.3% over the past six months against the 1.8% it achieved in the previous six months under the influence of the previous Government's policies for recovery. As the *Financial Times* says today,

"it will be difficult to claim that the recovery is self-sustaining unless Wednesday's number is at least 1.2 per cent and possibly as high as 1.7 per cent."

The Government's growth strategy is a hotch-potch of reheated Thatcherite fiddling on the supply side. At its centre is the dubious belief that the most important driver of economic growth is creating a low corporate tax jurisdiction for multinationals, but the economic literature shows that growth tends to be higher in countries that have a higher investment in social and intellectual assets, as well as good capital infrastructures. The Government have a simplistic view that cutting corporate taxes will automatically lead to more investment, but we believe that an investment strategy is needed and that it sends the wrong signal to cut investment allowances. The £200 million one-off extra investment in science and apprenticeships, although welcome, is dwarfed by the £5 billion-a-year cost of reducing corporate taxes, which will help growth only if that money is reinvested in business activities in the UK. The Government's decision to abolish the regional development agencies and cut regional growth funding by two thirds has set back many viable plans for development that could even now have been building an economic recovery in every region of the UK.

Despite the biggest squeeze in living standards since the 1920s, the OBR is forecasting that one quarter of economic growth this year and a third next year will come from UK households and will be financed by a sharp increase in household debt. Close study has revealed something that the Chancellor chose not to mention in his Budget speech: the OBR expects families to go deeper into debt each year between now and 2015 and expects household debt to rise to a record high of 175% of disposable income, or £77,000 per family, by

[Ms Angela Eagle]

the end of this Parliament. The Chancellor claims that the only thing that matters is getting Government borrowing down, but he does not say that his plan is to pass that debt directly on to already hard-pressed families. Although they did not cause this crisis, ordinary hard-working people and families are being made to pay for it. People are suffering under the pressure of the Chancellor's hike in VAT, sky-high petrol prices and inflation, and we know that his real economic strategy is to force people to take on even more debt just to make ends meet.

What then of the sector that caused the crisis? Instead of making the banks pay more this year, the Government are giving them a tax cut. Project Merlin, the Government's so-called final settlement with the banking sector, is a damp squib. As the majority shareholder, the Government have just approved, for the chief executive of the nationalised Royal Bank of Scotland, £7.7 million in pay and bonuses for last year despite the bank's having lost £1 billion. It has also emerged that bank lending to small businesses fell again in the first quarter of the year. Lending to small businesses is vital to recovery and despite all the promises from the banks it is going down, not up. The Government should not be giving the banks a tax cut, but should follow Labour's suggestion and repeat the bank bonus tax this year. That extra money could be used to build 25,000 extra affordable homes, to create more than 100,000 jobs to help tackle youth unemployment and to boost enterprise in the regions.

The Government are hellbent on taking us back in time to the divided Britain of the 1980s. The Tory leaders in the coalition are trying to re-enact the failed Thatcherite policies of the past, which resulted in one part of our society being divided against another. Not only are they making life tougher for people, but they are kicking away the ladders to a better future. They are teaching people to blame the weak and despise the poor. It is happening all over again, just like in the 1980s, but this time the Liberal Democrats are helping them to do it. At the weekend, the Deputy Prime Minister accused the Prime Minister of "defending the indefensible", but I think that the Deputy Prime Minister and his Government colleagues are doing a pretty good job of that themselves. In public they complain, but in private they roll over and agree to every damaging Tory plan.

The Government fail to recognise the pain that their economic strategy is inflicting on people up and down the country. They want Britain to have a smaller state; they want to create a nastier, meaner, shabbier society that leaves people to fend for themselves; and they are trying to fool the country into believing the myth that the economic storm was all Labour's fault and that this extreme and dangerous fiscal consolidation programme is the only option to deal with it. The Government need not have cut this far or this fast, because there is a better, fairer and safer way. They need to wake up and accept that their economic polices are not working and are just hurting, and they need to change course before it is too late.

6.58 pm

Anne Marie Morris (Newton Abbot) (Con): I welcome the Finance Bill, which will reform the economy, deliver real growth for business and create jobs. One of the very special parts of the Bill is what it does for the very smallest businesses, as they are going to be the key to re-growth in our economy. I am sure that the House is well aware that two thirds of our businesses are so small that they have fewer than five employees and a turnover of less than £250,000. They may represent only 15% of our economy but they are vital because, first, all our successful businesses have to start somewhere, and it must be there, and, secondly, without those very small businesses—whether it is the plumber or the electrician—some of our rural communities and some deprived urban communities would find it difficult to keep economically active. For these very small businesses, I am pleased to see a mandate for growth.

I shall elaborate on some of the provisions mentioned by my right hon. Friend the Chief Secretary and look at what they deliver and how they might be developed in future. Businesses rates are, for me, one of the most important issues and the subject of many complaints from small businesses in my constituency. I am delighted that the small business rate relief has been extended for a further year, and pleased that half a million businesses will benefit. In the south-west, which is my part of the country, 68% of businesses will see some economic benefit from that relief.

Will my right hon. Friends and the Treasury team look carefully at business rates in future? An awful lot more needs to be done. Issues such as turnover are relevant criteria. It is not uncommon for me to walk into a pub and to be told by the publican that the way in which the business rates have been calculated is biased against small pubs. It is not uncommon for me to walk into a small retail business and to be told, "This used to be the high street but it's not any longer, and I feel that my business rates are disproportionate and inappropriate." A shake-up of business rates is needed.

I welcome the reduction of fuel duty by 1p and the removal of the escalator. Without that, the projection from the Federation of Small Businesses that all small businesses would find their bills going up by £2,000 in six months would have become a reality. To me, that reduction is crucial. I am sure that those on the Opposition Benches would be the first to say, "But at the pump, prices don't seem to have come down." My response is that they would have been an awful lot higher but for these changes. We need to consider how to ensure that those who are delivering petrol at the retail end are passing on those reductions to the customer. A number of people have expressed concern that the help that we as a Government are giving has not been passed on to the consumer.

Thomas Docherty (Dunfermline and West Fife) (Lab): If I follow the hon. Lady's logic correctly, she welcomes a policy, the results of which, she admits, have not been passed on to the customer, so what benefit have most of her constituents received from the fuel duty cuts?

Anne Marie Morris: They are 6p a litre better off than they might otherwise have been. The challenge that we face is the retailer, but I do not believe that the Opposition would have been able to do anything different. That is another aspect that needs to be looked at going forward. But we digress. Let us move on to some of the other issues facing small businesses, such as income tax and national insurance.

For many small businesses, national insurance is a headache and it is one of the key reasons why they will not take on new employees. We have the largest tax code in the world. One of the things that I am pleased to see predicted for the future, though not in the Bill, is a move to simplify tax and to consider combining income tax and national insurance. That would be a great step forward and a huge saving in administrative time and burden for very small businesses. I was sad to see that the NI holiday was not extended further for existing businesses, a matter that I have raised with the Treasury team on a number of occasions. If in future we could find a way of combining income tax and national insurance, that would be a good step forward.

I am pleased that corporation tax is coming down to 26%, and I am pleased to see a move to deliver the lowest corporation tax in the G7. That is extremely good news. Given that my mandate is to shout loud for the very smallest businesses, it would have been even better for the small companies rate to have come down further. I appreciate that it has already come down to 20%, which is a good move, but anything further that can be done going forward would be welcomed. The special provision to increase the SME rate of research and development tax credit to 200% is extremely welcome. I thank the Treasury team very much for that as it will make a significant difference.

The crucial challenge for many small businesses is finding investment, so I am particularly pleased to see entrepreneur relief changes which will increase the capital gains tax lifetime limit to £10 million. That is a hugely welcome step. I am pleased that the enterprise investment scheme has been also been developed so that the income tax relief has moved from 20% to 30%, and the eligibility criteria have changed so that larger businesses will be included in EIS. However, I would be grateful if the ministerial team would look at how we can extend EIS so that it attracts investment for the very smallest businesses. At present it is much more geared towards a small or medium-sized business and corporations. It is not intended for a sole trader or a partnership. If we could come up with EIS-lite in some form, that would be extraordinarily helpful.

In summary, I am delighted to see the focus on the smallest of businesses. I sincerely hope that that will be a trend to be welcomed for the future. One thought I have for the Treasury team is that, going forward, we might look more closely at a specific definition of a micro-business, a small business and a medium-sized business. If we did that, as happens in other countries, we might find that the Treasury team had a little more flexibility to give particular help to the very smallest businesses, from which growth will ultimately stem.

7.6 pm

Mr Frank Doran (Aberdeen North) (Lab): I shall speak about the oil and gas industry, to which the Chief Secretary gave prominence in his contribution. I am sorry that he has gone. He claimed the credit for the policy, but he may in future regret that rather naive political claim. He has produced a system that is too clever by half and does not pay much attention to the reality of the oil and gas industry.

The oil and gas industry is probably the single most important industrial investor in the UK. Some £6 billion was invested last year alone, with anticipated increased investment this year, led by the high oil price. The industry supports nearly half a million jobs throughout the UK, either directly or in the supply chain. A substantial proportion of those jobs are located in just four constituencies around the city of Aberdeen—my own constituency, Aberdeen North, and Aberdeen South, Gordon, and West Aberdeenshire and Kincardine, where we have a grand total of just over 132,000 oil and gas-related jobs. That has a huge impact on our local economy.

Oil jobs exist in other parts of the country too. There are, for example, 14,250 such jobs in the City of London, where many of the major companies have their headquarters, nearly 8,000 in Reading East, and over 8,000 in Poplar and Limehouse. Uxbridge has 2,170 oil and gas-related jobs, and Stockton North has 2,270. Even the Prime Minister in rural Witney has about 1,000 such jobs, according to figures produced last year by Oil and Gas UK. So it is not just a regional issue or one that involves only East Anglia or the north-east of Scotland. The last time such a survey was done—this one was carried out about a year ago—the Economic Secretary to the Treasury would have been able to claim several thousand jobs in her constituency, but Kellogg Brown and Root, which used to be located in Putney, has moved on. The industry affects the whole country.

Last year, the industry paid £8.8 billion in corporation tax and the estimates show that £13.4 billion is likely to be paid in 2011-12. Of that, £3 billion to £4 billion in revenue is linked directly to the oil price, so the Government are already benefiting from the spike in oil prices. Before the Budget the industry was already the most heavily taxed sector in the UK economy, with 50% to 75% of all UK continental shelf profits going to the Government. Given that we own the oil after all, since it was nationalised under the Petroleum (Production) Act 1934, such a split does not look excessive on either side.

However, exploiting our oil and gas resources is a dangerous and expensive operation that requires high levels of commitment and investment. Investment decisions in the UK industry are not all made in the UK. It is a genuinely global industry and UK sector decisions are made in Houston, Dallas, San Diego, Paris and Vancouver as well as in London and the middle east. Competition for investment is fierce. UK management has to fight against bids from other oil provinces, such as Brazil, Australia and India, and from emerging oil provinces such as west and east Africa and from a host of other foreign company headquarters.

The managers who make those decisions consider a number of factors in addition to the most prominent one—the likely return on investment. The key factors are a stable political background and a stable financial background. Above all, for long-term investment the oil industry needs certainty in the tax regime, and I am sure that the Economic Secretary had that message hammered home very seriously by the industry when she visited Aberdeen not so long ago.

Ever since the 1960s, when oil exploration started in the North sea, we have done very well on investment, mainly because we have had a stable political system and a more or less stable tax system, but it is getting much harder. The UK continental shelf is a declining province and the Government's aim should always be to ensure that that decline is managed and is as shallow as possible. That means keeping the tax regime attractive

[Mr Frank Doran]

enough to encourage investment while ensuring that the public purse gets its fair share. The Chancellor's decision, which the Chief Secretary apparently claimed was his idea, will accelerate that decline rather than slow it down.

Professor Alex Kemp and Linda Stephen from Aberdeen university recently produced an authoritative study on the impact of the tax changes. The report looks at the impact of the Budget on a range of oil and gas price scenarios. It finds that at a $50 a barrel oil price and 30p per therm of gas, over the 30-year period to 2041, there could be a reduction of 23 new field developments and substantial incremental developments undertaken. There would be a cumulative reduction in production of 920 million barrels of oil equivalent and a reduction in field investment of £19.2 billion, at 2010 prices. Total field expenditure would be reduced by £34.9 billion and tax revenues would be reduced by £12.8 billion.

Under a $70 a barrel scenario, with 50p per therm of gas, there would 62 fewer new field developments, loss of production of 1.7 billion barrels and a total field expenditure loss of £33.2 billion, but for the Government the tax revenues would increase by £23.3 billion. The analysis for the $90 a barrel scenario, with 70p per therm of gas, shows that even at the top of oil and gas price scenarios damage is done—79 fewer fields, 22.54 million barrels of oil equivalent lost and total field expenditure of £52.2 billion—but, again, tax revenues would increase by £51.6 billion. The question we must ask in these scenarios, which have come from a very authoritative source, is whether that is a price worth paying, given the reduction in our oil and gas producing capacity and the importance of the industry to the country. The Government increase their tax take, but at a considerable loss elsewhere.

I have known Alex Kemp for many years. He is the country's leading expert on oil and gas taxation and many hon. Members in the Chamber with an interest in the oil and gas industry will have had many conversations with him. He has advised many companies, emerging oil countries around the world on their tax systems and various Select Committees in this House. He is completely independent. He and his colleague have produced a damning indictment of the impact of these tax changes.

The approach that the report takes is extremely important. The oil price is volatile and can change dramatically. For example, I remember that in 1985, when I was a young and aspiring parliamentary candidate ploughing my furrow in Aberdeen, the oil price dropped from $32 to $8 a barrel virtually overnight. The oil industry is, if nothing else, extremely focused and unsentimental. If a company is not making the returns it anticipated, it will quickly change direction. In 1985-86, the price we paid was that a huge number of projects were quickly shut down. Estimates showed that around 50,000 oil jobs were lost, mainly in the north-east of Scotland. That is the sort of picture that Professor Kemp and Dr Stephen paint for us in their report.

The House of Commons Library has produced a valuable report on oil prices which shows just how serious that volatility is. For example, the Library's figures show that in 2008 the minimum price for a barrel of oil was $39.25 and the maximum was $132.40, all in one year. Of course, that was the year when the global banking crisis was at its height. That was a huge shift in

extraordinary times, but these are extraordinary times, too. Who can predict the oil price next month, never mind next year?

The average price for 2011 will be higher, mainly because of the crisis in the middle east. Perhaps the price will go as high as it was in 2008, but again, who knows? Will we still have the disruption in the middle east next year? Will the world economy have improved, increasing the demand for oil, or will it still be bumping along the bottom? What new technologies will come along? Shale gas is transforming gas industry economics and new oil provinces may be discovered, along with massive oil fields, as new technology allows us to explore in more difficult areas.

In the meantime, UK oil and gas production continues to decline. It is sustained by investment, much of it coming from new entrants in the North sea introducing new techniques to improve recovery from existing oil fields, many of which are the most heavily taxed under the new proposals. The development of much smaller fields relies on existing infrastructure, much of which is well beyond its expected working life and requires constant investment to maintain it. The report by Professor Kemp and Linda Stephen shows just what the impact of these tax increases on investment will be.

As other Members have said, there is also real concern about the application of the tax increases to gas. Gas projects in the UK are highly marginal and the economics of gas are very different from those of oil. The price of gas is much lower and is likely to stay that way, particularly given the continuing discovery of substantial gas deposits around the world and the growing impact of shale gas on the economics of gas. The current value of gas, as has been mentioned in previous interventions, is the equivalent of $55 a barrel, well below the Government's proposed threshold for the tax increase, but there is no sign that gas revenue will be excluded from the increase. To pick up on the point made by the Chief Secretary to the Treasury in response to interventions, I do not think that tinkering with the field allowance will have much of an impact on the gas industry. It needs a lot more than that and a recognition of the different economics.

The west of Shetland area is estimated to hold around 17% of the UK's remaining resources, and much of it is natural gas. Development will be challenging and expensive, but the Laggan and Rosebank developments, for example, would open up other areas west of Shetland and provide a lifeline for the Sullom Voe terminal on Shetland. By the way, roughly 1,100 jobs on Shetland and Orkney are sustained by the oil and gas industry. Development in this area is crucial to the national interest, but these are just the sorts of projects that are threatened by the tax increases and the lack of any differentiation between oil and gas as products for the application of the increase, which makes the threat much more serious to all future gas projects in the UK.

It is worth adding that those consumers who are saving a penny on their petrol bills may well end up paying it back in other ways. One major gas producer gave me figures showing that the extra cost of importing gas into the UK from abroad to replace gas which would otherwise have been produced before the introduction of the tax increase could be as high as £100 per household per year, which is a significant potential increase. There would obviously be other major effects on the economy because of the loss of an indigenous resource and the need to import gas to replace it.

Of course, this is not the first time a Government have increased oil taxation. The previous Conservative Government did it in 1993. The reception then was as bad as this one, as it came out of the blue without prior consultation, and a number of companies were hit hard. In 1998, the Labour Government proposed an increase in taxation on the industry, started a formal review and consultation process and flagged up the possibility of a supplementary charge. For the record, I have never been opposed in principle to taxing the profits of multinational companies, but on that occasion I opposed the measure. At the time it seemed the wrong thing to do, even by my own Government, because we were going through a sustained period of low oil and gas prices. It was the wrong time to apply a tax increase, and the review concluded with exactly the view that I take: the industry was suffering a sustained period of low prices, and it was not the time to increase taxation. The then Chancellor accepted that view, and no increase was imposed in that Parliament. He also made it clear that the decision would stand for the life of that Parliament.

In 2002, things in the industry had changed and the supplementary charge was introduced. It was increased in 2006, and just for the record I did not oppose those measures, because I thought that the industry could afford them at the time. On each occasion, in 2002 and 2006, as in 1998, however, the Chancellor made it clear that the tax decisions would be for the duration of the Parliament, and that was a crucial reassurance to the industry: nothing would happen in the following year's Budget or the one after that; the decisions were sustained for the Parliament.

When Labour took office in 1997, it quickly understood the importance of the oil and gas industry to the economy—and how little it was understood by government and civil servants. The Oil and Gas Industry Task Force was created as a regular forum for discussion between the industry and government, and relations between both sides improved considerably. Treasury officials were not initially involved, but in the past few years they have attended as observers, and there was a strong feeling that right across Whitehall, and particularly in the Treasury, government understood the oil industry much better than it had in the past.

In 2006, the Labour Government, again, started a review of the offshore oil tax regime, and it has been clear for a long time that the regime, which developed for a growing industry, has to be changed to take account of the decline in the industry and, particularly, the needs of decommissioning. That review survived the change in Government, and all the feedback that I have had from industry and from some Ministers is that the process was being dealt with constructively on both sides, and that good progress was being made, particularly on some of the more difficult issues, such as decommissioning.

All that work has been undermined by the unexpected decision to increase the tax rate. The Chancellor, with the increases, has taken UK into the top three in the world league of high oil and gas tax payers. I think that we were No. 2 in the league table that I saw, a long way from the mid-point where we used to be. He is playing a dangerous game with a crucial but declining industry that will continue to need foreign investment to survive. At a stroke, he has destabilised the industry and prejudiced the view of potential investors. All new developments offshore have long lead-in times, and many can take as much as 10 years to plan, design and construct, with expenditure in the billions of pounds before a single barrel of oil is produced or a penny earned. The oil and gas industry wins big rewards, but it takes big risks.

Malcolm Wicks (Croydon North) (Lab): I am enjoying my hon. Friend's remarks on what remains one of Britain's greatest industries, but does he agree that there is a national security and geopolitical dimension to the issue? As events in northern Africa and in the middle east show, much of the gas and oil in the world is in areas that are unstable and not readily associated with democracy or human rights, so the more energy we can produce ourselves in Britain or offshore, the better for our national security. That is a crucial defence reason why we should cherish the industry.

Mr Doran: My right hon. Friend is absolutely right, and he makes his point with the authority of having been Energy Minister for many years in the previous Government. The security that our indigenous oil and gas industry gives us is one of its most important benefits. We have never had full energy security, but the industry gives us a considerable edge in the current climate.

I mentioned the volatility of oil prices and the tax system in the UK, and the risks to future investment are real. The Chancellor has introduced even more uncertainty into the system with his proposal to link oil tax with fuel prices. We have a volatile system, and most predictions for oil prices in the medium to long term are wrong. We have not seen the Chancellor's scheme for the new tax system, but it seems clear that it will add to more uncertainty about the tax rate.

The Government are absolutely right to express their concern about rising fuel costs, particularly given the impact on taxation, but I cringe a little when I hear Ministers talk, as the Chief Secretary did, about the Labour Government's escalator. The escalator was introduced by the previous Tory Government, and during the Labour Government, particularly after the fuel crisis at the turn of the century, it was dropped. In 11 out of our 13 years in power, the escalator was suspended. That is the reality.

The current Government could have dealt with the problems faced by motorists in another way, without introducing all this complexity and the confusion that it will cause—particularly if the crisis in the middle east recedes and the oil price declines again. They have made a serious error by linking fuel costs to the taxation of the oil and gas industry.

Importantly, the oil industry has reacted very badly to the increases, with one senior figure describing them as a "drive-by shooting". The industry relates to government in a very sophisticated way, and it probably has more contact than any other industry with government, but there is clearly genuine shock and concern about this Government's decisions.

I have had many years of contact with leading figures and companies in the industry, and in the past I have seen the industry cry wolf more times than I care to remember. At the end of the day, it makes whatever adjustments necessary and gets on with it. This time, however, it seems very different. The sense is that there has been no proper consideration of the needs of the industry, as an industry in decline but one that will

[Mr Doran]

make a major contribution to our economy with the right support and management from government.

The sense is that Treasury Ministers in particular do not understand the industry and simply see it as a cow to be milked. They have taken a short-term decision, and the sense is that the cow has been milked for short-term political reasons—to throw some crumbs to the motorists and to accelerate the reduction of the deficit. Both are perfectly respectable aims, but not at the cost of causing the severe damage that Alex Kemp's report envisages to our indigenous oil and gas industry.

7.27 pm

Richard Harrington (Watford) (Con): I came to this Second Reading debate to get an outline of the Government's case on the Budget and the Finance Bill, as I heard from the Chief Secretary to the Treasury, and because I felt that the Opposition spokesperson, the hon. Member for Wallasey (Ms Eagle), would give us the Opposition's view. I tried to follow her as best as I could, but we seemed instead to get a lengthy diatribe on any spats that there might have been over the AV referendum, and a repetition of the arguments used after the emergency Budget some several months ago about public spending cuts.

We heard the cliché that the coalition wishes to turn the country back as far as government is concerned into a "small state", to use her expression. That ignores the fact that the size of the state in public expenditure terms after the five-year programme will be back to that of 2008, which I am sure the then Government would not have described as a "small state". We heard also great support for the Liberal, Lord John Maynard Keynes, which I found interesting, and the blaming of everything on "a synchronised global recession".

Those are yesterday's arguments, however, because we are here to talk about this Budget and this Finance Bill. The debate is about one thing above all others: after the budget deficit is dealt with, the plan for which the Government explained clearly in the emergency Budget, how do we ensure that the economy can expand without the problems of the past? Such problems occur when the economy expands, imports are sucked in without a commensurate export boom and migrants come to work here because we have unemployed people who do not have the necessary skills or, indeed, ability to fill the available jobs. Whether it is because they are unwilling, live in a different part of the country or do not have the necessary skills, that has been a problem. In my constituency, about 2,000 people, including young people aged 18 to 24, are on jobseeker's allowance, yet companies still have to bring in labour from Poland, because their alternative is to shut the factory and move it abroad. The long-term purpose of the Budget is to deal with such fundamental core problems.

It is not just a question of consumption. The media and, to some extent, the Opposition are obsessed with retail sales numbers, but in the past booming retail sales have led to some of our problems, with imports being sucked in and household debt expanding to fund consumption. Adam Smith, a great hero of Conservative Members who has some support even among Labour Members, said:

"Consumption is the sole end and purpose of all production".

When he said that, the economy was far less sophisticated than it is today, and he did not mean that retail spending is the be-all and end-all. Indeed, the Office for Budget Responsibility expects British households to account for about a fifth of economic growth this year and about a third next year. There is a lot more to it than just consumption and what is spent in the shops.

The Daily Telegraph said in an editorial just after the Budget:

"The Chancellor bets on business coming to the rescue".

That is absolutely true. The coalition's strategy is based entirely on allowing business to produce the necessary jobs, exports and consumption so that the economy can expand, this time on a firm base rather than on the basis of property debt and financial services—although I am pleased to say that financial services, particularly international financial services, are very important for this country. Comments about the banking crisis and bankers' bonuses tend to push to one side what I would regard as the core argument, which is how we can be competitive as an international financial centre. As the Chief Secretary to the Treasury said, the Government's strategy is based on allowing us to be one of the best places in the world to do business and to be competitive. That includes the financial sector, but it does not exclude the rebalancing of the economy that is one of the main aspects of the Bill.

The test of the Bill is whether it facilitates real growth given that we have a skills shortage—there is no question about that—and a work force among whom some, particularly in the south of England, where there has been a shortage of labour, regard it as acceptable to be on jobseeker's allowance for very lengthy periods. Watford is in the south of England, and it has 2,000 unemployed people. Does the Budget bring about a change in this climate to deal with people who lack of skills and those who lack an ability or a desire to get a job? I would argue strongly that it does. Many aspects of the Budget help with that through incentivising people to set up businesses and allowing investors more tax relief through the enterprise investment scheme and other schemes.

The Government's approach to tax cuts has been the best that they can take in the economic climate that they inherited. The corporation tax reductions are a good start, as is the relief for investment in enterprise. However, tax is a major issue for businesses and individuals. I believe that the 50% tax rate will prove to be a disaster, first, in the money that it brings in—we are waiting for the numbers on that—and, secondly, in providing a disincentive. In one of the first speeches that I heard after the 50% rate was brought in, my right hon. Friend the Member for Wokingham (Mr Redwood) said that he feared that business people will, to use his expression, go on strike—that they will reach a certain age and say, "Why should I work harder if significantly more than half of what I earn is to be paid over to the Government?" My point is not to do with any principles of mine. I am very much in favour of taxation being used as a form of redistribution of wealth and of wealthier people paying a much higher amount than people at the lower end of the income scale, but the unfortunate fact is that it provides a disincentive. It is a free country, and when someone gets to a certain level of income they can decide whether to work a lot harder or to do what the Americans call "going to the beach". I hope that I am wrong, but I believe that 50% tips the balance in the wrong way.

In the long term, it is in the best interests of this country for us to be able to provide the kind of public services that we all want to provide. Notwithstanding what the hon. Member for Wallasey said, a Conservative-led Government, just as much as a Labour Government, want to provide really good-quality public services. The way to do that in the long run is to reduce the burden of taxation to encourage people to enter new businesses or to work harder in the businesses that they are in. They will not do that in return for progressively higher amounts of tax. I wish it were not the case, but it is human nature and unfortunately we will see it happening.

Business is a bit lumbered, in a way, because there are no direct votes in business. In the past, it has been easy to impose taxes as a burden on business—high business rates, employers' national insurance and corporation tax are the obvious examples, as well as many other taxes—because there is not the immediate reaction from business that there is from the public. We now have to decide that what is good for business is good for the country, because employees make up businesses. People who demonstrate against companies that pay a small amount of corporation tax forget the billions of pounds paid by the employees in their national insurance and income tax and the VAT on what they spend.

As for skills, the Red Book points out that unfortunately 9.4% of all 16 to 24-year-olds are unemployed and not in education. A few weeks ago, I visited a company in my constituency that makes lenses—Davin Optronics. The business is 100 years old. It has declined a lot in the past 10 years, but it still turns over £4 million and employs 50 people. I was told that its biggest problem is that its skilled work force are getting older. The managing director said, "Young people don't want to work here. They want to work in Top Shop or TK Maxx, or wherever, but they don't want to work in a factory." I am very pleased about the apprenticeship scheme that was introduced in the Chancellor's Budget. We must somehow make people regard qualifying to do a skilled job as being as important and high-status in society as getting a degree. The 80,000 extra work experience places and the extra apprenticeships are very good news.

Small businesses are different from large businesses, not only in relative size but because many do not have the facilities to set up training schemes to recruit in a systematic manner and to deal with local further education colleges as regards the training side of apprenticeships. I hope that what the Budget and the Bill are doing in relation to finances will be enhanced by the training of people at further education colleges, at Government expense, to find businesses that would never have dreamed of offering apprenticeships and to show them how good such apprenticeships are for those businesses.

Confidence is everything in the economy, and the measures that this Government have taken have done a lot for the confidence of employers. I read in that great oracle *The Sunday Telegraph*, no less, that according to its City editor business has got £71 billion of cash in reserves; presumably that is worked out by some piece of software that adds up everything on the balance sheets of all the companies at Companies House. That money needs to be invested. In bad times, companies hoard cash because they are frightened of what might happen if sales go down, there are problems with exports, and so on. It is confidence that will make those companies spend that cash in investment. The tax breaks help a lot, but the fundamental benefit of this Finance Bill is that it is employer confidence that will get these jobs provided.

We have to get the economy right, and I think that the Finance Bill passes that test. We have to get the tax regime right, and there have been great improvements on that, although I realise that it has to be done very slowly. We have to get the work force right, which means having skilled workers and incentivising people to work. If we can do all that and incentivise companies that make profits to keep and reinvest them, I think that the economy will enjoy a proper, genuine boom in time, and not one based just on debt or consumer spending. In my view, the Budget and the Bill go a long way towards achieving that.

7.40 pm

Stewart Hosie (Dundee East) (SNP): The Finance Bill follows the Budget in March. On the opening day of the Budget debate, I laid out the SNP's opposition to a large number of the measures in the Bill. Today, I will take the lead from the hon. Member for Aberdeen North (Mr Doran) and concentrate on the most damaging single proposal: the Chancellor's and the Chief Secretary's determination to see a 60% increase in the corporation tax supplementary charge on oil and gas production in the North sea from 20% to 32%. The proposal will take about an extra £2 billion a year in tax from the sector, and that is on top of last year's £4 billion windfall as a result of the rising oil price and this year's windfall, which is over and above the 2010 forecast as a result of oil trading at about $120 a barrel.

The proposal also runs counter to the Chancellor's stated objectives: his objective in 2010 of providing tax stability for the North sea; his objective of delivering a growth agenda, which was meant to be at the heart of this year's Budget; and his objective to see production here in lieu of imports. The proposal will drive a coach and horses through those worthy objectives laid out over the past year by the Government.

When the tax raid was announced, it was reported almost immediately that the leading figures in Oil and Gas UK, the sector's trade body, gathered in a state of disbelief over the Government's plans. It was reported almost immediately that oil companies were preparing to cancel and suspend investment plans, and that up to 40,000 new and existing jobs were at risk. It was reported that Statoil was suspending the development of the heavy crude Mariner field, putting the development of its sister field, Bressay, at risk. That led Jeremy Cresswell, the editor of *The Press and Journal*'s *"Energy"* supplement, to say:

> "Statoil's decision to stop the massive Mariner development and probably Bressay too represents a huge blow to future investment in the North Sea."

That is significant. For those who are unaware, *The Press and Journal* in Aberdeen covers oil and gas in a way that no other newspaper in the UK can or does. When its energy correspondents and editors view what is going on, they do so with huge experience of the sector and of the implications that tax changes might bring.

To help us understand the impact of the Chancellor's decision on his own strategy, a senior UK oil executive has warned that a slowdown in North sea activity will increase the country's reliance on imported oil and gas, with the consequence of an even higher balance of

[Stewart Hosie]

payments deficit and a corresponding suppression of GDP growth. On tax receipts, Alan Booth, the chief executive of EnCore oil said:

"Undeveloped and undiscovered oil and gas pays no taxes".

Of course, he is absolutely right. He was talking about future development and revenues. However, Valiant Petroleum acted immediately and said that its near £100 million project was no longer viable because of the surprise Budget move. Even the oil giant Chevron, the second largest US oil company, has warned that there will be unintended consequences from this move. Oil and Gas UK is clear that it has

"shaken investor confidence to the core."

All we have from the Chancellor and the Chief Secretary is complacency. *The Press and Journal* reported that when the concerns had been put to the Chancellor, a Treasury spokeswoman said:

"Mr Osborne did not expect investment to be damaged."

I am not sure who he was listening to, but that quotation proves that he is complacent, and I think that he is wrong.

Jim Hannon, a founding partner of the drilling analysts Hannon Westwood, warned that 30,000 people could lose their jobs if exploration activity drops by only 15%. The hon. Member for Aberdeen North quoted Professor Alex Kemp and Linda Stephen at length. I was delighted to hear all the various scenarios described in detail, because it is important that nothing is ignored, and that was particularly helpful. Professor Kemp and Linda Stephen have warned that 2 billion barrels of oil and gas equivalent could be left in the North sea because of this decision. Derek Leith, the oil and gas partner at Ernst and Young, has warned of projects being delayed and cancelled:

"I think Statoil is only the tip of the iceberg...There are a lot of companies that will not pursue projects but will not go public about it."

He repeated the point that the Chancellor and the Chief Secretary clearly fail to grasp:

"barrels left in the ground do not provide energy, do not pay tax and do not support jobs".

Oil and Gas UK tells me that the tax increase announced in the Budget saw the value of investments in the UK continental shelf fall by 24% overnight. That is bound to have an impact on activity. This is a global industry and the ability of the UK to compete for capital to explore and develop new fields and, importantly, to extend existing fields will be impacted significantly. The level of the impact is explained in the research by Professor Kemp, who revealed, as we heard in some detail, that the tax increase could reduce UK oil and gas investment by up to £30 billion and production by up to a quarter over the next three decades.

I have spoken mainly about oil, but one of the biggest casualties is gas, which accounts for 46% of UK continental shelf production, and yet trades at prices substantially below the $75 trigger price proposed by the Government. Gas production is not seeing the same price increases, and the tax change will result only in less investment and lower recovery of this important asset. It is worth noting that although I am concentrating on the increase in the supplementary charge, the Government have also decided to reduce decommissioning relief, which might accelerate the decommissioning of essential infrastructure and make the extension of fields by the new entrants that we have heard about more difficult. The combination of those proposals leads to an 81% marginal tax rate for mature fields—not just the 62% proposed under the supplementary charge increase.

I am indebted to Centrica for its detailed assessment of the problem in relation to gas. It makes the point that gas projects are highly marginal and that gas economics are very different from oil economics. Brent crude trades at about $120 per barrel, whereas UK wholesale gas trades at about $57 per barrel equivalent. Centrica is convinced that the proposed increase will result in the decline of the North sea, as gas projects become uneconomic, which is likely to have a direct impact on jobs in the sector, the regional economy and the wider economy.

Centrica has a broader concern that the increase will add to existing upward pressures on customers' energy bills. It makes the technical point that oil markets are deep and global in their nature, whereas gas markets are regionally priced and shallow. Increases in UK tax costs that result in reduced UK investment will therefore mean that lower-priced North sea gas production will be replaced by higher-priced gas imports. That leads to the conclusion that there may well be further increases in prices for gas and power consumers in the UK, with increasing wholesale energy costs adding to existing upward pressures. That was alluded to earlier by the Chief Secretary when he said that gas prices are rising in line with oil prices. We do not want to see the gas price hit the oil price. That would be the equivalent of an increase of a third in the cost of gas, which would be catastrophic for families and heavy energy-using businesses.

Centrica argues that the tax increase should apply to gas, but not at the equivalent trigger price to that for oil. The $75 a barrel trigger for oil proposed by the Chancellor is the equivalent of 80p a therm, which is much higher than the 60p a therm or so at which gas is currently trading. Centrica's overall warnings are actually starker than those from the oil sector. It believes that the tax changes will result in an annual cost to the UK economy of up to £8 billion a year by 2013, undermining the Government's intention to reduce the deficit. It believes that that will influence investor sentiment in other sectors as well, because of the global nature of energy companies. There will be an impact on the low-carbon agenda and the security of supply and jobs, and up to £100 billion-worth of energy investments and associated jobs will be put at risk. Those are frightening figures.

Of course, the warnings did not just appear for a day or two after the Budget when the industry was in shock; they have continued almost daily for a month. PricewaterhouseCoopers has said today that the increase in North sea oil taxation could cut offshore investment. It argues that whereas mergers and acquisitions in the oil and gas sector worldwide in the first quarter were not down on last year, the emphasis in deals was on frontier territories such as India rather than mature provinces such as the North sea. The chief executive and chairman of ConocoPhillips, Jim Mulva, has joined the chorus of condemnation and said that the "unexpected nature and scale" of the increase has damaged investor confidence and will hamper investment. He has said:

"Although the chancellor has shown an appetite to consider granting companies tax relief for new field developments, these can be rendered ineffective by tax increases...The industry has

lost confidence in the UK's fiscal landscape. With three major tax increases in less than 10 years, it is now a difficult place for future investments."

Instead of being complacent, the Government ought to heed the warnings. I cannot believe that the Chancellor and the Chief Secretary are right and Oil and Gas UK, Statoil, EnCore, Valiant, Chevron, Professor Kemp, Ernst and Young, Hannon Westwood, Centrica, PricewaterhouseCoopers and ConocoPhillips are all wrong. It strikes me as inconceivable that a month of warnings should be ignored simply to fill a hole in the Government's books.

I hope that the Government will think again. They have an opportunity on the first day of Committee, as early as next week, to bring forward sensible amendments that recognise the difference between gas and oil and the dangers to investment and jobs. They can do so before the investment profile of this country becomes so bad that we begin to lose not only investment but many new and existing jobs, as has been warned about for more than a month since the announcement in the Budget.

7.53 pm

Peter Aldous (Waveney) (Con): I largely support the Bill and the Chancellor's Budget proposals. He has inherited a poor hand, which he has played well. He is sticking to his plans to reduce the budget deficit, a strategy that is supported by the International Monetary Fund and the OECD and that will ensure the country's long-term prosperity.

The Bill contains proposals that will help achieve two important objectives. First, the Chancellor is creating an environment that will encourage businesses to grow and to create new jobs. Policies such as reducing corporation tax, getting rid of red tape, reforming the planning system, investing in science and innovation and promoting apprenticeships will help create a business-friendly environment in which businesses can flourish and create jobs. The proposal to create 21 new enterprise zones is to be applauded, and I am an enthusiastic participant in the competition that he has launched, helping to promote an energy enterprise zone in Lowestoft, in my constituency, and the adjoining Great Yarmouth.

Secondly, the Chancellor has made proposals that will help to rebalance the economy in the move towards a low-carbon future. The establishment of a carbon floor price, the renewable heat incentive and the green investment bank will help achieve that objective. My personal preference would have been for the green investment bank to have had borrowing powers straight away, but I recognise the difficult financial constraints in which he has had to work and commend him for providing an additional £2 billion of investment to be added to the £1 billion already allocated, and for bringing forward the bank's start date to 2012.

The Chancellor is to be congratulated on recognising the difficulties that people and businesses are experiencing due to high fuel prices, and on coming forward with proposals to ease the burden by cutting fuel duty by 1p, by deferring future fuel duty increases and by abolishing the fuel duty escalator and replacing it with a fair fuel stabiliser. However, those proposals are to be funded by an increase in the taxation of the oil and gas industry, which I believe requires further scrutiny and refining.

I make my observations having listened to people and businesses in my constituency who work in the oil and gas industry in the southern North sea. There is concern that, as matters stand, the proposals will discourage further investment, which could jeopardise jobs and threaten the move towards improving the nation's energy security.

I have two specific concerns, which are along the lines of those set out in detail by the hon. Members for Aberdeen North (Mr Doran) and for Dundee East (Stewart Hosie). First, a flat-rate tax would unfairly penalise smaller oil companies looking to work marginal fields. Such an approach could well result in such projects becoming financially unviable and companies diverting their activities to other countries where the taxation regime is more favourable. Not only would that lead to the loss of local jobs and income to the Exchequer, but it would mean that, as a country, we would become increasingly reliant on energy imports, often from areas of high political risk. It is important that the Government do all they can to ensure that we utilise our own oil resources fully.

Secondly, I am worried that the proposals will have a significant adverse effect on the gas sector, which is particularly important in the southern North sea. As we have heard, the financial parameters of gas projects are very different from those of oil schemes. Gas prices are considerably lower than oil prices. Whereas Brent crude is trading at approximately $120 a barrel, UK wholesale gas trades at approximately $57 per barrel equivalent. Although development costs are lower, they are not lower by a proportionate amount, so a tax increase would push lower gas returns down ever further. That would result in gas projects becoming uneconomic, with the result that schemes would not proceed and lower-priced North sea gas production would be replaced by higher-priced gas imports. That would feed through to higher gas and power prices for domestic and business consumers.

The East Anglian coast has the opportunity to play a vital role in providing for the country's future energy needs. I am worried that the proposals in question jeopardise that role, and I wish to make three further observations about them. First, they could discourage investment by energy companies that work on a global stage and are footloose in deciding where to invest. Britain has a proud record of providing a stable political and fiscal regime that is conducive to attracting such investment, and it is vital that we do not lose that reputation.

Secondly, offshore renewables provide an exciting future and can help towns such as Lowestoft and Great Yarmouth reverse years of economic decline and create new long-term jobs. Many of the skills employed in the oil and gas sector are transferable to wind and wave technology. If we discourage investment in oil and gas in the North sea, there is a danger that the supply chain and skills base could be irretrievably damaged. In due course, that could deter investment in renewable energy.

Joan Walley: The hon. Gentleman, like me, serves on the Environmental Audit Committee, and he speaks with great knowledge about the renewable industries. Does he agree that the problem that he describes would affect not just constituencies such as his but manufacturing areas such as mine? We are seeking to manufacture the

[Joan Walley]

ingredients, if I can put it like that, of the renewable energy industries. If the Government do not adjust their plans towards his vision, we will not have the manufacturing capacity that we need or the ability to get people back to work.

Peter Aldous: I agree wholeheartedly with the hon. Lady. I would love that manufacturing to take place in my constituency, but if it is not to be there, I hope it is in hers.

Finally, there will be a time lag before investment in offshore renewables results in electricity coming on stream. Until that happens, the gap needs to be plugged so that the nation's lights do not go out. That could be achieved by making the best and full use of our national oil and gas assets in the North sea, thereby providing a triple dividend of more jobs, additional income for the Exchequer and improved energy security.

I request that the Government look closely in Committee at their proposed tax increase and that they address two issues. First, smaller oil companies should not be discouraged from making investments in marginal fields. Secondly, there should be a different taxation regime for gas to reflect the differences between the oil and gas sectors and the lower profitability of gas.

The Bill has a great deal to commend it, but it contains a fundamental flaw that I urge the Government to address.

8 pm

Malcolm Wicks (Croydon North) (Lab): This is a very useful debate. I particularly enjoyed the three well-informed and well-evidenced speeches on energy policy and the implications of the proposed tax changes for the North sea. A bit of my past tempts me to follow the theme of energy, but instead, I shall talk about the impact of the Budget decisions and statements, and of the Bill, on aspects of social security.

Welfare states across the world, not least in Europe, are in many respects on the defensive and under political attack. They are in difficulties because of demography—the ageing of our populations—and the impact of the economic situation on public finances, but also because of a loss of confidence in parts of public opinion in the foundation stones underlying our welfare states.

I shall ask two questions of the Budget. The first is on the future of our national insurance system and the crucial contributory principle, and secondly, I want to address whether we are wholly right to pursue the policy, which we are now doing quite rapidly, of raising the age at which our people can claim old age pensions in the light of increasing life expectancy.

On the contributory principle, I would welcome Ministers' comments on paragraph 1.77 of the Red Book, which states:

> "The Government believes that integrating the operation of income tax and National Insurance Contributions...can remove distortions, reduce burdens on business and improve fairness."

However, what are the likely impacts of that on the contributory principle? To be fair—I want to be fair, because I do not think that I am making a partisan point—the Government say that they

> "will maintain the contributory principle",

which I welcome, but how can we bring about that administrative change, which presumably affects people of different age groups and income levels differently, while maintaining the contributory principle? That is a genuine question to which I am seeking an answer.

Mr Gregory Campbell (East Londonderry) (DUP): The right hon. Gentleman touches on the important point of the contributory principle, but does he agree that the longer-term project of amalgamating national insurance and Inland Revenue contributions would at least do away with the nonsense of reducing the amount that people pay in income tax while increasing the amount that they pay in national insurance contributions, and of selling that as a policy of reducing the amount that they pay?

Malcolm Wicks: Such policies have regressive implications and I understand why the hon. Gentleman asks that question—a not dissimilar one could be asked of VAT contributions. Deeply regressive changes to how we gather money in from the wider community are taking place.

Although the contributory principle has for many years, and arguably for several decades, been withering away—it certainly looks tired and rusty—we need it in the 21st century. One reason why is that if we are to maintain our broader welfare state and social security system as an instrument for redistribution and for tackling the emerging needs of this century, not least those associated with long-term care and the ageing of our population, we need an ethical foundation to underlie social security, rather than bits-and-pieces mechanisms that can be hard to communicate to a wider public.

One basic concept in that respect is that of citizenship. What is it to be a citizen in the 21st century? What are our rights as citizens? Equally importantly, what are our duties and responsibilities? For me, in moving from that simple piece of social philosophy into policy mechanisms that work, we would do away with or neglect the social insurance contributory principle at our peril. That principle says that when people are able to work and to contribute to that community chest, they should do so. That is a duty. However, as of right as citizens, people should be able, at certain times in their life cycles or at times of social need, to draw out not means-tested benefits, but benefits that they have earned through their contributions.

Of course, that was the principle underlying the Beveridge report—that great Liberal—and the one that the 1945 Attlee Government sought to introduce after the war. I am arguing that we should today try to bring about a renaissance of belief in that principle, and to make it an underlying concept of our social security system.

The principle is well understood historically. Long before the advent of the modern welfare state in the 20th century, there were friendly societies, building societies and co-ops, and trade unions emerged. It was well understood that members had rights, but also that they had duties and responsibilities. People paid contributions to trade unions and building societies—interestingly, that was in the early days, when building societies actually built houses—and to friendly societies. As of right, they could then draw benefits when eligible.

It is no coincidence that when we wander through Members Lobby, we see great statues of pioneers of the national insurance system. We could even argue which party has done most for social insurance, as it used to be called, or national insurance. Churchill can lay claim to have done much of the work in the pre-war years, and Lloyd George had more than a hand in it, as did Clement Attlee and his 1945 Government. Our entitlements to claim social security, and our rights and duties, are not simply technical matters that should be detailed somewhat obscurely in social security manuals, but a social philosophy foundation stone that folk in this country can understand as fair.

Of course, the national insurance system as devised in the modern era by the Beveridge report and the Attlee Government was not perfect. Rightly, it was subjected to critique by women's organisations and feminists, who said that it had more to say about a typical man's life cycle than a woman's. Past Governments have done their best to rectify the inadequacies of the system when a mother leaves her career, which happened for quite a long period in the past, to care for her children, and to deal with what happens to the insurance contributions of family carers, who are usually but not always women, who have had to leave the labour market. Labour Governments and others have done their best to modernise the national insurance system, but not with total success. I am therefore saying, not that the principle of national insurance has worked perfectly historically, but that it is a basis on which we should build.

One of the biggest difficulties with national insurance over recent years has been that increasingly our friends in the Treasury—both Ministers and officials—have regarded national insurance as just another form of taxation. To be blunt I would point my finger at Labour Governments as well as Conservative Governments. The Treasury has lost sight of the Beveridge report and the philosophy of citizenship. When considering how to raise revenue, it tends to ask, "What share should come from income tax, corporation tax or VAT, and what share should come from the national insurance system?" That is illustrated by the fact that when, a while ago, the two major parties were having that ding-dong—that argument—about whether extra revenue should be raised by VAT or national insurance, that is how it was viewed. There was very little in that debate about what national insurance should be about and how it should relate to a modern social security system. One reason why the contributory principle has grown rather tired-looking is a failure of communication and presentation. Governments have not gone out there to argue, as I hope to do—albeit inadequately—that social insurance and the contributory principle remain valid foundation stones for this aspect of our social policy.

The other aspect of the contributory principle I want to raise concerns the plans set out by the Department for Work and Pensions and, in particular, the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), to move towards a far simpler state pension system in which everyone would be guaranteed a certain state pension. On paper, that looks like an interesting concept. I understand that, in theory, everyone is in favour of greater simplicity, but let us consider the matter in relation to the social insurance principle. I am alarmed by bits in the DWP document, "A State Pension Age for the 21st Century", which was mentioned in the Budget. Although it states that in the future people should get the new simple pension after 30 years of qualifying, which addresses the issue about women—so far so good—it seems to imply, unless I have seriously misunderstood it, that no one would get more than a pension to which they had contributed for 30 years.

The Government are at pains to tell us that more and more people will have long life expectancies and will work longer in the labour market. What happens, therefore, to those who work 40 or 50 years? I might have misunderstood, but I was alarmed by paragraph 96 of the document, which reads under the heading, "Impact on individuals":

> "Groups who would expect to build up more significant amounts of State Second Pension, such as those with longer working lives and higher earners, would not be able to do so under this option."

Well, why not? Is there not a danger of being so besotted with the idea of simplicity that we undermine the idea that if someone contributes more through their working life because they are working harder, they should be able to get more out of it at the end through a decent state pension scheme? I have serious concerns about that. Although there are many doubting Thomases in respect of social insurance, we must bear in mind the principles underlying it, such as citizenship and its common-sense nature: people can understand that they should make a contribution when they can and draw out of a community pot when they need to. If we sacrifice those things, we sacrifice a lot in our social security system.

I want to touch briefly on a matter that relates to a paper I published on my website last week. I question whether we are in the right place when it comes to raising the state pension age in the light of increasing life expectancy. May I say first and foremost that I am signed up—not least as a former pensions Ministers—to the reality of increasing life expectancy for most people. It cannot be right that we stick to state pension ages and occupational pension ages devised 40 or 50 years ago, given that more and more of us—hopefully—will live into our 80s and 90s.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Hear, hear!

Malcolm Wicks: My hon. Friend wants to become one of the centenarians. Indeed, to warm us up for difficult decisions, the DWP is now telling us, courtesy of statistics from the Office for National Statistics, that 11 million people alive today can expect to live to 100. That is an extraordinary piece of demography. I accept the logic, therefore, that most of us should expect to leave the labour market, retire and draw our state and occupational pensions at a later age. However, the main reason for raising this matter in the House today is that this is insensitive to, and has no understanding of, social class variations. There is an assumption that these broad figures about life expectancy apply equally to all of us, regardless of geography, constituency, whether people live in the north or the south, or the kind of work undertaken.

When I looked at some of these issues in the light of social class, I am afraid that, not for the first time, socio-economic status reared its ugly and unequal head. Nineteen percent—almost one-fifth—of men from social

[Malcolm Wicks]

class 7, which encompasses those with routine occupations, such as cleaners, packers, van drivers and unskilled labourers, many of whom have been in work since the age of 15 or 16, are dead before 65. They never live long enough to draw their state pension. That compares poorly with those from the professional and business classes. There is a difference for women as well, but it is not so stark. I question, therefore, whether a one-size-fits-all scheme of increasingly raising the state pension age—the Government now want to consult on raising it even further to 68—is a sensible way ahead in this area of social policy. Furthermore, a second pension penalty is, of course, paid by the poorest men and women in our communities. Although most people from those social classes reach pension age, they enjoy far shorter pension lives than those from the better-off social classes. So a second pension penalty is paid.

The arguments for raising the state pension age across the board are based on the assumption that the labour market is sufficiently dynamic and flexible to provide the jobs for those people. Again, however, this ignores social status and the realities of many people's working lives. It can be no coincidence that many who compete in a kind of macho competition to say how late we should draw our state pension—66, 67, 68, why not 70? —tend to be people from big business, the political class or the media, who may be able to continue their working lives almost indefinitely, writing articles, having portfolios, doing consultancy or, if they are unlucky, in the House of Lords. These people might be able to continue their work, but what about the van driver, the bus driver, the woman who cleans offices, the steel workers, the people with creaking backs and aching limbs, who come their 60s need to retire in a very old-fashioned sense?

The DWP would need to work on the details, but surely we could say that people in those social classes who typically started their working careers not in their early 20s, which will have been the lot of many of us, or their mid-20s, which will be the lot of many of our children and grandchildren with postgraduate qualifications, but at 15 or 16, and who often have worked hard ever since, once they have worked for, say, 50 years—we could check that in national insurance, tax and employment records— deserve a rest, in an old-fashioned sense. They need to retire. Given that the demography shows that those people are, sadly, likely to die four years before the average age, it would surely be only fair and just if they could draw their state pensions four years earlier than most of us.

8.20 pm

Stephen Williams (Bristol West) (LD): After the sound and fury of the Budget debate, every year we follow it up with a Finance Bill with its technical clauses, amendments to previous Finance Acts and anti-avoidance measures, that does not grab people's attention in the way that the Budget does. All this will be considered when we reach the Committee stage, which I am sure will drag on for many sittings, as those who have served on it before—some of us have done that on many more occasions than others—will know from past experience. However, the Bill proposes many far-reaching and fundamental changes to the taxation system, paving the way for further reform, as the right hon. Member for Croydon North (Malcolm Wicks) said, in what was quite a thoughtful speech. I want to dwell on three of the Bill's provisions: those dealing with income tax and national insurance—which we just heard about—environmental taxes, and taxation of the banks.

Clause 3 raises the income tax threshold to £7,475 this month, April 2011. That raising of the income tax threshold was the cornerstone of the coalition agreement between the Liberal Democrats and the Conservatives, and implements the Liberal Democrats' No. 1 manifesto commitment from the 2010 general election. The benefit of that commitment being implemented in government will be felt by wage and salary earners up and down the country in their payslips at the end of this month. Some 900,000 people will be raised out of the income tax bracket altogether, while those still in the basic rate bracket will see a tax cut of up to £200. The Budget also announced next year's rise in the threshold—which will no doubt be implemented by next year's Finance Bill—in April 2012, lifting a further 1.1 million people out of tax. This Finance Bill and this Budget help the poor and reward work.

I look forward to the review of the operation of income tax and national insurance which was announced in the Budget, which the right hon. Gentleman also spoke about. National insurance was introduced in 1911. This year is the centenary, which would be a good point for that review to announce its ending, at least for employees. Although I agree with quite a lot of what the right hon. Gentleman said, there was a touch of Victorian values in some of what he said about the contributory principle, which is what the founders of national insurance—he mentioned Churchill and Lloyd George—wrestled with. They were very much products of the Victorian era, but the right hon. Gentleman's own party forebears—Aneurin Bevan in particular—rejected the contributory principle when founding the national health service, insisting that it should be based on broad taxation, not individual contributions into an insurance fund.

The right hon. Gentleman made many thoughtful points that will have to be considered in the review of national insurance, but the contributory principle has failed. He mentioned women and the fact that people sometimes find that they have not accrued the pension rights that they might reasonably have expected. He talked about citizenship, and that is where a citizen's pension will be relevant. I hope that this Government will introduce one. However, it would be right to recognise the contributory principle for unemployment benefit, which he did not mention. I would not want someone in short-term unemployment to have to undergo a means test to claim unemployment benefit. One benefit of the contributory principle at the moment is that people who are unemployed for up to six months do not have to undergo a means test to claim a benefit to which their national insurance records prove they are entitled.

We will therefore need to retain some contributory benefits in the existing national insurance scheme for employees to which the right hon. Gentleman referred. None the less, the scope of the changes in the Finance Bill and the Budget to our income tax and—if we get them—our national insurance regimes represent the biggest shift in our direct taxation system for many decades. The reforms in the 1980s, particularly to income tax, tended to favour the better-off; the reforms of this coalition Government will help the low-paid.

The second area in the Bill to which I want to refer contains the provisions dealing with environmental taxes. Clause 25 raises landfill tax from £56 to £64 next year, giving local authorities a further incentive to achieve a step change in recycling. My local authority—Bristol city council, which is controlled by the Liberal Democrats—has shown a steady increase in the rate of recycling. We now have the best record of any city authority in the country, recycling close to 50% of our recyclable domestic waste, and we are aiming for 90% over the next few years. In the Easter recess, the Chief Secretary to the Treasury and I visited the plant being built at Avonmouth, just outside my constituency, by New Earth Solutions, which will screen the residual waste that people have not recycled from their doorsteps in order to extract the remaining recyclable materials. Landfill tax is a well-established tax that is achieving its aim, but we know that we have some way to go in many parts of the country.

A new tax in the Bill that several people have mentioned is the setting of a carbon floor price, at £16 a tonne this year, which it is proposed should rise to £30 a tonne by the end of the decade. There will obviously need to be much debate and thought about how the carbon floor price will operate, but it is an essential reform if we are to incentivise a switch to a low-carbon economy and make renewable sources of electricity generation competitive with carbon-intensive forms of electricity generation. There is an important debate to be had about how that affects nuclear power, and I am meeting Greenpeace later this week to discuss its concerns. I am also working with party colleagues to develop Liberal Democrat ideas on how the carbon floor price and carbon taxes can operate, in order to inform the debate as it unfolds.

A third aspect of the Bill that I want to mention briefly is the introduction of something that has been talked about for some time over the past year—the bank levy; it is almost hard to believe that a statutory basis for it did not exist until now. The detailed provisions governing how it will operate are in schedule 19, which I am still trying to plough my way through and understand. *[Interruption.]* Judging from their facial expressions, I am sure that Opposition Front Benchers are trying to get their heads round it as well. I am sure that they will be well advised by colleagues outside the Chamber.

The operation of the bank levy is incredibly important, but its introduction is incredibly important as well. The shadow Chief Secretary to the Treasury referred earlier—as does the Opposition amendment to the motion—to the bonus tax that the previous Government introduced. This bank levy will raise more money year on year than that bonus tax. It is also renewable every year, unlike the windfall tax, which could be levied only once, in the unique circumstances of 2009. Such a levy on the balance sheets of banks is the first component of something that many people, including myself, have campaigned for—a Robin Hood tax. I hope that the Government will now move towards adopting the second component of such a tax plan—a financial activities tax—in order further to bring about reform in this area. That would require European Union co-operation, and I hope that the Government are seeking to achieve that co-operation among our fellow member states.

The Bill contains 91 operational clauses and 26 schedules. It is a particularly fat Bill, although not actually a record-breaker. As is the nature of Finance Bills, probably not much of it will endure in the memory. Several elements of it will stand the test of time, however. The reform of income tax, the reform of national insurance promised in the Budget, the lifting of the low-paid out of taxation and the further reforms to environmental taxes will be an enduring legacy of the coalition Government.

8.30 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): Despite what the hon. Member for Bristol West (Stephen Williams) has just claimed about the Bill's great achievements, I am afraid that the Liberal Democrats will be remembered for only one thing—the fact that they all, including their leader, pledged not to raise tuition fees. That is never going to go away, and everything else that they say will be seen in the light of that betrayal of the future of our young people in this country.

I was pleased to hear the thoughtful contribution from my right hon. Friend the Member for Croydon North (Malcolm Wicks) on the proposals on pensions, and particularly on pension ages. If we look back at the history of the actuarial analysis that was used to set the pension age at 65, we see that it was set at that age because most working-class people—there were many more people in heavy industry then—died before they reached the age of 65 years and six months. The calculation was made to minimise the amount that would have to be paid to the working class for their pension contributions. The change that is now being introduced adheres to that same principle. It does not involve earned rights through contributions. Rather, as my right hon. Friend said, it is seen as an imposition if someone without an adequate income lives too long, and has to rely on the state for support.

I am going to disappoint my right hon. Friend now, because I am going to return to the subject of the oil and gas industry. The contribution by my hon. Friend the Member for Aberdeen North (Mr Doran) was important but, like that of the hon. Member for Dundee East (Stewart Hosie), it related to the upstream industry—the oil and gas exploration and production industry. I shall quote from the June report of the House of Commons Select Committee on Energy and Climate Change, which the Government do not seem to have read. It says:

> "The oil and gas industry operating on the UK continental shelf currently faces a quadruple whammy of high costs, low prices, lack of affordable credit and a global recession. Unless the fiscal and regulatory regime is well designed and highly attractive then the likelihood is that the UK may not recover anything like as much of its reserve as would be desirable."

The Committee did not realise that there was another spectre to add to the quadruple whammy—a predatory Chancellor who did not even consult the industry when he brought in a £2 billion rise in the tax burden. This is not so much about the level of the rise as the method of its introduction: Changing a tax regime overnight without consultation creates uncertainty, which increases risk. According to the economists with whom I trained when I was studying, when the net present value calculations are made when looking at board bids for investment, such activity can reduce the investment's attraction. We heard that again and again from the Members who spoke about the upstream industry.

I have been pursuing the so-called responsible Department with questions about the downstream industry—the UK oil refining industry. I tabled an early-day motion on 29 March drawing attention to the

[Michael Connarty]

fact that two oil refineries were up for sale. They have since been sold to overseas investors. I said at the time that 150,000 jobs were involved. Those jobs are now genuinely under threat.

We have looked at the opportunities as well as the warnings, however. One opportunity involves the fact that there are massive deficits in low-sulphur, high-quality diesel and in aeronautic fuel in the EU at the moment. With the right incentives, it would be attractive for someone to invest in those. The Budget proposals that the Government are putting forward in the Bill should therefore provide those incentives.

It is interesting to note that an opportunity was spotted by Mr Ifty Nasir, who owns Essar, an Indian oil company, which bought a refinery at Stanlow. He said on 11 April 2011 that he intends to expand Stanlow's shipping terminal in the Mersey to provide a UK entry point for diesel and petrol produced at the Vadinar refinery in India—one of the biggest refineries in Asia, which is in the midst of a £1.7 billion expansion that will allow it produce euro high-quality, low-sulphur diesel. That is the very opportunity that should exist for our refineries, for our companies and for British workers.

I wrote about this to the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry). I asked what future support for our refineries in the UK would be forthcoming. In his reply of 5 April, he said:

"We work closely with the downstream oil industry and its representatives to understand the impact of policy on the sector and to ensure this understanding is shared across a range of Government Departments."—[*Official Report*, 5 April 2011; Vol. 536, c. 886W.]

We had an hour and a half's debate this morning in Westminster Hall about oil refining. I come here tonight to ask Ministers about the Treasury's understanding of this issue and what its response has been, as I can find no indication that the Chancellor is joined up to the real world in any way in respect of his Budget proposals that will affect the UK refining industry.

Let us consider the background to oil refining. When the climate change levy and the EU emissions trading scheme were brought in, they were to have an impact on manufacturing, but were also to be tax-neutral. The scheme was about redistributing energy-reduction incentives in other parts of the economy, and it is about to become the European trading system mark 3. It puts £15 million a year on to the cost of refining oil in Grangemouth, a refinery in my constituency, alone. That is a high price to pay, but the industry accepted that environmental standards meant accepting it.

What we have effectively is a 15% disadvantage in EU refining, of which we are part, in comparison with the rest of the world, including India. If we bring in the new carbon tax, which the hon. Member for Bristol West seemed to be lauding, it will add another 10% disadvantage on top of that 15% one—and for UK refining alone. We will be disadvantaged in Europe by 10%, and in the rest of the world by 25%, in terms of the environmental taxes we pay. The cumulative cost to UK manufacturing business in general—we should remember that the Government said that they were going to "rebalance" the economy with their taxes and incentives—will be £9.3 billion. That price will not be faced by other parts of Europe or other parts of the world.

I want to know from Treasury Ministers what thought went into this policy. What extrapolation did they make? What cost-analysis or impact-analysis did they do when they thought up this scheme? The scheme does not attract me, when 1,350 jobs are at stake in the refinery in my constituency. Beyond that, another 4,000 or 5,000 jobs in Scotland are dependent on that downstream work. About 150,000 people working in the refinery industry can see someone coming over from India to import a product that is refined in India where the pollution standards are much lower than here, yet the Indian owner does not have to pay either the emissions trading scheme costs or the carbon floor price. I want an explanation of why that tax is in this Budget.

Let me illustrate what happened on the day of the Budget because of the announcement that a carbon price will be introduced in 2013. A forward pricing exercise run by Heren shows what happened to electricity prices on that day. The electricity price for 2013 went up by £2.20 per megawatt-hour because of the fear and risk that had to be factored in. We spoke of the same thing earlier in connection with the impact of the Government's decision to plunder the profits of the offshore industry. The price has now risen by another £3 to £56.50. That 5% increase will affect all industries that are heavy electricity users. The oil refining industry cannot pass it on, because its margins are so small. The Government said that they would rebalance the position in favour of the manufacturing base of our economy, but instead they have laid that burden on it.

The second tax that I wish to discuss is the carbon reduction commitment, which was designed by the Labour Government as a tax on office spaces and other entities that could not be reached by the emissions trading scheme. It has since been simplified, and we understand that it will also apply to the manufacturing industry and to United Kingdom refining. The UK Petroleum Industry Association has described it as no more than another general tax. Will the Treasury exempt manufacturing industries and the UK refining industry from that tax? If not, it will impose another burden on the UK's manufacturing capability.

Sammy Wilson: Not only has the tax been extended to a wider range of bodies, but the Treasury has removed an incentive for firms to reduce energy consumption. Some of the money that they had paid into the scheme used to be returned to them, but that will no longer be the case.

Michael Connarty: The hon. Gentleman has hit the nail on the head. That incentive has gone. Ports such as Grangemouth, in my constituency, cannot pass the tax on to those who rent or are sublet property. It will not make people who rent property more energy-conscious, although it was originally designed by the Labour Government—who employed an excellent methodology involving a great deal of consultation with the industry—as an incentive for the reduction of energy use.

The Department for Business, Innovation and Skills is probably partly responsible for matters involving the oil refining industry, although it seems to be burying its head in the sand and kicking that responsibility over to the Department of Energy and Climate Change. The two Departments are supposedly engaged in a study of the cumulative impact of climate change and energy

policies. However, the Treasury must be involved as well, and it must take responsibility for the damage that it will do if it does not moderate its carbon taxes. Specifically, anyone who pays the costs of the European emissions trading scheme should be exempt from them. It has been calculated that the carbon price in the UK is likely to reach €54 per tonne, while the price on the European mainland will be only €36 per tonne. We are therefore at a disadvantage in relation to Europe, let alone the world.

There is a further tax that the Treasury consistently hang on to. Those who import a fuel oil must pay tax on what they land at the depot or terminal. If, for example, Grangemouth refinery supplies the terminal in the north of Scotland by tanker, it will pay tax on the amount of product that it puts into the tanker. However, an evaporation factor places an additional burden on every tanker load, so no one with any sense will convey fuel from a UK refinery to any UK destination. INEOS in Grangemouth prefers to import it from Lavera in France, because it pays less tax on the same tanker load, because of evaporation. Regardless of which party is in Government the Treasury has retained that tax, but it is time to reconsider. If we want products to be made in this country and taxed in this country, we must have a tax system that gives incentives to industry rather than punishing it.

8.44 pm

Jacob Rees-Mogg (North East Somerset) (Con): There is more rejoicing in heaven over one sinner who repenteth than over the 99 who are not in need of repentance, and it has been wonderful to listen to the hon. Member for Linlithgow and East Falkirk (Michael Connarty), because he made a wonderfully Conservative speech, saying that taxation and over-regulation are fundamentally bad things—bad for the economy, bad for business, and bad for Britain. That is absolutely true, but unfortunately it misses the point that when this Government came into office, the coffers were bare. There was no money left, and therefore tough action has needed to be taken on both spending and taxation. I want to see taxes fall in every possible area—I want taxes on income, capital gains, companies and oil companies all to be reduced—but I only want Her Majesty's Government to do that when it can be afforded.

We need to look back at the seriousness of the situation we inherited, and at what this Government are doing. Gross debt issuance from 2008-09 to 2010-11 is £540.5 billion. That is money that has to come from savers and from foreigners, and a good chunk of it actually came from the Bank of England: some £205.9 billion—getting on for half the total—was just printed by the Bank of England. That is not a way in which any responsible Government could ever have carried on; to have done so would have been desperately inflationary.

I want to come back to the point made so eloquently by the shadow Chief Secretary about Ricardian equivalence, because that is relevant. No one is saying that every £1 in debt is necessarily going to relate to £1 in future taxation, but the broad principle is right. The electorate understand this; they understand it from their own financial affairs and they see it from the Government's. They understand that if a huge debt is built up, it has to be repaid, and it will be repaid by them out of their earnings or their assets. We already see not far short of £50 billion a year being spent on interest payments. The British electorate know that that £50 billion is coming out of their taxes, as will the repayments. Indeed, as we get on to the repayments and refinancing, we will have a further gilt issuance of £578 billion between now and 2015. Enormous amounts of money are still being raised on the debt markets even when the Government are implementing a programme of tough cuts and some tax rises, which people do not like, but that is because of the severity of the situation the Government inherited, and if they had not implemented that programme, the confidence of the markets would have evaporated.

That confidence is what allows the Government to finance themselves. This is where the gilt market is so important. The five-year gilt is trading 5% away from its historical real average; that is 500 basis points, which is a gigantic amount in gilt market terms. The five-year gilt is usually at a 2% premium to the retail price index, but it is currently at a 3% discount to RPI. That shows that the financial markets believe that the Government have got it right.

Most economic decision making takes some years to come into effect, and I must confess that in this regard we have heard a lot of nonsense about quarterly growth figures relating to decisions on cuts taken before any of their consequences had actually come through. It takes much longer than that for economic results to happen, and I would therefore say that the figures for this quarter, the last quarter and the one before that are to the credit of the Opposition, and not as yet to Her Majesty's Government; it will be to the credit of Her Majesty's Government when we have got 2.5%-plus growth. The gilt market and the currency market are, however, immediate responders to Government policy, and the response that they have given is a vote of confidence. They know that the Government have broadly got it right. The currency has strengthened, and is continuing to strengthen, against the dollar—an indication, perhaps, that the United States has not got its fiscal situation as well sorted out as we have here.

Let us consider some of the specific things that the Government are doing in this Bill. I particularly welcome, as does my hon. Friend the Member for Bristol West (Stephen Williams), the increase in the tax threshold. A wonderful pamphlet produced by Lord Saatchi and Peter Warburton a few years ago asked why poor people pay tax and why we have this merry-go-round whereby we take money out of someone's pocket and put it back into their other pocket having taken some element of it to finance our bureaucracy along the way. The more the Government can raise the tax threshold, the less of that money will be wasted as the machine churns through and the more people will be taken out of tax.

I will add one point that may not be deemed helpful. My hon. Friend mentioned that over a couple of years 2 million people are to be taken out of tax, but Her Majesty's Government might like to know that the Chinese Government have just succeeded, by increasing the income tax threshold from 2,000 renminbi a month to 3,000 renminbi a month, in taking 76 million people out of tax. That is something for the Treasury to aim for, because that number exceeds the entire population of the United Kingdom.

The increase in the tax threshold is extremely welcome, as is the reduction in corporation tax. Being competitive on corporation tax is something that the Irish were so clever about, and may we wish them well in their fight

[Jacob Rees-Mogg]

against the European Union's attempts to make them increase it. By reducing corporation tax we attract businesses that could otherwise go anywhere in the world. We know that businesses can move and that WPP is thinking of moving back to the United Kingdom because of the right trend in taxation. In that regard, I encourage Her Majesty's Government to avoid any of this nonsense about a Robin Hood tax. Robin Hood was not as good as he was made out to be—particularly for the sheriff of Nottingham—but even if such a tax were as heroic as the late Robin Hood, it would still be a very bad tax for this country.

Steve Baker (Wycombe) (Con): I was just wondering whether my hon. Friend would agree that Robin Hood actually took from the state to give back to the people.

Jacob Rees-Mogg: I am not entirely sure that that is what he did. I think he also stole from the Church, which is why I have my doubts about him; I am not really in favour of people pinching things from holy mother Church.

The other great thing about this Budget—this is why it should be welcome—is that it recognises the limitations of governmental power. Let us consider what has happened in Japan since 1990. The Japanese Government have tried loose monetary policy and loose fiscal policy, sometimes at the same time and sometimes at different times, and they have managed to take the fiscal debt to 200% of GDP without managing to achieve any growth in this period. Governments cannot command economies in the way that some socialists think that they ought to be able to do. Governments can only set the right terms for business to be done, and that is where the deregulation programme is so important.

If the Government can follow through on that programme and sweep away the burdens that stop business doing business, that is how we will be able to get economic growth. It will not be Government expenditure that leads to the economy recovering rapidly because—let us return to Ricardian equivalence—people will recognise that there is great waste in Government expenditure. It will not necessarily even be very low interest rates that will do that, although I am in favour of a loose monetary policy, because eventually we reach the point where there are no borrowers there to borrow—we may be in that position. The Red Book points out that total private sector debt is 450% of GDP. If that does not make your blood run cold, Mr Deputy Speaker, I do not know what will, because that is an extraordinary level of private sector debt and it is very hard to pretend that an economy can grow by further private sector debt being taken on. So we are back with the real opportunity being a deregulatory one for the Government to push that agenda as hard as they possibly can so that businesses can do business, investors can invest and people can work. That will then lead to the tax coming through at lower tax rates and the expenditure being made that the Government wish to make, and we will be back to the glorious time that we had when Nigel Lawson was Chancellor of the Exchequer.

8.54 pm

Sammy Wilson (East Antrim) (DUP): As a Member who represents part of the United Kingdom that has seen the highest increase in unemployment and that will see £4 billion taken out of public spending over the next four years as well as a 40% reduction in capital spending, may I say that I trust that the Chief Secretary was right to say what he did about the purpose of this Finance Bill, the objectives the Government have set for it and their hopes for it? That might seem strange from someone on the Opposition Benches, but if we consider the impact of the recession and the absence of growth on my constituents and on the public across the United Kingdom, we can only hope to get back on to a growth trajectory as quickly as possible. I am not so sure, however, given the proposals in the Finance Bill and the Budget, that that will be the case.

As the shadow Chief Secretary said, there is a lack of ideas on the demand side. Indeed, over the next five years, the Bill will put only £20 million additional money into the pockets of businesses and consumers, which is hardly a big increase that will allow the public and businesses to spend money. We know that Government spending is curtailed. As for investment, I believe that it will not have the impact that the Government hope that it will. The Government are relying on one other aspect of aggregate demand—exports. As I shall point out, some policies in the Bill will make it much more difficult for firms to be competitive. On the supply side, firms will invest only if there is a degree of confidence, if there is consumer demand and if there is the infrastructure that can give them that confidence. With cuts in the capital budget, in particular, I am not sure that that will be the case.

I do not want to get into a macro-economic analysis of the Finance Bill, as I want to follow on from the theme taken up by the hon. Member for Linlithgow and East Falkirk (Michael Connarty) and to consider the impact of some of the environmental taxes. Specifically, I want to consider the distorting impact that they will have on growth, industry and consumers in places such as Northern Ireland.

Some Members will know that I am not a great fan of green taxes—indeed, for many reasons, I do not believe that the adjustments that such taxes will make and their impact on CO_2 output in the United Kingdom will save the world or have a great impact on the climate in 100 years' time. They are not designed to be behaviour changing and, as the hon. Member for Linlithgow and East Falkirk has pointed out, some that have been claimed to be behaviour changing have resulted in nothing but stealth taxes. If we consider the Government's predictions for the revenue from such taxes, it is clear that the Budget is dependent on their not changing behaviour. Otherwise, revenue predictions will be short of what the Government anticipate. The final reason why I do not support the taxes was shown in the illustrative example about the oil industry. Rather than helping to achieve the objective set out by the Government, namely to make our tax system the most competitive in the G20 and to encourage investment and exports, these taxes will make industry less competitive.

Let me deal with one tax to start—the carbon price floor. We have heard from the hon. Member for Linlithgow and East Falkirk about the impact on the oil refining industry. If one considers the Budget figures published by the Government, one can see that over the next five years firms will, as a result of the reduction in corporation tax, save approximately £1.1 billion in year five. As a result of the imposition of the carbon price floor, they will pay £1.4 billion. All the gains from the reduction in

corporation tax will be wiped out and more by one specific environmental tax. Of course, that cost will fall more heavily on the very industry that the Government hope will lead the charge for growth, namely manufacturing, which is one of the biggest consumers of energy. As energy prices go up as a result of the carbon price floor, it will have an impact on business costs. We have heard the example of what will happen in the oil industry. The Government have published figures showing that for some heavy energy consumers, such as firms that make glass, tyres or metal products, the impact will be a rise of as much as 9% on their energy bills.

The carbon price floor will also have an impact on consumers. If the Government's figures are anything to go by, electricity prices will have gone up by 6% by 2015. Let me put that into context: it means an increase of £30 a year on an average household electricity bill of £500. However, as a result of the Budget and the tax changes in it, households with income at the 10th decile—the lowest-income households—will receive an increase in household income of £1.42 a year. So, the impact of this tax, which the Chief Secretary has proudly said we are the first in Europe to impose, will be to increase fuel poverty among the lowest-income households and to make manufacturing industry less competitive at the very time when we want it to lead the charge for growth.

The tax has specific connotations for places such as Northern Ireland, because we are part of a single electricity market that links us to the Irish Republic, which has not gone down this route. The way in which the single electricity market runs means that electricity is drawn from the cheapest producer first and then, as demand increases during the day and at peak times, it is drawn from more expensive producers. The impact of the tax will be that the cheapest producers will be in the Irish Republic, which will have two impacts on people in Northern Ireland. First, our security of supply will become imperilled, because we will become more reliant on producers from the Irish Republic. Secondly, as the tax will be imposed on gas, which is used in Northern Ireland mainly for electricity generation, the cost of extending the gas network in Northern Ireland will fall on consumers as the consumption of gas goes down. The whole purpose of exempting Northern Ireland from such measures for a number of years was, first, to try to deal with fuel poverty by increasing gas distribution across Northern Ireland, thereby making businesses more competitive by ensuring there was a gas network, which enabled them to use cheaper fuel, but the carbon price floor is likely to put all that in jeopardy.

I welcome the discussions with the Treasury and the fact that it wants to investigate more fully the impact of the carbon price floor on places such as Northern Ireland. I hope that there will be a revision once the full extent of that impact is seen in terms of what it does to the electricity market, to the cost of energy for consumers and businesses and to the ability to increase the gas distribution network. Those who are concerned about carbon dioxide output and production will find it ironic that the tax could drive power production towards coal-fired power stations in the Irish Republic—so it will not even achieve, on a European basis, the objective that the Government have set out for it.

The second tax that I want to consider, which has been frozen for this year, is air passenger duty. The tax was designed to cut air travel and, in doing so, supposedly to reduce the amount of CO_2 produced by people who fly around the world. One of the problems in a region such as Northern Ireland is that the Government of the Irish Republic, who received a loan of £7.5 billion from the Government here in London, have used part of that to reduce their air passenger duty to €3 and intend to reduce it to zero. That has an impact on the one international flight from Northern Ireland. Members may say, "Big deal—one international flight," yet a large part of our economic strategy involved attracting investment from north America. We have succeeded in getting Citibank, the New York stock exchange and a range of other big investors into Northern Ireland, bringing high quality, highly paid jobs on the basis that there was a direct transport link between Northern Ireland and north America, as north American business men wanted.

As a result of the distortion of the air passenger duty, we are likely to lose that Continental Airlines flight, our only link with north America, as the airlines find that it is much more competitive to fly from Dublin, 100 miles down the road. That is one of the ways in which an ill-thought-out tax can cause distortion. It is not as though there is not an answer to it. Recognising that air passenger duty caused problems for areas away from the centre, the Government have already introduced an exemption for the highlands and islands of Scotland. An exemption could be made as part of the rebalancing of the economy of Northern Ireland. I look forward to the discussions with the Treasury on the impact of the tax, which may or may not be beneficial. I leave Members to make up their own mind about it. It may reduce air travel, or simply make it more difficult and more expensive for our constituents, but the distorting effects must be taken into account.

The third topic is the aggregates levy credit scheme—

Mr Nigel Dodds (Belfast North) (DUP): Before my hon. Friend moves on to that, does he agree that the carbon issue, as well as the issues of air passenger duty and corporation tax for Northern Ireland, arises because Northern Ireland has a land frontier with the Irish Republic, which is a unique circumstance within the United Kingdom? *[Laughter.]* That is not special pleading, but a recognition of the special circumstance in which Northern Ireland finds itself, because it shares a common land frontier. England, Scotland and Wales do not; we do, and therefore people find it easy to go down the road and fly out of Dublin, as opposed to Belfast. Government Members may laugh at these matters of fact and economics, but they are harsh realities for those of us who live in Northern Ireland, who try to make the economy work and who are trying to grow the private sector. All we are asking is that a Government committed to the private sector should help us in that, not diminish us or reduce our efforts to do so.

Sammy Wilson: One can see the mirth of Government Members. I can understand why the Liberal Democrats are keen to see regulation, interference and high taxation, but I would have thought that Members on the right wing of the Conservative party would sympathise with the case that I have been making, which is that less regulation helps to grow the economy and that less of the distorting impact of the influence of Government can help to improve the economy of Northern Ireland and enable people to stand on their own two feet.

Jacob Rees-Mogg: I thank the hon. Gentleman—if I may say so, my hon. Friend—for giving way. Many of us on the Government Benches sympathise with that point of view.

Sammy Wilson: I knew from the hon. Gentleman's speech that he has sympathy with that view. Indeed, I hope that such sympathy will also be found among Treasury Ministers as we discuss these matters.

The problems with the aggregates levy credit scheme are also a result of the land boundary with the Irish Republic. The aggregates levy was designed to encourage the recycling of building materials and reduce the use of virgin stone from quarries. It is good not to waste building materials, and the levy made sense in an area that is surrounded by sea and does not have a land boundary with another country that also quarries stone but does not impose such a levy, so allowances were made for firms in Northern Ireland. The Government are sympathetic to the continuance of the scheme, but as a result of a referral to the EU Commission it has been stopped. I notice that provision has been made in the Bill for a new scheme, albeit an altered one, which can be made available once discussions have been held with Europe. Again, I look forward to that and hope that we will get a positive response from Treasury Ministers.

I very much doubt that there is a great deal of sympathy for my views on the green taxes, but I hope that there will be sympathy and support for the need to look at their distorting impact on a part of the United Kingdom that is up against competition from a country that does not impose the same level of taxation. The Government have said that they want a competitive tax system; we want that. They say that they want to create a situation in which exports and private industry can grow; we want that. I therefore think that cognisance must be given to the points that I have made.

9.11 pm

Alec Shelbrooke (Elmet and Rothwell) (Con): I welcome the Finance Bill in so many ways, many of which are to do with creating growth and jobs. The former Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), noted in his comments after the Budget that it will create growth, so it is interesting that some of the newer members of the shadow Cabinet on the one hand praise him for the things he said but on the other ignore his praise for a Budget that creates growth.

The Budget is helping to rebalance the economy, which is never an easy thing. We need to get more from private sector, as we have been over-reliant on the public sector. An important point that is often missed when discussing the private and public sectors and whether the Government should spend more money here or there is that the Government do not have any money. It is not our money; it is the public's money. It is the money we take off people and businesses and from trading throughout the world. It is not our money for us to do with as we like. It is the public's money, and we should ensure that we deal with it responsibly.

Mel Stride (Central Devon) (Con): I am following my hon. Friend's powerful argument closely. Will he add that, to the extent that we go into debt, it is actually our children's and grandchildren's money?

Alec Shelbrooke: Absolutely. My hon. Friend makes an important point. That leads me to the problem, which I had not intended to mention, of how indebted the nation was personally. Indeed, my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) made the point that a total private sector debt that is 450% of GDP is something to fear and shake at.

One reason I believe we did not see the increase in the public's spending in certain areas despite the historically low interest rates—the Bank of England brought interest rates down and I think we understand why—was because people saw the opportunity to use the extra money they had in their pockets from the reduction in their mortgage payments to start paying off credit card debts, although many were on fixed-rate mortgages. That money was not poured back into the economy as was originally envisaged because people saw the writing on the wall and started to reduce their personal debt, and the Government should take a big lesson from that. We need to get debt down if we are to sustain future growth. We talk about interest of £50 billion a year on £1 trillion-worth of debt, but that does not mean anything to people because those numbers are huge. However, when we tell them that £120 million is being given to foreign nations every day because of the money we have borrowed, they start to realise the situation we face.

We all face such situations in our constituencies, where certain services are being cut—there is some politics involved, but that is not my point—and local councils need more money, which they cannot have because of the situation we are in. People realise that rather than going to foreign nations, that £120 million could be used to go some way towards addressing, for example, the closure of a leisure centre in my constituency that is losing £100,000 in a year.

That is why we needed to rebalance the economy. We became far too reliant on public debt and public money—public money that comes from private money—and we cannot keep magicking public money out of the air, because in the end it leads to hyperinflation. Indeed, the shadow Chief Secretary to the Treasury, the hon. Member for Wallasey (Ms Eagle), made some link, which I could not follow, between our policies and the rise of the far right in the 1930s, which in turn led to the second world war. Hyperinflation certainly played a big role in nationalism among Governments, however, and it came about precisely because of the economic circumstances that we were moving towards recently.

I take issue with the hon. Lady when she says that we are attacking ordinary hard-working people. That is, quite frankly, a disgraceful comment to make. There is not a person on either side of the House who deliberately wants to attack the ordinary hard-working person, so let us just put down a few facts. We have just brought in an income tax cut for 23 million people and taken almost 1 million people out of income tax altogether. Let us compare that with doubling income tax for the lowest paid in society.

Stella Creasy (Walthamstow) (Lab/Co-op) *indicated dissent.*

Alec Shelbrooke: But you cannot deny that your Government doubled income tax for the lowest paid in society and destroyed pensions—not you, Mr Deputy Speaker, but the previous Government. The previous

Government destroyed pensions, leaving many people whom we would class as the most vulnerable in society to take their pensions with fear and trepidation. At least we have brought in the triple lock on pensions, meaning that people should never again get the 75p rise in their pension.

Matthew Hancock (West Suffolk) (Con): In addition to the facts that my hon. Friend is bringing to bear in this debate, is it not shocking that the amount that the Government have borrowed only over the past year is equivalent to more than £2,000 for every family?

Alec Shelbrooke: Again, that illustrates my earlier point: when the figures are brought down to a smaller level, people can understand their full impact and the state of the nation's finances. When I compare that to our personal finances, I say to people, "For every £1 we've spent, we've borrowed 25p. How long would your household finances survive with that sort of economics?" They simply would not. Indeed, the increase in private debt and in people's credit card debts, with some even committing suicide because they used credit cards to pay off credit cards, is a lesson that Governments should learn.

Let us look at the growth and debt figures. Our debt is 10.4% of GDP, Spain's is 9.2% and Portugal's is 9.1%, but I do not see our interest rates on the gilt markets being as high as Portugal's. My hon. Friend the Member for North East Somerset made an excellent point when he described the percentage rates being below RPI by 300 unit points, or 500 unit points below normal. That shows that a credible plan had to be put in place.

I find it distressing when we get into this argument with the Opposition, who say, "You don't need to do all this." I will give the House an analogy. For 13 years, the previous Government fed everybody chocolate and burgers, and every person in this country now weighs 35 stone. Along comes the doctor, in the form of this Government, who says, "I'm afraid if you don't lose at least 20 stone you are going to die very young and it is going to be disastrous for you."

Chris Leslie (Nottingham East) (Lab/Co-op): Your doctor said that?

Alec Shelbrooke: Yes, probably! I am in a rotund position to say this, and I certainly speak with a certain authority on these matters, but it is never easy to lose weight, as indeed I can testify. I am getting married in a month's time—[Hon. Members: "Hear, hear!"] Thank you. I am desperately trying to lose weight, and it is not easy, but it is never easy for someone if the previous lot who fed them when they were trying to lose weight say, "Go on, have another bacon sandwich, it won't do you any harm. Have another chocolate. We'll pay for that on the credit card by the way, which we've nicked off you." But seriously, if we do not get the economy under control, we will find that it leads to the situation that we see in Portugal.

What does that mean to the public? The Opposition have attacked the Government and said that they have not done anything to protect people, but what would higher interest rates do to people? We have had an interest rate of 0.5% for well over a year. We used to think that 3% or 4% was a low interest rate when the Bank of England maintained it at that level for a good period of the last decade. If the interest rate went back to 4% in the next six months, what effect would that have on the people of this country? Having spent a great deal of time with interest rates at an historically low rate, they have learned to live within those means. We do not have the option to go back to 4% interest rates—that would be a disaster for hard-working families. Ironically, it could increase the pound's value against the dollar, reduce the oil price and reduce petrol prices—I suppose there is a quid pro quo to everything—but let us not get away from the fact that going back to what we then thought were historically low interest rates would be seen as an absolute disaster.

I get annoyed with the twisting of the Keynesian argument when people say that in times of recession Governments should pour money into an economy. That was only half the truth: the other half was to invest it in capital investment.

Ben Gummer (Ipswich) (Con): My hon. Friend misses the other half of the other half, which was to accrue a surplus in a time of plenty.

Alec Shelbrooke: My hon. Friend pre-empts me, because I was going to say that the Swedes put aside 2% of gross domestic product during the good times and the Australians paid off their national debt in the last quarter, leaving them well placed to deal with these issues.

People often say that the new deal in America, with its Keynesian attitude, dug the American economy out of its hole. No, it did not—that was achieved by the second world war and the fact that America was able to lend money and sell armaments to the rest of the world while not having its mainland invaded. That put the Americans in the economic driving seat, from which they have never looked back.

I want to talk about fuel prices. The Opposition were going to add another 5p to the price of petrol. I know that it is difficult to prove a negative. If we say to people, "We've cut 6p off a litre of petrol," they will say, "No, you haven't—you only cut a penny," because if they are not paying that 5p it is difficult to prove it to them. However, at least we have done something to help, and we have to pay for that somehow. We cannot just go on printing money and saying, "It doesn't matter. It's the Government's money—we'll supply it, don't worry about it," because that completely misses the point and gets us into these problems. Under the previous Government, fuel prices rocketed because of taxation; under this Government, fuel prices have gone up because of the oil price, over which we do not have influence. If we are to believe what is said, we may have reached peak oil. We could have a discussion for three hours about whether that is so, and people would say, "Well, more oil comes online because at the current high oil price it becomes more economical and there is plenty of oil out there—it isn't going to run out." However, the key to that argument is that it relates to the current oil price. Let us not forget that the oil price is controlled by the oil traders and speculators, and if they believe that we are at peak oil, that oil price is here to stay. We have tried to cushion the impact and help hard-working families, and it is pretty cheap for Labour Members to snipe at that.

[Alec Shelbrooke]

Drawing on the comments by the shadow Chief Secretary to the Treasury, at the same time as the argument that we should try to reduce our carbon emissions, we hear that we should not build any nuclear stations or put any subsidies into moving forward with nuclear power. We have seen an absolutely terrible and disastrous event in Japan—something that shocked the world and daily covers the newspapers, and still gets talked about constantly, with Russia now making criticisms. As far as I am aware, that nuclear reactor has not killed anyone. It is funny how quickly people completely forget about the 20,000 people who died in the tsunami: the real human cost. But no, they focus on a nuclear power station hit by the third biggest release of energy the world has ever seen and a 30-foot tsunami doing 60 mph, and everybody says that that is why we should not have nuclear power. Nobody adds that more than 20,000 people have been killed by this natural disaster. Let us get some perspective. We know that nuclear power may not be the best way forward, but it is the best way forward at this moment. Until we develop the technology so that we can get to nuclear fusion and perhaps some better green technologies, these are our options and this is what we face. We cannot keep saying no to everything.

The Opposition always want it both ways. They want to cut the fuel price, but they do not want to tax oil companies. They want the banks to lend more, but they want to tax them so much that they would leave the country. They want to reduce carbon and to have secure energy, but they do not want to go nuclear. They are a joke. Their speeches vary from Member to Member. Some could be on this side of the House, some could be old Labour and some could be new Labour. I do not know what their policy is, but the blank sheet of paper is certainly something that they are all sticking to vigorously. We have seen very little in the local election campaign except for criticism of the Government.

Jim McGovern (Dundee West) (Lab): The hon. Gentleman speaks about nuclear energy and fossil fuel energy. Does he have an opinion on the Scottish National party's view on nuclear energy?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Gentleman must sit down. He has asked his question. Members should not just walk into the Chamber and intervene.

Alec Shelbrooke: I am not aware of the SNP's policy. It may have escaped the notice of the hon. Gentleman, but I stand here as a Conservative Member of Parliament.

I have a final plea to the Minister. I know that there are problems with the European Union interfering in all aspects of alcohol and that we cannot do certain things, but can he look at putting higher taxation on non-draught beer? He may have done so already and it would be interesting to hear about that when he sums up. That does not involve saying that if beer is sold in a supermarket it will be taxed more, which brings competition law into play, but just that draught beer will not be taxed as much as other beers. The reason for raising tax on non-draught beer is that draught beer is served in pubs and publicans have a responsibility to ensure that people do not drink out of control, because they are licensed and controlled. I think that that idea would go some way towards countering the binge drinking problem. It may be that we cannot do that under European law, but I make the plea to the Minister. I will be interested to hear whether it is something that he has considered.

I support the Bill and believe that it is the only way we can secure growth. It is an intelligent and credible way forward that, frankly, is not just trying to get a good headline in *The Guardian*, which the shadow Chancellor seems keen on.

9.27 pm

Ian Murray (Edinburgh South) (Lab): The hon. Member for Elmet and Rothwell (Alec Shelbrooke) has taken political propaganda to an all-time low this evening in trying to convince the Chamber that he has not eaten out on Labour's chocolate and burgers, to use his words. That is a bit rich. None the less, I wish him well for his wedding, which is coming up shortly, and I hope that his battle with the bulge means that he will eventually fit into the dress come the big day.

I am delighted that the Chief Secretary to the Treasury is back in the Chamber, because I want to wish him a happy anniversary. It is exactly a year since the leader of the Liberal Democrats said in a TV interview with Jeremy Paxman:

> "Do I think that these big, big cuts are merited or justified at a time when the economy is struggling to get to its feet? Clearly not."

I wish the Chief Secretary a happy anniversary a year on from that bombshell from the Deputy Prime Minister. It is still the contention of Labour Members that the coalition Government are going too far, too fast, and that that approach is killing growth and causing rising unemployment in this country.

The Chancellor announced with a fanfare that this would be a Budget for growth that would add fuel to the economy. He gave his bold growth fanfare against the backdrop of the economy shrinking by 0.5% in quarter four, even though it was clearly on the road to recovery in quarters one and two of last year under the previous Government. On top of that came a huge embarrassment: the Chancellor's trumpeted Budget for growth downgraded economic growth in every year of the economic cycle and predicted increased unemployment. The Chancellor's own Office for Budget Responsibility concluded that the Government's Budget for growth, which he said would "go for growth", reduced the economic growth figures. Astonishingly, the hon. Member for North East Somerset (Jacob Rees-Mogg), who is still in his place, blames Labour and not the snow.

We cannot pay back any deficit with lower growth and more people out of work. The Government's decisions contained in this Finance Bill do nothing to help hard-working ordinary people and families up and down the country. We have heard several times this evening about the potential decimation of the UK oil industry, which will cost yet more jobs.

Dan Byles (North Warwickshire) (Con): Is the hon. Gentleman therefore opposed to the measures taken in the Budget to reduce fuel taxation on hard-working motorists?

Ian Murray: No one would ever deny that a 1p cut would help motorists, but there are certainly no petrol stations in Edinburgh South where fuel is now cheaper than it was before the Chancellor's Budget. Indeed, money is being taken off the oil and gas industry, and billions of pounds in jobs and future research and development are being put in jeopardy for a 1p cut in fuel prices that nobody is actually seeing at the pump. The Government have to take that on board and act with ferocity.

I agree with the Minister of State, Cabinet Office, the right hon. Member for West Dorset (Mr Letwin), who let the cat out of the bag during an Environmental Audit Committee hearing just before the Easter recess. He said that prior to the Budget, the Cabinet had discussed the fact that there was

"an immediate national crisis in the form of less growth and jobs than we needed".

The Government's response to that crisis was to produce a Budget that would make growth and unemployment levels worse—the "Dad's Army", "Don't panic, Captain Mainwaring" approach to what they claimed was a "national crisis".

Of course we need to get the deficit down, but by cutting too far and too fast, by hitting children, women and families the hardest and by following an ideology that attacks the economic drivers of this country, the Government risk a vicious circle of perpetual slower growth and fewer people in work. With fewer people paying tax, there will be more people drawing benefits and not spending hard-earned cash. The Government have presided over a set of decisions that have resulted in a collapse in living standards not seen since the 1920s.

On the subject of living standards, the Prime Minister promised to lead the most family-friendly Government ever. The Chancellor said, "We're all in this together," but changes to tax and benefits this month will hit those least able to pay—ordinary, hard-working people up and down the country—the hardest.

We have been through a global financial crisis, not a recession that was made in Britain. Like every other major economy in the world, the big challenge for us is how to get the deficit down. It cannot come down while confidence is low. VAT will cost a family with children an average extra £450 this year, draining much-needed funds from tight family budgets and potentially harming consumer confidence.

Of course, from this month, there are also cuts to the amount that parents can claim for child care; the freezing of child benefit for three years; the scrapping of the baby element of child tax credit; the setting of benefits on a permanently lower path, with a real-terms cut that means less generous benefits this year and every year in future; the cutting of the second income threshold for the family element of child tax credit; and the increasing of withdrawal rates for tax credits to 41%.—and of course the Liberal Democrats' champion policy of increasing the tax threshold at the lower level is outstripped tenfold by the VAT increase and the change from the retail prices index to the consumer prices index for uprating tax thresholds, which will erode any threshold increase over time.

The message of this Finance Bill is not growth but the fact that the Government are giving with one hand and taking away with many other hands. They have demonstrated in the Budget and the Bill how out of touch they are. They do not get the fact that hard-working people are being hit by VAT and now face cuts to tax credits and child benefit too. They do not get the fact that communities throughout the country are being damaged by cuts to local services. Even the director of the Institute for Fiscal Studies said after the Budget that

"there is an awful lot of giving with one hand...and taking away with lots and lots of other hands."

That was an independent commentator talking about what the Government are doing.

The Government often look overseas to build up their justification for this austerity Budget and the Bill, but we have only to look at Ireland to see what too far, too fast austerity measures produce—yes, Ireland, a country that the Chancellor declared had an austerity package that was something of a success story. I suspect that no one in Ireland would agree with him now.

Let us turn, as I might be expected to do, to the Conservatives' bedfellows on praise for Ireland, the Scottish National party. The SNP held up Ireland as the foundation for their arc of prosperity and as the economic model that an independent Scotland should follow, but look what happened! The SNP not only no longer talk of independence, but they never talk about the arc of prosperity. If Scotland were independent, our banks and our economy would have collapsed, and Scotland would be worse off than Ireland, Greece and Portugal combined.

To be fair to the SNP, not only Ireland formed its arc of prosperity policy, but Iceland too—another economy shattered by the worldwide economic crisis. The Irish austerity measures went too far and too fast, and now the Chancellor and the Chief Secretary to the Treasury never mention Ireland, and neither does the SNP—they have changed indeed.

I could go on and savage the SNP's 4.8p local income tax proposals, but I know that that is not to do with the Bill, which I shall finish by addressing. The Bill is driven by ideology—an ideology that some have developed in exchange for ministerial Mondeos. The Bill does not improve growth or reduce unemployment, and it continues to hit families and ordinary people the hardest. It kicks away the ladder of opportunity for our country's young people. It is hurting but certainly not working. For those reasons alone, we should not give it a Second Reading.

9.36 pm

Matthew Hancock (West Suffolk) (Con): I am grateful for the chance to speak briefly at the end of this debate. This Finance Bill is but one part and but one significant change to the economic policy framework in the UK. The significance of some of the details in the Bill is matched only by the modesty of the amount of comment that they attract. We are debating many of the detailed changes, such as expanding gift aid, helping low earners, supporting motorists and improving the environment for enterprise. I support all those measures and will speak about them later, but I first want to address the context and background set for the Bill by changes to the economic policy framework.

One of the big changes has been referred to explicitly and implicitly throughout the debate. The hon. Member for Edinburgh South (Ian Murray) spoke about the

[Matthew Hancock]

Office for Budget Responsibility, and every Labour Member has referred to its figures. In that magnificent British way, we have managed to establish and accept a new tradition—the OBR—as if it were ever thus. I argue that that innovation in economic policy and others are significant and noteworthy for the long term. Over many years, evidence grew in the academic economic debate that economic policy is best set for the long term, and the short-term dash for growth became discredited. In the '80s and '90s a consensus grew that fiscal policy should be set for the long term, and that monetary policy should be set through an independent Bank of England and used to regulate demand in the shorter term—to keep inflation low and growth going. In fact, that became the cross-party consensus in the House. The shadow Chancellor even wrote a book on what a magnificent set-up that was.

The problem with that arrangement is that it stabilised only one part of the economy, and it was far too narrow. Where discretion was allowed, and within closely prescribed rules, policy worked reasonably well, and policy makers hit the inflation target with commendable accuracy. However, the success of that narrow area of economic policy making led its creators to believe—absurdly—that they had solved the problems of economic policy making. We know the phrases. They said that boom and bust had ended, but that hyperbole led them to ignore the growing signs that all was not well elsewhere, and to commit vast policy mistakes that led to the enormous crisis that we have gone through, and that Government Members are trying to help to clear up. The Labour Government admonished anybody who claimed that Britain's economic policy framework was anything other than perfect, and that belittled debate.

The problem was that by aiming at one target only—inflation, and consumer price inflation specifically—everyone missed the huge and unsustainable growth in balance sheets throughout the economy. There was unsustainable public debt and unsustainable private debt—a classic debt bubble. The problem first became obvious in fiscal policy. The now discredited fiscal rules allowed the Labour Government to claim that all was rosy—indeed, the shadow Chancellor still claims that all was rosy. In fact, they were borrowing an unsustainable amount at the height of a boom. They then tried the classic trick of borrowing to fund their re-election. As the House knows, they fiddled the figures and moved the goalposts to keep on spending when the facts started to prove otherwise.

The new OBR will bring long-term independence to fiscal policy making, which will constrain not only the current Government, but—I hope—all Governments to come. Crucially, the OBR's forecasts will define the discretion within which policy makers can operate, and will bring this constrained discretion, similar in structure to monetary policy, into fiscal policy. Different though the execution will be of course—because the policy levers will be different—the structure will be similar.

Although having an OBR in the past might have meant not entering the crisis with unsustainable public finances, what of those unsustainable private finances? No one can argue that the amount of debt in our economy—in our banks and households—was sustainable. Britain entered the crisis as the most indebted nation in the G7 ever, and also had the biggest banking bust in the world. Those are not unconnected, however, because household debt and the banking debt that supports it are a reflection of each other—one group lends to the other. That combination of unsustainable public and private debts means that Government Members have a huge mess to clear up.

The combination of targeting only narrow consumer prices inflation in one part of a tripartite system and the regulation of individual banks in another meant that the crucial piece of the jigsaw—looking at how bank balance sheets affected debt across the economy—was missed. It is a bit like a balloon: we pushed down on consumer prices and kept control of them, but all the extra liquidity shot out into prices of other assets, including, as we know from our personal lives and those of our constituents, the biggest asset of all—housing. We had a bonanza housing boom: equity withdrawal; get-rich, buy-to-let schemes; more than 100% mortgages. We all know about them. The bubble lasted all the longer, however, because it had a credible story behind it—of the extra savings being made in China and the rising Asian nations—and was harder still to argue against.

Nobody was there to pull the punch bowl away when the party got going. As we know to our cost, the power to do that was removed from the Bank of England in 1997. At the time, my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) predicted it would cause problems. The link between looking at the sustainability of individual banks and looking at the macro-picture had been broken. Now that link is being restored. First, clause 72 and schedule 19 will introduce and increase the bank levy. It will be a levy on banks' balance sheets, not bonuses, so will contribute to financial stability. Secondly, and crucially for the context in which we think about the Bill, the proposed financial policy committee, which will first operate in shadow form, will monitor that link. It will link the management of the country's debt and balance sheets with the management of the macro-economy, linking fiscal policy and monetary policy through financial policy, and therefore allow for a holistic big picture of how we are managing our economy. Instead of allowing a bubble to build up by omission, the FPC's job will be to look for it and act on it. Unlike under the former system, in which the Bank of England could complain and raise concerns but not act, the FPC will be empowered. Crucially, because the discretion is embedded in a respected institution, it will have the authority to exercise that discretion. For whereas discretion without rules gives us tyranny, rules without discretion give us futile bureaucracy.

The changes have been praised by the OECD and the IMF, and they represent a substantial and fundamental shift in how we run our economy. However, we should resist the hubris of saying that these reforms will ever be finished or that the ancient challenge of economic management, first recorded in Genesis, is complete. As we debate the details of the Bill today, we should consider how the context of those changes, in strengthening our economic framework, is about learning the lessons from the past and helping us to be stronger as we face the inevitable challenges ahead.

9.46 pm

Stella Creasy (Walthamstow) (Lab/Co-op): If a week is a long time in politics, then a year—and perhaps some aspects of tonight's debate—is an eternity. Yet a

year ago, when we were all candidates and none of us was allowed to stand in this place, things were very different. The economy was beginning to recover, as unemployment was falling and growth was returning. Crucially for today's debate and the provisions in the Bill, that meant that the deficit came in at £21 billion lower than was forecast. Well, here we all are, a year later, and just as the faces in the Chamber have changed, as have the sides that we are sitting on—some would say not for the better—so too has the economic picture. Given where we were last year, one would have expected the economy next year not simply to have recovered, but to have begun motoring; and yet now, thanks to snow it seems, it appears that the reverse is true. By cutting too fast and too deep, this Government are delivering slow growth and higher unemployment, which is why they will now have to borrow £46 billion more than they planned.

However, the question that this Bill raises is about not just whether to cut the deficit, but how we do so and who ultimately pays. Our national Exchequer certainly will: slower growth plus higher unemployment will make it harder to get the deficit down. As we pay out in jobseeker's allowance, we will also lose out as families fear spending money that they do not have. That is what I want to highlight this evening. We have a duty to consider how the proposals will help or hinder the finances of families across this country, because it is not just the Chancellor who will have to go cap in hand for extra funds. Contrary to what the hon. Member for Elmet and Rothwell (Alec Shelbrooke) seems to think—I am sorry that he is not here; perhaps he is in the gym preparing for his wedding—public debt and private debt are linked. Although public debt is down by £43 billion, private household debt is up by £245 billion—five times as much.

The hon. Member for West Suffolk (Matthew Hancock) is a man for whom I have tremendous respect—both him and his pullovers. He lauds the role of the Office for Budget Responsibility, but like Rosencrantz and Guildenstern, he is hoist by his own petard, because the OBR forecast last June that household debt would increase from an average of £58,000 in 2010 to £66,000 by 2015. The OBR now expects the figure to be £77,000. That is the downside of the Chancellor's deficit reduction plan. As taxes increase and public spending squeezes households' disposable income, they will be forced to take on more and more debt in an attempt to maintain their living standards. In fact, the OBR's March forecast shows household debt rising from £1.6 trillion this year to £2.1 trillion in 2015—or, from 160% of disposable income to 175%. The OBR reports that households will have to borrow more money than forecast in order to maintain their living standards. With the planned cuts in public spending, the only way the Government will see an improvement in the OBR's forecast for growth is for that ratio to increase.

I know that many Members will be sick of hearing me talk about credit and debt. Many may also argue that it does not matter, because we are a nation that is comfortable with debt—something the hon. Member for West Suffolk talked about. We have always had a different approach to personal debt from many other countries. We are a nation comfortable with borrowing in ways at which other cultures baulk. It is no surprise that we have the highest level of personal debt in the G7. That is not a problem if it can be managed. Much of the money that this country owes is housing related, which reflects a culture in which mortgages are routine. The truth is, however, that the debt that families are now getting into is not related to such investment in their future or about luxury living; it is about the money that they spend on everyday items. That is what is missing from their family finances.

In the current economic climate, UK adults face an average shortfall of £165 each month, with 26% unsure whether they can pay their bills on time. Recent research shows that more than 2 million people have used credit cards to pay their mortgage or their rent. That is an increase of almost 50% in a year. Since the recession, nearly a third of Britons are now spending more than they have coming in each month, and 22% of consumers will carry a credit card debt throughout 2011, with 7% of people saying that they will still be paying for Christmas 2010 after June 2011. It is estimated that 5 million people are now permanently overdrawn, and that 18 million have gone into the red at some point in the past 12 months. Nearly 8 million of us failed to pay at least one bill in the past year.

It is not just the poorest consumers in our society who are affected. According to Experian, the biggest rise in insolvencies in 2010 was among the people whom it calls "suburban mindsets", a consumer group comprising married, middle-aged people. That situation has not come about by chance. It is a direct consequence of how this Government have chosen to address the deficit.

Matthew Hancock: I do not wish to extend the love-in much further, but the hon. Lady's arguments, which are being passionately put, would carry much more weight and credence if she were to disappoint her Front-Bench team and accept Labour's role in bringing about this situation.

Stella Creasy: I am sorry that the hon. Gentleman has not been listening closely. Let me make it very clear: the figures from the Office for Budget Responsibility that I cited refer to this past year. Forgive me, but as far as I am aware, his party has been in power during that time and it has presided over this increase in the private debt that households are now taking on.

Let us talk about some of the things that are causing that increase. VAT is costing a family with children an extra £450 this year, on average, due to the rocketing cost of buying basics such as telephones and clothes and of getting a boiler or a washing machine fixed. That is before they even consider getting out and about to spend money. Many Conservative Members have talked about fuel prices, but the increase in VAT is adding £1.35 to the cost of filling up a 50-litre tank with unleaded fuel. The cut in fuel duty gives back only 1p, but the VAT increase costs us almost 3p a litre.

Those who are in work are finding it even harder to make ends meet as a result of the Budget. Since 5 April, 750,000 more workers have been dragged into the higher rate of income tax, and benefit recipients have lost £2.7 billion-worth of payments. Cuts to child care support have taken £1,500 a year from families. The £48 that people will get through the personal allowance increase in the Budget is barely a tenth of the amount that families will have to pay back through increased VAT. In two years' time, 1.5 million families—including many in places such as Walthamstow—will lose all their child

[Stella Creasy]

benefit. Credit Action has pointed out that, of the 45 changes to the tax and benefit system made in the Budget, 26 will have a negative impact on households.

There will also be fewer chances of getting a better-paid job, or of getting back into work, because unemployment is set to be higher in every year of this Parliament as a result of this Government's actions.

Jim Shannon (Strangford) (DUP): Those in the 16-to-25 age bracket who are unemployed will soon top the 1 million mark. Does the hon. Lady share my concern, and that of many other hon. Members, about what the future holds for them?

Stella Creasy: I absolutely agree with the hon. Gentleman. I have been a close reader of the work of Paul Gregg at Bristol university, who has shown how unemployment can scar young people and affect their earning potential for life. I am extremely worried about young people in this country who are facing unemployment and have little prospect of a place on a training scheme or in a university.

There is little sign that these pressures on family finances will ease. With the current wage squeeze expected to continue until at least 2013, average wages are expected to fall to less than £25,000, which is more than £1,800 lower than in 2009. People do not have the pounds in their pockets that they need in order to keep spending in the way our economy needs if it is to grow. If we add to that the anticipated rise in interest rates and mortgage payments, which has been one area of respite in the past few years, we can see that things are going to get a lot bleaker. As our newspapers warn daily, and as the Bank of England has pointed out, interest rates are likely to climb, piling pressure on the 60% of low to middle-income families who are already struggling to pay their bills.

It is no wonder that four in 10 people are worried about their current level of debt, with 4 million fearing redundancy and 4 million more having taken on debt in recent months. We know that the cuts that we have seen so far are just the beginning. The ones that families across the UK felt this month accounted for a mere 10% of the total savings planned before 2015 from changes in the tax credit and benefit system. More than 40% of the cuts kick in in 2013.

Loading debt on to households helps this Government to cut the deficit at the pace they desire, but it is the job of Opposition Members to challenge them on the cost and consequences to all of doing so. In an economy where jobs and growth are in short supply, such debts do not just mean lower consumer spending, higher levels of bankruptcy or repossessions. Nearly 30% of British parents admit they are arguing over their family finances and a third of parents are suffering the stress of sleepless nights because they are worried about money.

Such changes also directly impact on our chances for economic recovery. As the Bank of England pointed out,

"prospects for consumption…have an important bearing on the outlet for activity",

but it added:

"Near-term prospects have weakened further over the month. The squeeze on households…was likely to dampen consumption materially over the next year or so."

Even after a sharp reduction in its private consumption forecasts, that favourite of the hon. Member for West Suffolk, the Office for Budget Responsibility, expects British households to account for just over a fifth of economic growth this year and for almost a third next year. The truth is that if the average family is not willing to dig itself deeper into debt, those figures might have to be revised.

The Bill reflects the Government's complacency about the challenge. There is no commitment to act on these problems—only a general sense of unease, summed up best by the Minister for Equalities, the hon. Member for Hornsey and Wood Green (Lynne Featherstone), who wrote:

"What is tough—and will get tougher—is losing jobs. People in work will mostly get by—somehow. People on benefits will mostly get by—somehow. But for those who lose their job—it will be devastating. The cuts were announced last year. Their impact has yet to fully hit. This budget promised growth. The proof will be in the pudding. And the question will be whether there's a new job to be found within a time frame that can keep health, hearth and home together—and we need to keep a watch over that."

Well, I want to do more than keep a watch over that, and I hope to answer a question posed by Government Members about what policies Labour Members could suggest.

Today, I argue that we could do more than squabble over Keynes or the Ricardian equivalence; we could do something to help those people in immediate danger of insolvency and bankruptcy. At present, this Bill is missing that. Given the large numbers of people facing financial difficulty, we should be deeply concerned about the strategies that families have to cope with these pressures and how the Bill could do something to help.

To cover costs, more and more people are turning to sources of credit, which might seem like short-term solutions but quickly become long-term problems. The number of people who say they are likely to use an unauthorised overdraft this month has nearly doubled since July last year—from 900,000 to 1.6 million. Similarly, the payday lending industry in the UK, with its 4,000% interest rates and more, has quadrupled in the past 18 months.

Being able to borrow in a way that does not leave a long-term scar on the family finances is the new dividing-line in our society. Those who can access mainstream credit might just scrape by in austerity Britain. Those with little option but the legal loan sharks, maxing out their credit cards or racking up unauthorised debt, could spend a generation or more trying to become debt-free.

This Government want to pretend that such kinds of personal debt are solely a private matter, but Opposition Members see the social and economic consequences and we must beg to differ. A lack of regulation of the high-cost credit market in comparison with other countries allows that industry to go unchecked in the UK. Recognition of the problems caused by casino banking in the City is widespread across the House, but that is only half the battle; we should not forget the financial needs of those in our communities. For the sake of our economic recovery and for the sake of those families, credit should not be lent in a way that is detrimental to consumers without those who profit from exploiting them being made liable for the consequences.

When this Government announced their Budget, I asked a simple question: how can they be so keen to show that they are so tough on national debt, yet so

blind to the growing crisis of personal debt that their policies are stoking? Today, with this Bill before us, we are no closer to an answer, but thousands more edge closer to personal financial problems as a direct result. That is why I will table amendments to review whether the supplementary charge or the bankers' levy could be applied in a way that would disincentivise negative, high-cost credit lending. It is time that this Government put the fortunes of every family first. Other countries have done that to protect their consumers, and I do not see why British consumers should be denied the same opportunity.

Let me offer an open invitation to Treasury Ministers to do what their colleagues in the Department for Business, Innovation and Skills have signally failed to do, and respond to the concerns of Members throughout the House. I invite them to meet us to discuss how we could cap the total cost of credit. Campaigners all over the country who support such action—Churches, trade unions, community groups and consumer associations—would thank them for taking it.

I hope that Members who share my concern about personal debt will support my amendments, and will join me in holding the Government to account for what they are doing to the personal finances of families in every constituency in the country.

10 pm

Mr William Bain (Glasgow North East) (Lab): Thank you for allowing me to contribute to the debate, Mr Speaker.

Many Bills are based on evidence, but this Bill takes a huge gamble on the judgment of a Chancellor who regards his plans for fiscal consolidation more as an article of economic faith. The extent of the tax rises that it imposes, when added to the effect of the Government's decision to reduce spending by £81 billion over the next four years, threatens to remove about 2% of GDP from output. As Anatole Kaletsky wrote in the most recent edition of *Prospect*, that is the equivalent of the annualised growth achieved in the whole of 2010.

The theory that underpins the measures in the Budget and the Bill is that of expansionary fiscal contraction: the idea that cutting deficits as quickly as possible while also making a massive reduction in the scope of the state will liberate private sector capital to fill in the gap, and will create higher levels of growth. That theory is deficient for two reasons. First, in countries where it has been applied there has been a marked expansion in the export sector, normally accompanied by a depreciation of the currency. Secondly, it has tended to be applied in countries pursuing a policy of monetary easing. Neither factor is likely to obtain in the circumstances faced by the UK economy. In the last quarter of 2010 the country recorded the worst trade figures since 1985, there is weak demand in the rest of Europe apart from Germany, and inflationary pressures are making a rise in interest rates more likely than not this year. Nor is it credible for the Chancellor, who in January 2009 described printing money as

"the last resort of desperate governments"

whose other economic policies had failed, to rely on further quantitative easing to provide any additional monetary stimulus beyond the £200 billion already utilised by the Bank of England.

Government Members have prayed in aid of their fiscal consolidation plans the experience of the Canadian Government of the 1990s who faced the largest deficit in the G7. In a report entitled "Whose Canada?", Mario Seccareccia of the university of Ottawa noted the real reasons for the success of the Canadian fiscal consolidation programme. High growth in the United States, Canada's largest trading partner, a sharply declining Canadian dollar and the implementation of the North American Free Trade Agreement combined to push the export sector's share of Canadian GDP to 45% by 2000. In addition, an expansionary monetary policy raised consumer spending, and continued until the financial crisis. None of those factors is likely to obtain in the United Kingdom.

Here we have a Finance Bill that imposes the largest squeeze on living standards for British households since the 1920s. As was ably pointed out by my hon. Friend the Member for Walthamstow (Stella Creasy), its most worrying feature is the massive rise in personal debt and borrowing that underpins its provisions. The Office for Budget Responsibility expects total household debt to rise from £1.56 trillion in 2010 to a staggering £2.13 trillion in 2015, a rise of 36.3% in just five years. Whereas debt represented 160% of household income last year, the debt-to-income ratio will reach 175% by 2015. Through the higher taxes in the Bill and his Budget's spending cuts, the Chancellor is transferring the burden of debt from the state to private individuals. As the International Monetary Fund's recently published global economic outlook report finds, the global recovery remains unbalanced. High unemployment is likely to persist in the coming years. In the European Union economy, an underlying low rate of potential output is the biggest problem. The managing director of the IMF, Dominique Strauss-Kahn, noted in a speech at the Brookings Institution on 13 April that the global economic crisis had cast 30 million people into unemployment, and that over 200 million people across the world are currently seeking work. He says:

"The jobs crisis is hitting the young especially hard. And what should have been a brief spell in unemployment is turning into a life sentence, possibly for a whole lost generation."

He further states that

"fiscal tightening can lower growth in the short term, and this can even increase long-term unemployment, turning a cyclical into a structural problem. The bottom line is that fiscal adjustment must be done with an eye kept keenly on growth."

Those are wise words indeed.

The Office for Budget Responsibility's upward revision of projected unemployment for the remainder of this Parliament shows that there is little in this Bill to help tackle youth unemployment and to stop it nearing 1 million and surging over 20%. Indeed, the Government are cutting investment allowances to small and medium-sized enterprises by £2.6 billion in total, which will hurt manufacturers, particularly in the automotive and renewable sectors, and will most benefit high-profit but low-investment companies. As Richard Koo of the Nomura Research Institute in Tokyo says, drawing on his analysis of the Japanese economy in the 1990s, many businesses may remain in a "balance sheet recession", preferring to pay down debt and protect cash flows and yet shun investment.

Despite this Bill's lifting of some poor families out of income tax, there are cuts in child tax credits and child care support, and an increase in the withdrawal rates for

[Mr William Bain]

tax credits to 41%. So the £48 per year which the Chancellor is giving through the increase in the personal allowance in income tax is more than exceeded by the increases in VAT, lower tax credit entitlements, and the slashing of child care support by 10%.

By the decisions the Chancellor has made in his Budget and by the tax rises introduced in his Finance Bill, he has boxed himself into a corner, and has made the economy the prisoner of the OBR's growth forecasts. Missing the target for growth, as has already happened three times in the last year, means less revenue for the Treasury and a higher than expected deficit.

With tomorrow's publication of the UK quarterly growth figures, we may get more of an idea of whether it was just the snow or, more likely, the Chancellor's policies that put the economy in reverse in the last quarter of 2010. For output to bounce back from the calamitous fall in the autumn, the growth rate would automatically need to achieve the minimum level of 0.7%. If the OBR is correct in its above-average estimate for 2011, growth in the first quarter would need to fall in at around 1.2% tomorrow for the economy to be in recovery. If it does not, the Government will have to say how far they will be prepared to see unemployment rise before they decide to change course. It is not too late for a plan B, and I urge the Chancellor to take on board the advice from Gus O'Donnell and the Institute for Public Policy Research on a plan B and a slower rate of deficit reduction.

This Finance Bill is an example of faith-based economics and cynical politics from a Chancellor in whom this country is losing its belief. Britain deserves better, and only with alternative fiscal and taxation policies will we have a fairer way to sustainable public finances and rising living standards for the British people once again.

10.9 pm

Mr David Hanson (Delyn) (Lab): The amendment before the House declines to give the Finance Bill a Second Reading for simple reasons: because it will increase unemployment, it fails to tackle higher petrol prices, and it lets off the banks with their bonus tax being lower than it need be. The Bill will fail the British people and we will oppose it this evening.

We have had a good debate, in which we have brought out the differences between the Government and the Opposition on these key issues. There has been some agreement, for example, as the hon. Members for Watford (Richard Harrington) and for Elmet and Rothwell (Alec Shelbrooke) said, on the need to tackle the deficit. We do agree that we need to grow the economy and to reduce unemployment, and we should do those things in a fair and equitable manner.

However, the differences between the Government and the Opposition are wide and deep, and during the passage of this Bill they will be shown to be based on principle. The backdrop to the Bill is important and cannot be spoken about in isolation—indeed, hon. Members have not done that today. From January, VAT increases have cost families with children an average of £450 extra. As my hon. Friend the Member for Edinburgh South (Ian Murray) has said, we face cuts to the amount parents can claim on child care. We face child benefit being frozen for three years and the scrapping of the baby element of child tax credits, which is worth £545 a year to people. Benefits are being set on a permanently lower path of inflation, and basic and 30-hour elements of the working tax credits are being frozen. The second income threshold for family elements of tax credit is being cut and the withdrawal rates for tax credits are being increased to 41%.

This Government are clearly determined to hit families hard, and this Budget and Finance Bill do nothing to take those issues forward in a positive way. The Government's argument is that we need to tackle the deficit. We agree with that and we had a plan to tackle the deficit by cutting it over four years—the Department in which I was a Minister in the previous Government planned to save £1.4 billion. This Government's measures go too far and are too deep, and they will increase the debt in this country considerably through the levels by which unemployment and benefit expenditure will increase.

The Labour Government had a plan to lower the debt, and before the worldwide crash our national debt was lower than that of America, France, Germany and Japan. The actions of the banks caused the recession and the deficit, and without the support of active government, from which this Government seek to withdraw, we would have faced even more unemployment and even more house repossessions. We are clear that these cuts are too deep and that they are being made too fast, as my hon. Friend the Member for Walthamstow (Stella Creasy) said.

If the Minister does not wish to agree with me, perhaps he will agree with the Member who said:

"If spending is cut too soon, it would undermine the much-needed recovery and cost jobs."

He also said:

"Do I think that these big cuts are merited or justified at a time when the economy is struggling to get to its feet? Clearly not."

Those things were said by the leader of the Liberal Democrats one year ago this very week. He called for no cuts in public spending. He wanted cuts to be not so deep and not so fast, but he has changed his tune now.

We accept that getting the deficit down is important, and what happens to jobs and growth in our economy is crucial. That is why when last year the economy started growing, unemployment was falling. But cuts in public spending are now hitting not only people in the public sector and families and people who need support; they are hitting the private sector and private sector businesses harder. I heard the hon. Member for Newton Abbot (Anne Marie Morris) say that she was concerned about the private sector. This morning, I visited businesses in Ipswich and I was told that because of the fear of public spending cuts and the actual public spending cuts people were not buying things in the shops any more. I was told that the cuts were too deep and too fast, and that they were damaging the growth in our economy as a whole.

Last year's Budget should have contained a bank bonus tax creating more than 100,000 jobs, building 25,000 affordable homes, rescuing construction apprenticeships and boosting investment in businesses, but this Government have failed to take those actions. As well as cancelling the fuel duty rise—we did the same in government when oil prices were rising—the Government

should have reversed the VAT rise on petrol, which adds £1.35 to the cost of filling a 50-litre tank. The 1p fuel duty cut in the Bill does not go anywhere near far enough towards offsetting the increase in VAT that the Chancellor imposed in January this year.

The Finance Bill contains no real plan for growth. In clause 10, the Government cut Labour's proposed allowances for manufacturers by £75,000, using that money to give a corporation tax cut that disproportionately benefits the banks when we could have had more investment in research and development and tax relief for small businesses as a whole. On living standards, the rise in allowances given to people in the Bill is taken away by the VAT increase in January. The House of Commons Library has shown that families will be £1,700 a year worse off because of the Government's tax and benefits changes.

We know that the Government have not done enough to help drivers. We have seen the planned fuel duty rise delayed, which Labour Governments did when world oil prices were rising, but the Chancellor has done nothing to help individuals by increasing VAT, which has added to the cost of filling up tanks with unleaded petrol over the past three months. The cut in fuel duty gives only 1p back, while the VAT rise has cost almost 3p per litre.

We know that this year there have been tax cuts for the banks. Labour said we wanted an additional bank levy from the Government this year and that we should have repeated the bank bonus tax and raised at least £2 billion so that the banks did not get a tax cut and so that funds were provided to invest in jobs, growth and housing. The Government have said no. In future years, the Government should increase the bank levy to ensure that the banks continue to pay their fair share of tax, so that taxpayers are not left to pick up the bill for the banking crisis.

Finally, clear concerns have been expressed by my hon. Friends the Members for Linlithgow and East Falkirk (Michael Connarty) and for Aberdeen North (Mr Doran) and by the hon. Members for Dundee East (Stewart Hosie), for Waveney (Peter Aldous) and for East Antrim (Sammy Wilson) about the investment proposals for North sea oil and the risks that the Government are taking. At the very last minute, with no consultation, the Government have made proposals to tax North sea oil still further. Oil and Gas UK has criticised the Government's decision and uncertainty has been expressed from organisations across the board about this hasty move. The Government took the decision at the very last minute with no consultation and next Tuesday we will seek to discuss the matter in more detail and to ensure that we get further consultation.

The Government are cutting too far and too fast and the Finance Bill does nothing to help gain confidence, increase employment or secure the future for our society as a whole. The Government have implemented front-loaded cuts, which are hitting vital services and families, while giving the banks a tax cut. The Government need to think again about the devastating impact of their policies on our economy. We shall scrutinise the Bill in Committee and we shall undoubtedly welcome certain aspects of it in due course. Tonight, however, I ask my hon. Friends to vote for the amendment and against the Bill. The Bill will damage our economy, it does nothing for our society and I urge my hon. Friends to reject it.

10.18 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): We have had a very useful debate this evening with a number of contributions. In particular, I thank my hon. Friends the Members for Newton Abbot (Anne Marie Morris), for Watford (Richard Harrington) and for Waveney (Peter Aldous), who spoke about the measures for small businesses in the Budget and the Finance Bill, my hon. Friend the Member for Bristol West (Stephen Williams), who brought his expertise in tax matters to the debate in a wide-ranging speech, my hon. Friends the Members for North East Somerset (Jacob Rees-Mogg) and for Elmet and Rothwell (Alec Shelbrooke), who, in their different—but both eloquent—ways, set out how a Government must live within their means, and my hon. Friend the Member for West Suffolk (Matthew Hancock), who brought his economic expertise to the fore by highlighting the circumstances in which we find ourselves.

I remember our debate on last year's Finance Bill following the June Budget, and this has been a somewhat shorter debate. I listened with great care to the speech of the hon. Member for Wallasey (Ms Eagle) and I think that only two of her 26 minutes were devoted to the Finance Bill. I wonder whether the Labour party's interest in these matters is diminishing. If so, I would like to think that that is because much of the content of the Bill is uncontroversial, and because we have relatively few areas of contention. The Bill has been widely welcomed. It promotes growth alongside fairness, encourages investment and responsibility and provides for those who need help by supporting a more balanced economy on the basis of a credible and sustainable position.

We have set out our plans to reduce corporation tax—by 2p this year—moving us towards having one of the most competitive tax systems in the world once again, and meeting our objective of having the most competitive tax regime in the G20. We have set out our reforms of the taxation of foreign branches and our interim changes to the controlled foreign companies rules, which are resulting in companies looking to move back to the UK, not away from it. Britain is open for business again. We have set out our plans to double the amount of entrepreneurs' relief to £10 million, and we have increased the research and development tax credits for small and medium-sized enterprises to 200%. Clause 42 increases the relief available through the enterprise investment scheme to 30%. Of course, tax rates matter as much to small companies as to large ones. Last year, we announced that instead of increasing the small profits rate we would cut it, and clause 5 reduces it to 20%.

Clause 1 increases the personal allowance by £1,000, which is the largest ever increase. In doing that we are removing 800,000 people from income tax altogether, as a step towards meeting our objective of a personal allowance of £10,000. Indeed, we announced in the Budget further measures toward achieving that objective.

Although supporting business is a necessary part of all this, it is important that the sectors with circumstances on their side contribute sufficiently to helping society. That is why we have increased the supplementary charge on profits from oil and gas extraction in the North sea. That will fund the 1p cut in the fuel duty that my right hon. Friend the Chancellor announced in the Budget and will delay the increase legislated for by Labour. As of 1 April, average pump prices have been approximately 6p a litre lower than they would have been had we continued with the previous Government's escalator.

[Mr David Gauke]

On VAT—this point was ignored entirely by the shadow Chief Secretary—it is remarkable that the shadow Chancellor still wants to talk about reducing VAT on fuel, which would take six or seven years to negotiate if it could be achieved at all. There is an easier way of cutting tax on fuel: it is by reducing fuel duty, and this Government have done it.

There are long-term proposals in the Bill dealing with annuitisation, the national employment savings trust and the taxation of pensions. At the other end of the scale, clause 40 introduces individual savings accounts for children, and my right hon. Friend the Chancellor has announced that support will be available for looked-after children through junior ISAs.

We are providing for a better environment. Clause 77 introduces a carbon price floor, which will provide the incentive for billions of pounds-worth of investment in cleaner sources of energy. The fact that we have ensured that the climate change levy maintains its real value adds to that incentive.

The Bill also helps to address other issues. The new duty on high-strength beers will help to tackle problem drinking by adding 25p to the price of a can of super-strength lager. That is coupled with a reduction in the duty on lower-strength beers to help to encourage the more responsible consumption of alcohol. I cannot promise my hon. Friend the Member for Elmet and Rothwell that there is anything in the Bill on draught beer, although we note his comments. I can only suggest that as he is dieting for his wedding, perhaps he should stay off the draught beer for another month or so. On behalf of the whole House, I wish him well. It is clearly the wedding of the year, and everyone will be looking forward to it.

We have set out to have a better tax system in the way that we make tax law, through a more deliberative and consultative approach, with greater emphasis on simplification. First, the corporate tax road map published last year set out changes to the regime. By introducing the changes to foreign branches and controlled foreign companies, the Bill takes the first steps alongside the corporate tax road map. Secondly, we published the majority of clauses in draft in the autumn. The Government have allowed proper time for better developed proposals and consultation. More than 200 responses were received on the draft clauses. Through the tax professionals forum which we set up, I received a large number of positive comments on our decision to consult.

Malcolm Wicks: Will the hon. Gentleman give way?

Mr Gauke: If the right hon. Gentleman will forgive me, I should like to proceed. The House has already sat quite late.

Malcolm Wicks *rose—*

Mr Gauke: The tax system needs to be simpler. Simplicity reduces the burdens on businesses—[Hon. Members: "Give way!"] Let me finish this point, then I will give way to the right hon. Gentleman. Simplicity reduces the burdens on businesses, individuals and HM Revenue and Customs. The Office of Tax Simplification set up last summer has already provided the first in a series of recommendations, and the Bill takes forward the first of those recommendations by removing tax reliefs. We will introduce further abolitions next year, after a period of consultation.

Malcolm Wicks: I am grateful to the Minister for so graciously giving way. He has spent most of his speech listing the contents of the Bill. Will he find time soon to respond to the debate?

Mr Gauke: I am not sure that it is necessarily wrong to describe what is in the Bill when we are debating that matter. I know it is not an approach that the shadow Chief Secretary took.

The Bill sets out our objectives. We need a competitive tax system. We must respond to the needs of the British people, who are facing higher fuel prices. The Government have been able to respond. Most of the debate today has not been about the specific measures; it has been about the broad approach. The Government believe that the structural deficit needs to be eliminated by the end of the Parliament. That position has the support of the International Monetary Fund, the OECD, the CBI, the British Chambers of Commerce, the European Commission, the World Bank, the Governor of the Bank of England, Tony Blair, credit rating agencies, the leading bond traders, the Institute for Fiscal Studies and a host of business leaders.

It is the lonely position of the official Opposition to believe that the biggest problem facing the UK economy is that the Government are not borrowing enough, but what have we seen in recent weeks? We have seen the likes of Portugal, after its Parliament could not reach agreement on a credible deficit reduction package, having to seek a bail-out. We have seen credit rating downgrades for the likes of Portugal and the Republic of Ireland. We have seen long-term interest rates rising, and we have seen, in response to the situation across the world, President Obama setting out a deficit reduction plan that is faster than that proposed by the Government.

It is clear that this is no time to be complacent about the dangers to our economy from failing to reduce the deficit. To abandon our plans for fiscal consolidation, as advocated by the Opposition, would risk a credit rating downgrade. It would put at risk our long-term interest rates and even put us back in the danger zone of a sovereign debt crisis. Those are not risks that the Government are prepared to take. That is why, in the Budget and the Bill, the Government remain determined to stay on course. I commend the Bill to the House.

Question put, That the amendment be made.

The House divided: Ayes 215, Noes 313.

Division No. 256] **[10.29 pm**

AYES

Abbott, Ms Diane	Barron, rh Mr Kevin
Abrahams, Debbie	Bayley, Hugh
Ainsworth, rh Mr Bob	Beckett, rh Margaret
Alexander, rh Mr Douglas	Begg, Dame Anne
Alexander, Heidi	Bell, Sir Stuart
Ali, Rushanara	Benn, rh Hilary
Allen, Mr Graham	Benton, Mr Joe
Anderson, Mr David	Berger, Luciana
Bailey, Mr Adrian	Betts, Mr Clive
Bain, Mr William	Blackman-Woods, Roberta
Balls, rh Ed	Blears, rh Hazel

Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Buck, Ms Karen
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Graham Jones and Gregg McClymont

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne

Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Mark Hunter

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)), That the Bill be now read a Second time.

The House divided: Ayes 315, Noes 208.

Division No. 257] **[10.43 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Brazier, Mr Julian
Bridgen, Andrew

Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Buck, Ms Karen
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Graham Jones and Gregg McClymont

Question accordingly agreed to.

Bill read a Second time.

Ordered,

That—

(1) Clauses 4, 7, 10, 19, 35 and 72 be committed to a Committee of the whole House;

(2) the remainder of the Bill be committed to a Public Bill Committee; and

(3) when the provisions of the Bill considered by the Committee of the whole House and the Public Bill Committee have been reported to the House, the Bill be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.—*(Mr Vara.)*

Committee tomorrow.

Ordered,

That the Finance (No. 3) Bill Committee shall have leave to sit twice on the first day on which it meets.—*(Mr Vara.)*

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

SHORT SELLING AND CERTAIN ASPECTS OF CREDIT DEFAULT SWAPS

That this House takes note of European Union Document No. 13840/10 and Addenda 1 and 2, relating to the draft Regulation on Short Selling and certain aspects of Credit Default Swaps, and

No. 7379/11, relating to the corresponding Opnion of the European Central Bank; and supports the Government's position that proposals should not impact market efficiency and liquidity, in particular in relation to sovereign debt.—*(Mr Vara.)*

The Speaker's opinion as to the decison of the Question being challenged, the Division was deferred until tomorrow (Standing Order No. 41A).

REMOVING CROSS-BORDER TAX OBSTACLES

That this House takes note of European Union Document No. 5037/11 and Addendum, relating to the Commission Communication on Removing cross-border tax obstacles for EU citizens; recognises the Government's continuing commitment to strengthening the single market while upholding the principles of tax sovereignty and subsidiarity; shares the Government's view that any resulting legislative proposals should be examined carefully for their implications for UK tax policy and competence; and supports the Government's position that decisions on tax proposals within the EU should be subject to unanimity.—*(Mr Vara.)*

Question agreed to.

Mr Speaker: Order. Just before the hon. Member for Milton Keynes South (Iain Stewart) gets under way, I appeal to Members leaving the Chamber to do so quickly and quietly so that he gets a fair hearing.

Funeral Payments

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

10.58 pm

Iain Stewart (Milton Keynes South) (Con): I am grateful for the opportunity to bring to the attention of the House the issue of funeral payments and to seek some answers from the Minister.

I sought this debate following a direct request from a constituent of mine, Ms Teresa Evans, who contends that she was not given good advice following the tragic death of her 20-year-old son, Boyd Evans. I have raised the issues with the Minister via correspondence and written parliamentary questions, but they have not been dealt with to my constituent's satisfaction, which is why I wish to raise them on the Floor of the House.

I should say at the outset that my constituent is not seeking personal recompense for her situation, but rather wishing to prevent similar problems being encountered by others. Newly bereaved people can be responsible and in control only when they are afforded sound information to make well-informed decisions.

Let me start by providing the background to the case. Teresa Evans's son, Boyd, was killed as a result of passenger injuries sustained in a car crash in Staffordshire—some distance from his home in Milton Keynes—in 2006. Quite apart from having to deal with the emotional trauma of losing her son, my constituent also had to deal on her own with the practicalities of the funeral arrangements. She is a lady of very modest means. She had no money when she lost her son, so applied for a funeral payment and overdrew at the bank to provide a funeral. In her own words:

"It wasn't a lavish funeral but a dignified one. In terms of distance and the cost per mile allowed from the social fund payment, I could not claim a total refund for the fee to return my son back to Milton Keynes from where he died in Staffordshire. The inescapable charge was £220, but despite an appeal to the DWP I was only paid £170. This left a shortfall of £50".

However, she later found out that despite her son undergoing a post-mortem, she was within her legal rights to collect her son in her own vehicle and would have done so had she been aware of this at the time.

My constituent was also informed by the undertakers that the cheapest coffin available cost £680. Subsequently, she found that she could have bought the same coffin online for considerably less or buried her son in a shroud, which she had the legal right to do. In addition, had someone told her that she could still claim a funeral payment without using an undertaker, she would have done this, especially because she claims that the undertaker misled her with false information resulting in her not being able to return her son to his home to lie in wait for his burial. She would have done all these things had she been aware of her legal rights. This has led to her creating a campaign for the rights of newly bereaved people to be made known to them in sudden and unexpected circumstances.

Four years after her son was buried, my constituent discovered that no one had informed her that she could have recovered the fees for the burial rights to her son's grave within three months of the funeral. If the system had worked properly, she would have received an additional £304 for the burial rights. Consequently, she was forced

[Iain Stewart]

to surrender her life insurance policies to buy the burial rights, and she feels aggrieved that no one is held accountable for this action. She believes that the Department for Work and Pensions is overly reliant on the funeral industry to provide guidance to the relatives of a person who has died, specifically on what fees can be recovered. She claims to have evidence that proves that undertakers point applicants of a funeral payment to Jobcentre Plus for guidance. In addition, she claims that the National Association of Funeral Directors had no knowledge of the most technical information in existence—the DWP booklet SB16, which the Minister has stated is the most comprehensive guide. That this piece of literature is known only to some professionals would suggest that the bereaved may often not be aware of the full extent of their rights.

My constituent has also commented to me that a bereavement charity, the Alice Barker Trust, identified the same problem a long time ago. She is calling for much clearer guidance to be made available on the options open to relatives, particularly given that they will be in a highly emotional state. As the literature for the applicant may be understood only by those with technical knowledge, it needs to be written in plain language more readily intelligible to anyone. At present, the DWP relies upon undertakers to explain the rules to eligible claimants, resulting in the sort of problems experienced by my constituent. This generates unnecessary mystery and dependency, when we should be promoting education, self-help and self-reliance. A very simple and no-cost solution would be to amend the available literature in both print and online formats, making obvious what fees can be paid by the DWP in relation to the funeral, costs for opening the grave and burial rights for a fixed number of years.

I have already raised Teresa Evans's case and her request for action with the Minister, but she has been dissatisfied with the response and with what she claims to be a lack of urgency in addressing the situation. She has therefore asked me to pose the following questions to the Minister. First, can he state, from records for the last financial year, how many claimants received payments for burials and what proportion of that number also received payments for what are technically known as burial rights, so they did not use what are known as pauper graves? Secondly, will the Minister consult the Alice Barker Trust to revise the wording of the advice that the DWP produces for printed, internet and other information? Thirdly, does the Minister agree that had the wording suggested by the charity been used before Boyd Evans was killed in 2006, his mother would have received her full entitlement to a funeral payment and would not have had to cash in her life insurance policies to cover the burial rights to her son's grave? Fourthly, when it comes to the big society and developing strong communities, does the Minister agree that it is essential to empower all claimants in order to help them act independently and responsibly?

Nothing can bring Boyd Evans back, but his mother is hoping that her experience will result in the Department for Work and Pensions learning lessons, so that others do not encounter unnecessary emotional turmoil and financial hardship. Once again, Mr Speaker, I am grateful for the opportunity to raise this matter on the Floor of the House.

11.6 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate my hon. Friend the Member for Milton Keynes South (Iain Stewart) on securing this debate and on raising these difficult and important issues in a measured, succinct and sensitive way.

People sometimes say, "What's the point of these Adjournment debates?", because there is no vote at the end of them, or, "Does anything ever change?" One thing that these debates do is, quite properly, require Ministers to focus on the issue that has been brought before the House. In response to this debate being called, I have looked at my hon. Friend's constituent's website. As he well knows, her tragic circumstances and the death of her son five years ago led her to campaign on these issues. She has her own website, which I have looked at today. I pay tribute to her for the way in which she has sought to turn her tragic circumstances into something more positive, so that others do not have the same difficult experiences that she did in dealing, as I understand it, not just with funeral grants and the DWP, but with a range of other public bodies and organisations. The way Ms Evans has pursued the issues over the following years is enormously to her credit. I hope that I can offer my hon. Friend some reassurance this evening that that campaigning has led to changes, and that the situation that someone who has been bereaved now encounters is a good deal better than it was five years ago. Clearly there is always room for improvement—we will continue to look at that—but we have made changes even this month in response to the points that his constituent has raised with us, which I will set out more in due course.

It might be worth briefly putting on record some background to how the social fund funeral payments system works, because it is not always well understood. Essentially, the system is designed for those on a low income. The presumption is not that the state will pay for funerals for all people—or indeed pay for the full costs of funerals—but that it will make a significant contribution for people in receipt of income-related benefits and tax credits. The idea is to provide a contribution towards the cost of a simple, respectful, low-cost funeral. The payment is in two parts. We, the DWP, will pay in full the costs of a cremation or burial, including the purchase of a grave with exclusive burial rights. That is a point to which I will return, because I know that it was important in Ms Evans's son's case, and it is something that might not have occurred to any of us unless we were faced with that situation. I can well imagine that it must have been very difficult to discover some time after she had buried her son that she did not have exclusive burial rights. I fully accept that we must ensure that that situation does not arise again.

The scheme meets those costs in full, which can vary quite considerably between different parts of the country. In addition, we will make a maximum payment of up to £700 for other costs, such as the coffin, church and the funeral director's fees, if appropriate. I will return to whether one has to have a funeral director—which one does not—and to making people aware of that fact and how we will take this forward. Over the months, I have received a number of letters from hon. Members who have been contacted by funeral directors in their constituencies who have made the point—entirely

accurately—that £700 does not cover the full cost of a funeral. We accept that; we do not dispute it. The typical total amount that we are paying is about £1,200, which includes the other costs plus up to £700.

There is a presumption that many people will take out funeral plan insurance, because they want to ensure that they are covered and do not want to leave a financial burden for their heirs. If that has not happened, many families will meet the costs themselves, but we also need to ensure that a safety net is in place. We also want to ensure that there is additional provision for those people for whom the £700 cap is a barrier. We are therefore taking powers in the Welfare Reform Bill that is now going through the Commons that will, for the first time, bring funeral costs within the scope of the budgeting loans system. I raised this matter before Christmas in a meeting with the National Association of Funeral Directors, and with the all-party parliamentary group on funerals and bereavement. They very much welcomed the change, saying that it was a further provision that would help to ensure that people who were very short of money at a difficult time would have sources of finance available to help them to meet the costs of a decent burial and to ensure that funeral directors' proper costs were reimbursed through the individuals. The measures will therefore be welcomed. We also need to ensure that the way in which we respond to people is correct and helpful, and that it makes life easy for them at this difficult time.

I shall go through the questions that my hon. Friend has raised and try to give him what information I can. I shall also tell him what we have changed as a result of his constituent's campaigning. He asked for a factual breakdown of the numbers of people who received financial support towards exclusive burial rights. Unfortunately, the way in which the information is held does not allow us to provide such a breakdown, as I think I have already indicated to his constituent in writing. I can confirm, however, that in the last full financial year, 2009-10, there were 39,000 funeral payments at a total cost of £47 million. We cannot give a more detailed breakdown, because of the way in which the information that my hon. Friend has requested is stored.

The information and guidance that goes to relatives is at the heart of the issues that my hon. Friend has raised. In Ms Evans's case, the information that came to her from the funeral director was incomplete, for whatever reason, and led to her making choices that, had she been fully informed, she would have made differently. I have made some inquiries into where the right information should come from, and the key is the fact that, on becoming bereaved, the family or its representatives will register the death. That is the point at which we aim to ensure that people get the relevant information. We will not have to rely on funeral directors to provide it. Indeed, there might not be a funeral director involved. The Government as a whole want to ensure that the information gets through to people at the point at which they register the death.

This is already being rolled out more or less nationwide, and we will continue to develop this "tell us once" service. The idea is to allow customers to report a birth or a death to multiple central and local government departments, agencies and services just once. This will help to reduce some of the complexity for customers at this particularly difficult time. The service is currently offered on a face-to-face basis by a number of local authorities, and we expect it to become a national service covering about 90% of local authorities by the end of this year. The remaining authorities will, in many cases, be remote ones for which this might not represent the right mix of services, but it will be pretty much a national service by the end of the year.

The idea is that a person can have a face-to-face session with someone from the local authority, or, if they are a DWP customer, as many people are, they can have a telephone session with someone from the Department. That one conversation will enable us to end benefits that no longer need to be paid, as well as triggering the possibility of applying for other benefits, including bereavement benefits and funeral payments. That is the crucial point. In the phone conversation with our bereavement service, for example, all the questions about what is covered and what payments are available can be answered. Our member of staff will have the latest information.

My hon. Friend has mentioned the technical information relating to what is covered and what is not, and we will have all that information to hand. In fact, the bereaved person will not have to fill in a form at all. They will be able to give all the information over the phone, which will constitute a claim that can be progressed pretty quickly. Speed is obviously of the essence, because people need to feel confident that, if they are eligible, the payment will be made. We want to do anything we can to remove delay or anxiety at this difficult time.

The "tell us once" process is being rolled out, as I say, across the country. To clarify, with the informant's consent, information about the deceased, a surviving spouse or partner and the people dealing with the estate can be shared with up to 24 different benefits and services. It is going out far and wide. At the moment, 43 local authorities offer a service, and I believe my hon. Friend's local authority, the Milton Keynes unitary authority, is due to offer its "tell us once" service from July this year. That will be an important step in the right direction.

My hon. Friend raised the issue of forms and paperwork. I can tell him that this month, in response to some of the points that his constituent raised with us, we have made a number of changes to the claim form for the funeral grant. Let me briefly run through them, as she would be interested to know what those changes are.

There are two documents. The first is a note sheet that accompanies the funeral payment application, and we have made three changes to it. On page 6 of the form, we have added a bullet point that says people can send

"evidence of the costs incurred if the funeral arrangements were made without using a funeral director".

That is one of Ms Evans's points—that people do not always realise that they do not have to use one and do not always realise that they can get their costs reimbursed if they have not used one. We have made it explicit that evidence of costs can be provided if a funeral director has not been used.

On page 7, we say, and it is worth reading into the record:

"Although most people use a funeral director to make the necessary arrangements, you may have chosen to make the...arrangements without using a funeral director. A funeral

[Steve Webb]

payment can be made whether or not you have used a funeral director. If you have arranged the funeral independently, you will have to provide evidence of the costs you have incurred."

Anyone reading the notes will get the message quite quickly that they have choices and can choose how they want to proceed.

The third change we made to the explanatory notes is in the bullet point list of what can be included in the funeral payment. The second bullet point refers to

"the cost of opening a new grave and burial costs",

and we have now added

"including any exclusive right of burial fee".

That deals with Ms Evans's point that she did not get the money because she did not claim it at the time because she did not incur it at the time because she did not realise the distinction. We hope that if we can get that information out at the start, the figure of about £300 or so, which my hon. Friend mentioned, would be covered in full and not be subject to the cap. We make that explicit in the notes to the form.

As to the form itself, we have made a couple of changes. On page 15, we inserted a new question:

"Have you used a funeral director to arrange the funeral?";

and on page 20, the wording about making a payment has been amended to cover payments to claimants

"if you have not used a funeral director".

I hope that those incremental changes—I know that Ms Evans has corresponded with my officials and others about this for some considerable time—will help. The forms are changed up to twice a year—we try not constantly to change them—and the April change has just taken place. It incorporates the important points that my hon. Friend's constituent raised.

Jim Shannon (Strangford) (DUP): I believe that the figure of 45 or 46 local authorities was mentioned. Is it the Minister's intention to give this information out to all local authorities across the whole of the United Kingdom, including Northern Ireland? Does he also intend to ensure that the explanation given by the local authority is based on this information so that authorities can explain to people exactly what they have to do? I think that the explanation is important.

Steve Webb: I am grateful for that question. I will clarify the point about the scope. The idea is that local authorities would respond in a way that is tailored to their local circumstances. That is why some local authorities will adopt a particular local response, perhaps if their area is strongly rural. We also think it important, however, to give people the possibility of a face-to-face encounter. I will get back to the hon. Gentleman about whether the scope will be extended to include Northern Ireland. I am certainly aware that we are talking about the whole of Great Britain, but I will write to him about the applicability to Northern Ireland. The idea is that local authority folk can, to use the jargon, "wrap around" other support services at this important time. The DWP is concerned with bereavement payments and funeral payments, but obviously people may want or need a host of other services at the time of a bereavement. We want to ensure that local authorities can provide all the support that people need through a single point of contact. That can be done face to face, but we will also deal with specific DWP issues through the bereavement service.

My hon. Friend mentioned the Alice Barker Trust, and we are grateful for its input. It has worked closely with Ms Evans on the wording of the forms. We will certainly continue to consider its suggestions, although I do not want to give the impression that all the existing literature is rubbish. We carry out surveys and ask people what they think of the literature that they were given. We have, for instance, asked people—at an appropriate time—what they thought of a leaflet called "What to do after a death", of which many Members will have heard. We found that 97% of people considered the leaflet to be very or quite helpful in answering their questions, and 95% agreed that it was easy to find the information that they wanted in it. There is good material out there, but I accept that more can always be done.

My hon. Friend asked about the way in which information was communicated to his constituent. Obviously I cannot comment in detail on what happened five years ago, but it is clear that the £300 was not paid because it was not claimed, and it was not claimed because exclusive right of burial was not part of the funeral. I hope that I have explained how we will try to ensure that people understand that they can claim the full amount, and that the unfortunate thing that happened to Ms Evans will not happen again.

Let me say something about funeral payment law. We provide general information, and, as my hon. Friend said, SB16 contains encyclopaedic guidance to the social fund as a whole, but we also provide leaflets which, inevitably, cannot be exhaustive. We have tried to strike a balance. Although a leaflet that covers every possible combination of circumstances is very useful, it may be off-putting for people who do not receive the key messages that they need. On the Directgov website we have tried to provide a wide range of information on what to do following a death, including arranging a funeral and registering a death. The site also lists organisations that offer help and advice following a bereavement. My hon. Friend mentioned the big society. We want to "signpost" people towards the many charities and voluntary organisations that provide effective support for people at this difficult time.

Tessa Munt (Wells) (LD): If local authorities are to be involved, might it be suggested that the electoral register should be altered automatically? On Saturday I knocked on a door and found someone who had lost her husband three or four months earlier. She was still receiving letters addressed to her husband, because she had completely forgotten to let the district council know that he had passed away. Altering the register automatically would save a great deal of distress to people like that lady.

Steve Webb: My hon. Friend is right. I think that we have all encountered such examples when canvassing because the electoral register is out of date. We may have written letters to deceased people, and perhaps caused distress to relatives. The "tell us once" system would deal with that. I do not think that local authority electoral services are explicitly part of the process, but I will convey what my hon. Friend has said to our right hon. Friend the Deputy Prime Minister, who I believe oversees electoral matters.

We have come a long way. The Department's bereavement service was fully rolled out in March 2011, and we have recently surveyed customers who have used it. They have ranked it

"above many other well known organisations that customers have to deal with when reporting a death".

One customer said:

"I ...was surprised that a Public Service was that good and sympathetic and the staff were well trained. It really made a difference to something I was dreading. I was treated like a human being".

Another said:

"I was impressed that it was all done in one call, it was also a huge sigh of relief for me".

Let me give one final quote:

"We spoke about help with funeral costs and she completed the form there and then for me. I couldn't have done this on my own."

I am most grateful to my hon. Friend the Member for Milton Keynes South for raising this set of issues. They are clearly vital and all our constituents will face them at one point or another in their lives. Ms Evans faced a very difficult and tragic situation five years ago, which was not helped by her dealings with the Department for Work and Pensions or other Government bodies. I pay tribute to her for taking the issues forward in such a constructive way, and I hope I have reassured my hon. Friend that we have listened and responded.

Question put and agreed to.

11.25 pm

House adjourned.

House of Commons

Wednesday 27 April 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CABINET OFFICE

The Minister for the Cabinet Office was asked—

Small and Medium-sized Enterprises

1. **Robert Halfon** (Harlow) (Con): What steps he is taking to increase access to Government contracts for small and medium-sized enterprises. [52583]

6. **Julian Smith** (Skipton and Ripon) (Con): What steps he is taking to increase access to Government contracts for small and medium-sized enterprises. [52588]

7. **Mark Pawsey** (Rugby) (Con): What steps he is taking to increase access to Government contracts for small and medium-sized enterprises. [52589]

8. **Amber Rudd** (Hastings and Rye) (Con): What steps he is taking to increase access to Government contracts for small and medium-sized enterprises. [52590]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): On 11 February, the Prime Minister and I announced a package of measures, including launching our Contracts Finder website, eliminating burdensome and unnecessary pre-qualification requirements from the procurement process, and introducing new ways to allow small and medium-sized enterprises to challenge contract procedures when they operate in a way that makes life difficult for them. In addition, from the end of April, all Departments will be required to publish a set of specific, targeted actions to increase their business with SMEs.

Robert Halfon: Will the Minister set out what steps he is taking to increase access to public contracts for smaller, grass-roots charities as well? Does he agree that for the big society to work properly, we need to build the little society too?

Mr Maude: My hon. Friend makes the point very well. All the measures that we are taking to enable small and medium-sized businesses to participate more fully in Government contracts will, of course, apply to the voluntary and charitable sector as well. Indeed, it is estimated that 35% to 40% of the value of the contracts recently awarded under the Department for Work and Pensions Work programme will go to organisations from the voluntary and charitable sector. We believe that that will be worth in excess of £100 million a year.

Julian Smith: Will the Minister take this opportunity to name and shame those Government Departments that are doing well in opening up to small businesses and those that are currently doing less well?

Mr Maude: I certainly do not want to shame the ones that are doing well. We have found a number of examples of procurement processes that are not meeting the new requirements. For example, Durham police recently issued an invitation to tender for a £50,000 leadership training contract. The pre-qualification questionnaire alone was 38 pages long and contained a request for 163 separate items of information plus a security vetting form. That is unacceptable, because it causes many smaller businesses to lose the will to live, and they simply do not apply.

Mark Pawsey: I am the former owner of a small business supplying products to the public sector. When applying to be added to a new tender list, I was often frustrated by the amount of red tape required. Will the Minister confirm that in future fewer company policies and statements will need to be provided to participate in the tendering process?

Mr Maude: We want to strip away all that nonsense. Under the last Government, there were 6,000 pages of guidance for some kinds of procurements. It is not surprising that smaller businesses just did not bother to apply; they knew that they were going to be excluded. There were turnover requirements and requirements for a track record of doing exactly that kind of work. The truth is that that is very bad for small businesses and we want to make things much better.

Amber Rudd: During a recent meeting, small and medium-sized enterprises in Hastings raised with me the difficulties not just of the paperwork, but of getting the capital requirements in this climate for procurement contracts with the Government. Will the Minister reassure us that that aspect will also be considered, as we try to make it easier for small and medium-sized enterprises to engage with the Government?

Mr Maude: My hon. Friend makes a good point. We are concerned that the working capital requirements should be proportionate and sensible and that the turnover requirements should be proportionate to the needs of the contract. All ridiculous requirements such as those that existed under the old regime—for example, always requiring three years of audited accounts, which automatically excluded huge numbers of new and innovative businesses—will be swept away.

Mr Denis MacShane (Rotherham) (Lab): Does the Minister accept the macro-problem? In south Yorkshire, a large number of private sector enterprises depend in whole or in part on public sector contracts. So much demand is being taken out of the economy, because of the deficit reduction plans, that such businesses face

serious challenges. Does he accept that small enterprises face a real problem because of his Government's macro-economic policy?

Mr Maude: I acknowledge that there is a problem—and it is one caused by the Government of whom the right hon. Gentleman was a member and supported. They left Britain with the biggest budget deficit in the developed world. I am waiting for the right hon. Gentleman to apologise for that; that would be timely.

Tessa Jowell (Dulwich and West Norwood) (Lab): In looking at an increased role for small and medium-sized businesses, will the Minister let the House know when his Department will publish the public services reform White Paper? It was commissioned last October to be published early in the new year. January became February, and the Prime Minister said that it was only two weeks away. Two weeks have become more than two months and there is still no sign of the White Paper. Is that the Government's biggest pause, or have they just given up on public services?

Mr Maude: I am thrilled that the right hon. Lady is waiting for the document with such obvious excitement, and I can assure her that it will be well worth waiting for. This Government are committed to breaking up the old public sector monopolies and providing diversity, particularly with the growth of public service mutuals. The document will be published later this summer, and I can promise her that she will be delighted with it.

Big Society Bank

2. **Lindsay Roy** (Glenrothes) (Lab): Whether private sector organisations will be able to make applications to the big society bank. [52584]

The Minister of State, Cabinet Office (Mr Oliver Letwin): The big society bank will provide finance for the voluntary and community sector through funds to social lenders and investors. It will provide funds only to bodies that are onward lending or investing in the voluntary and community sector, charities and community groups.

Lindsay Roy: I thank the Minister for his response. In the light of that, can he please indicate how the bank will define social enterprise, as currently there is not a legal definition? How will he ensure that all social enterprises have access to funding but that no organisation that exists for private profit has such access?

Mr Letwin: Social enterprises can take a wide range of different forms, but the common feature is that they do not seek to make a profit for shareholders. I think there is a widely understood definition of voluntary and community sector groups, and the big society bank will be organised in such a way that it can identify those and make sure that the funds that it is providing to social investors and social lenders go only to those groups.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I commend the intellectual ideas behind the whole concept of the big society? May I also commend to my right hon. Friend an article by Tim Montgomerie that appeared on ConservativeHome earlier this week entitled, "Conservatives can win the poverty debate but not if the Big Society is our message"? Is the big society more accurately described as a label for a collection of policies rather than a policy itself?

Mr Speaker: I hope that the Minister will answer with particular reference to private sector applications and the big society bank.

Mr Letwin: I am grateful for that guidance, Mr Speaker.

My hon. Friend is right to point out that the big society is an idea with a very wide application. The big society bank is a fund that will have a very wide application, because we believe it is extremely important that it should be able to foster all sorts of voluntary and community enterprise which, in one way or another, enormously support the alleviation of poverty—the subject of the article to which he refers.

Jon Trickett (Hemsworth) (Lab): The idea of such a bank to help to develop the centre of civil society is a good one, but effective government requires a mix of big ideas and getting the details right. In this connection, has the Minister seen today's report by the National Endowment for Science, Technology and the Arts, which suggests that if the big society bank lends purely on commercial terms, it will be

"failing to support those that it is set up to support"?

What can he say to ensure that the lofty rhetoric of the big society bank does not founder on the rock of inadequate administrative detail?

Mr Letwin: The hon. Gentleman is of course right to say that the big society bank could not operate as it is intended to operate if it were lending, or investing, on purely commercial terms. It will have what is often described as a double bottom line: it will seek to achieve the highest possible social returns alongside reasonable financial returns. Indeed, part of the point of the big society bank is to show that there is no conflict between achieving high social returns and achieving modest but reasonable financial returns.

Big Society

3. **Helen Goodman** (Bishop Auckland) (Lab): What recent representations his Department has received on the big society initiative. [52585]

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): I am delighted to assure the hon. Lady that the Cabinet Office receives many representations on the big society from a wide range of individuals and organisations, not least many colleagues on both sides of the House who have accepted our invitation to bring in representatives from their local voluntary and community organisations.

Helen Goodman: I do not know whether the Minister ever gets representations from voluntary sector organisations that fold. The organisation that I used to work for folded a few weeks ago. Will he admit that that is because the cuts are too deep and too fast, and the transitional fund is too little and too late?

Mr Hurd: I am obviously sorry to hear about the fate of the organisation that the hon. Lady used to work for. She will know that in reality the sector cannot be immune from the necessary cuts in public expenditure,

and I do not think it would have been immune under a Labour Government. The Government have tried to give the sector maximum support through this difficult period. The transition fund—£100 million of taxpayers' money; serious money in this context—is there to help organisations that are in a hole.

Roberta Blackman-Woods (City of Durham) (Lab): Yesterday, Ed Cox, the director of the Institute for Public Policy Research North, said:

"Our research shows that the Big Society will not be fair to the North without changes to government support for philanthropy and charitable giving. Good will is beginning to wear thin as people in the voluntary and community sector try to deal with budget cuts, and organisations in the North cannot turn to big corporate or high value donors to make up the gap".

What is the Minister doing to ensure that the big society does not usher in further unfairness and exacerbate the north-south divide?

Mr Hurd: I understand the hon. Lady's point. I refer her to the geographical spread of successful applications to the transition fund, with which we are pleased. She mentioned the need for further incentives for giving in this country. I refer her to what was an extremely helpful Budget in that context, which had a major initiative to encourage giving through inheritance tax and a substantial reform of gift aid to make it easier for smaller charities to receive it on smaller donations. The Government are working extremely hard to make this difficult period of transition as easy as possible for charities.

Public Expenditure Reductions

4. **Mrs Mary Glindon** (North Tyneside) (Lab): What recent estimate he has made of the number of charities and voluntary sector organisations that will be affected by reductions in public expenditure in the next 12 months. [52586]

9. **Paul Flynn** (Newport West) (Lab): What recent estimate he has made of the likely change in the number of jobs in the voluntary sector as a result of reductions in public expenditure in the next 12 months. [52591]

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): Unfortunately, the sector cannot be immune from cuts, for reasons that have been explained. That would have been exactly the same under a Labour Government. We are trying to help the sector to manage a difficult transition, while shaping what we believe are significant opportunities for the sector, not least in terms of more public service delivery.

Mrs Glindon: Since the late 1980s, Wallsend people's centre has helped hundreds of unemployed and disadvantaged people in North Tyneside to gain the necessary skills to get to work. In the past year, it has lost more than £450,000 through cuts to Government grants. Four experienced support workers will now lose their jobs. Will the Minister meet me to discuss the communication he has received from the people's centre about its plight, to which he has not yet replied?

Mr Hurd: Again, I am sorry to hear that that organisation is in difficulty. I am more than happy to meet representatives from the community to discuss it. The transition fund has been made available to help organisations in difficulty. I point out to the hon. Lady that many of the funding decisions and cuts are local decisions, and that many councils across the country are taking a positive approach by maintaining or even increasing spending on the local voluntary and community sector.

Paul Flynn: Cutting charities reduces our ability to help one another and undermines the structures of neighbourliness that form our big society. That is the opinion of the chair of the Charity Commission, who knows about these things. Is not the Government's big society a big confidence trick?

Mr Hurd: Absolutely not. The hon. Gentleman has been around enough to know that the size of the deficit means that the sector, which receives almost £13 billion a year of taxpayers' money, cannot be immune from the reduction in public spending, and that it would not have been immune, as the Opposition have admitted, under the ghastly scenario of a Labour Government. We have to be realistic about that. We are trying to minimise the short-term damage through initiatives such as the transition fund, and to create the building blocks for a better future for the sector, not least through more incentives for giving and more opportunities for it to deliver public services.

Big Society Bank

5. **Nadhim Zahawi** (Stratford-on-Avon) (Con): When he expects the first payments from the big society bank to be made. [52587]

11. **Jack Lopresti** (Filton and Bradley Stoke) (Con): When he expects the first payments from the big society bank to be made. [52593]

The Minister of State, Cabinet Office (Mr Oliver Letwin): The first payments will be made in the next few months. The exact timing and amounts will be decided by the Reclaim Fund once it has assessed the amounts that it has received from the banks and the amounts that are likely to be reclaimed from depositors.

Nadhim Zahawi: We hear constantly from businesses and social enterprises that high street banks are unwilling to back innovative or new ventures. How will the Government ensure that the big society bank is different and that it assesses applications in such a way that it does not exclude start-ups and innovative organisations in favour of only the established players in the social enterprise and charities sector?

Mr Letwin: My hon. Friend is absolutely right to draw attention to that issue. The whole point about the big society bank, as I tried to indicate to the hon. Member for Hemsworth (Jon Trickett) a moment or two ago, is that it will be entirely different from a commercial bank. It will be set up precisely to achieve social return as much as commercial return. The other vital point is that it will operate through social lenders and investors already in the marketplace, so it should be able to reach out to the smallest community and voluntary groups and not just be restricted to the large groups that also play an important role.

Jack Lopresti: Is the latest estimate of money to be raised from dormant bank accounts still £400 million, and what progress has been made in securing an additional £200 million from the UK's largest banks?

Mr Letwin: Yes, the estimated amount to be raised from dormant accounts remains at £400 million. The Reclaim Fund will now assess the exact amount that it can release in the first year, and the current estimate is somewhere between £60 million and £100 million. Then there are, of course, the negotiations that my right hon. Friend the Minister for the Cabinet Office and Paymaster General is having with the four main lending banks that were party to the Merlin agreement about another £200 million of funding. Altogether, there should be a considerable amount of funding coming through this year and in following years.

Hazel Blears (Salford and Eccles) (Lab): The NESTA report referred to earlier by my hon. Friend the Member for Hemsworth (Jon Trickett) stated that the big society bank

"should not expect to achieve commercial returns on all its investments".

By far the majority of demand for capital is for soft capital and patient capital. Why, after two months of intense talks between the banks and the Treasury, do we still not have an agreement? The banks are saying that they want commercial returns. Will the Minister confirm today that the big society bank will not be about commercial returns for the banks but about genuine support for social and community enterprises?

Mr Letwin: The right hon. Lady is confusing two levels of lending and investment. There is the question of what the big society bank demands of the investments that it makes, and as I have said, that will be both a social return and a modest financial return, but not the type of commercial return that one might make with a hedge fund or in another such way. Then there is the relationship between the big society bank and the main commercial banks that are party to the Merlin agreement. My right hon. Friend the Minister for the Cabinet Office and Paymaster General is currently discussing the exact terms on which that investment will be made. It will have to be compatible with social objectives and the social returns that the big society bank is intended to make.

Public Sector Mutuals

10. **Andrew Selous** (South West Bedfordshire) (Con): What recent progress his Department has made on establishing public sector mutuals. [52592]

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): In August last year, we launched a pathfinder programme of 21 groups of public sector workers setting up mutuals with the help of mentors. In addition, millions of public sector employees will be given rights to provide public services as mutuals, such as those recently announced in the national health service. That will free up public sector workers to innovate and provide better and more efficient services. We have committed to funding a £10 million support programme to help such new organisations get off the ground. *[Interruption.]*

Mr Speaker: Order. I am bound to say that it is very difficult even for me to hear what the Minister is saying. As a consequence, I feel sorely under-nourished. The situation is unsatisfactory.

Andrew Selous: Given the evidence that productivity and efficiency increase dramatically when staff are given a role in shaping services, is not the scaremongering about the proposals on mutuals unhelpful to users, taxpayers and the staff concerned?

Mr Maude: Anyone who visits the pathfinder mutuals, talks to the staff—now co-owners—of those organisations and sees the excitement with which they are pursuing their new vocation will give up on the scaremongering. This is a profoundly important movement that should command support from throughout the House.

Topical Questions

T1. [52598] **Mr Peter Bone** (Wellingborough) (Con): If he will make a statement on his departmental responsibilities.

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): I have overall responsibility for the work of the Cabinet Office, while the Deputy Prime Minister has specific responsibility for the Government's programme of political and constitutional reform.

Mr Bone: Last week on the doorstep in Wellingborough, the hot issue was the responsibility of the Cabinet Office for implementing constitutional reform. Why is it that, under the alternative vote, British National party votes and Socialist Workers party votes in my constituency would be counted twice, but Tory votes would be counted only once?

Mr Maude: My hon. Friend makes a powerful point. That is no doubt why, I gather, rather more than half of Labour MPs now support first past the post.

T3. [52600] **Teresa Pearce** (Erith and Thamesmead) (Lab): Staff at My Civil Service Pension are concerned that plans to turn the organisation into a mutual are a step towards privatisation. The Minister said in a meeting with union representatives in March that he would not act without the broad consent of the work force. Will he tell us how he has consulted those staff and whether he yet has that consent?

Mr Maude: We are moving down the path of freeing up My Civil Service Pension so that it can administer in the most efficient way civil service pensions to the 1.5 million members who are dependent on them. We are exploring different ways in which that might be configured, but crucially, employees will have a meaningful stake in that entity going forward.

T2. [52599] **Julian Smith** (Skipton and Ripon) (Con): Fifty business leaders have got together to offer free mentoring advice to small and new business start-ups in my constituency. Will the big society Minister meet me to see how we can roll out that initiative beyond north Yorkshire?

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): The short answer is yes. More than ever, the country needs to get behind its entrepreneurs. My hon. Friend's local initiative sounds like an excellent one, and I would be delighted to meet him—*[Interruption.]*

Mr Speaker: Order. There is far too much noise and far too many private conversations are taking place in the Chamber.

T5. [52602] **John Mann** (Bassetlaw) (Lab): Which Cabinet Office conferencing, translation and interpreting services have not been put out to tender for small businesses to win, and why not?

Mr Maude: I have not the slightest idea, but I shall find out.

T4. [52601] **Miss Anne McIntosh** (Thirsk and Malton) (Con): When can the House expect the Public Bodies Bill? What will be in the Bill, and can we revert to the normal practice, whereby such controversial Bills begin in this House and not in the other place?

Mr Hurd: The Public Bodies Bill is obviously very important—it is an opportunity to improve radically the accountability of decisions and to make significant savings from the vast number of quangos that proliferated under the previous Administration. My hon. Friend will know that the Bill is passing through the Lords, with Third Reading expected on 9 May. Obviously, it is for the House authorities to determine the programming for debate in the House, but we expect the Bill to enter Committee after the Whitsun recess.

T7. [52604] **John Robertson** (Glasgow North West) (Lab): A recent survey of charity leaders by the National Council for Voluntary Organisations suggested that charities are not happy, because they feel that the rhetoric that was sold to them before and after the election bears no resemblance to the money that they need to ensure that they deliver the services that are required. Forget about all the waffle, will the Minister tell us exactly how he will fund those charities and how he will ensure that they do things for people?

Mr Hurd: There is obviously understandable concern in the sector about the impact of reductions in public expenditure, but in my experience, charities are increasingly alive to the opportunity to deliver more public services—they are delighted by the announcements in the Budget to increase giving and by the progress that the Government have made in setting up the big society bank.

T6. [52603] **Karl McCartney** (Lincoln) (Con): Will my hon. Friend the Minister please update the House on the progress of the national citizen service? Will he join me in congratulating the Lincolnshire and Rutland Education Business Partnership, which I have met on a number of occasions, on the invaluable work that it is carrying out to pilot and promote the national citizen service?

Mr Hurd: The national citizen service provides a fantastic opportunity for young people from different backgrounds to work together to make a positive difference to their communities. I am delighted that we are offering 11,000 places this summer in many locations throughout the country. I am also delighted that that scheme is coming to Lincoln, and that my hon. Friend is taking such an active interest in such positive opportunities for young people in his constituency.

T8. [52605] **Kevin Brennan** (Cardiff West) (Lab): What estimate have Ministers made of the cost of the VAT increase to charities?

Mr Hurd: VAT issues are obviously a matter for the Treasury, and I would refer that question to Treasury Ministers. As the hon. Gentleman knows—he is a former Minister—that is a long-standing issue for the sector. He will also be aware of a number of initiatives to look at how we can make the VAT regime more helpful.

T9. [52606] **Richard Fuller** (Bedford) (Con): Will the Minister relax regulations on investments by foundations and trusts to empower them fully to support innovations such as social impact bonds?

Mr Hurd: My hon. Friend will know that this Government are totally committed to helping to develop the social investment market, so making it easier for social entrepreneurs to access capital. The big society bank is our major player in that area, but we are looking at a range of ideas. He will also be aware that the Charity Commission is reviewing its guidance to foundations, which have a critical role to play in that context.

T10. [52607] **John Woodcock** (Barrow and Furness) (Lab /Co-op): Why is the public sector mutual fund late in going out to tender, and when will it be ready to accept bids?

Mr Maude: We will announce details in due course. It would have been easy to go ahead and just flash money around, but there is not much money thanks to the legacy of the Government whom the hon. Gentleman supported. We need to ensure that the money is husbanded and spent wisely, for example by providing advice for groups of public sector workers, of whom there are very many who want to form mutuals, and by ensuring that the advice is made available to as many as possible.

Sir Alan Beith (Berwick-upon-Tweed) (LD): In his discussions about public sector contracts for small business, will my right hon. Friend talk to the Ministry of Defence about its habit of bundling together contracts for multiple services, which means that an expert calibration firm in my constituency cannot offer the specialised service unless it also offers paperclips and toilet rolls?

Mr Maude: My right hon. Friend makes a good point, and I will take it up. It is exactly how contracts are bundled up and procurements are undertaken that has squeezed out so many really effective small businesses from the Government market. That is exactly what we now want to change.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [52608] **Jim Shannon** (Strangford) (DUP): If he will list his official engagements for Wednesday 27 April.

The Prime Minister (Mr David Cameron): I know that the whole House will wish to join me in paying tribute to Colour Sergeant Alan Cameron from 1st Battalion Scots Guards, who died on Thursday 31 March as a result of injuries he suffered while serving in Afghanistan last April, and Captain Lisa Head from 11 Explosive Ordnance Disposal Regiment, Royal Logistic Corps, who died on Tuesday 19 April. Colour Sergeant Cameron was an inspirational figure to his regiment, providing support to injured colleagues and their families even while he was being treated in hospital for his own injuries. Captain Head demonstrated great bravery in her work making safe improvised explosive devices to protect both her colleagues and the local population. They will not be forgotten, and our wishes and best condolences should be with their families and friends.

I am sure that the whole House will also want to join me in sending our condolences to the families, friends and colleagues of Police Constable Ronan Kerr. Those who murdered him must not be allowed to deter the wishes of the overwhelming majority of people who want a peaceful and shared future for Northern Ireland.

On a happier note, people across the country—and, indeed, the world—are getting excited about the events on Friday, and I am sure that the whole House would wish to join me in sending our best wishes to Prince William and Catherine Middleton ahead of their wedding this Friday, and to wish them a long and happy life together.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall hold further such meetings today.

Jim Shannon: I would like to associate myself with the Prime Minister's comments and condolences to those people who have lost their lives in Afghanistan. I also welcome the Irish Rangers and the Irish Guards back home after their tour of duty in Afghanistan.

On Easter Monday, dissident republicans held a commemorative parade in Londonderry and threw down the gauntlet to all the law-abiding citizens in Northern Ireland. The murderous thugs that are dissident republicans threatened to kill Police Service of Northern Ireland officers, both Roman Catholic and Protestant; they threatened the churches, both Protestant and Roman Catholic; they threatened politicians, both Unionists and nationalist; and they threatened Members of the Northern Ireland Assembly and MPs in this House. Can the Prime Minister assure the House that this attack on the democratic process will be met forcefully, and that those republican terrorists must be brought to justice?

The Prime Minister: I can give that assurance. I am sure that everyone in the House and the country would agree that scenes of people dressed in balaclavas in Londonderry are completely unacceptable. We have funded the PSNI appropriately. It is now properly devolved and working well, and I urge it to do everything it can to hunt down these people. Above all, the words that should ring in our ears are those of the mother of PC Ronan Kerr, who said she hoped that this would not prevent more Roman Catholics from joining the PSNI and doing a great job policing Northern Ireland.

Mr Brian Binley (Northampton South) (Con): Does the Prime Minister recognise that lending to business by banks was down £3.4 billion last month in March, and that the construction industry was down in productive terms by 4.7%? Does he see a connection, and if so, what will he do about it?

The Prime Minister: My hon. Friend is right about the figures today and that what is happening in the construction industry is disappointing. We need to get Britain building again, which is why we are introducing the new homes bonus. However, what is encouraging in the figures is that the British economy is growing once again, manufacturing is up, exports are up, and we are seeing a rebalancing of the economy so that we are not over-reliant on private consumption. That is good news. We also have an agreement with the banks that they must increase their lending to businesses large and small. That needs to happen.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Colour Sergeant Alan Cameron and Captain Lisa Head. Both demonstrated enormous courage and bravery, and our thoughts are with their families and friends. I also pay tribute to Police Constable Ronan Kerr, who was senselessly murdered simply for doing his job. We should all be encouraged by the expressions of outrage that we have seen across all communities in Northern Ireland in response to this act.

I also join the Prime Minister in sending best wishes to Prince William and Catherine Middleton on their happy day on Friday. I am sure that I speak for the Prime Minister, the Deputy Prime Minister and myself when I say that we will all do our best to be suitably attired for the occasion.

On the economy, does the Prime Minister think that it is a mark of success or failure that the economy has flatlined over the last six months?

The Prime Minister: It is clearly a success that the economy is growing. The figures out this morning show the economy growing in the first quarter of the year. They show manufacturing and exports up, and we have 400,000 more people in work in the private sector than we had a year ago. However, the right hon. Gentleman predicted a double dip. He said that we were going to get two quarters of negative growth, so when he gets to his feet, perhaps it is time to apologise for talking the economy down.

Edward Miliband: What world is the right hon. Gentleman living in? What extraordinary complacency. His hon. Friend the Member for Northampton South (Mr Binley) asked what was happening to small business lending. What terrible complacency from this Prime Minister. Six months ago, what did he tell us? He told us that we were out of the danger zone. Since then there has been no growth at all in the British economy. Yesterday the Chancellor was reported to have told the Cabinet that the economy was on track, but it is not even forecast to meet the Office for Budget Responsibility's figures published last month by the Chancellor. Is it not the case that it is his cuts that are too far and too fast, and that are squeezing living standards, undermining consumer confidence and holding back growth in our economy?

The Prime Minister: The right hon. Gentleman was desperate for the economy to shrink today. He had written his questions and come to the House; the only problem was that the economy was growing, not shrinking. He and the shadow Chancellor said that there would be a double-dip recession. They had talked the economy down. Now that the economy is growing, why can they not find it in themselves to welcome the growth in the economy? We should be talking up the fact that manufacturing is increasing and we are exporting more, with 390,000 more people in private sector jobs than a year ago. These are welcome developments.

The right hon. Gentleman talks about the danger zone. I will tell him what the danger zone is: it is countries such as Portugal, Greece and Ireland, which did not deal with their debts, and as a result have interest rates rocketing and real problems. We have debts, tragically, because of what we inherited and a deficit the same size as Greece's, but we have interest rates like Germany's. It is time for the right hon. Gentleman to admit that he was wrong about the deficit and wrong about the economy.

Edward Miliband: It is not me who is talking down the economy; it is the Prime Minister's austerity rhetoric that has led to the lowest levels of consumer confidence in history in this country. He has been Prime Minister for a year. He cannot blame the Greeks, he cannot blame the Bank of England, he cannot blame the last Government—he cannot even blame the snow. Why does he not admit that we have had six months of no growth because of his decisions, his Chancellor's decisions and his Government's decisions?

The Prime Minister: The economy has grown by 1.8% over the last year, but let me tell the right hon. Gentleman this. I did a little research, and all the time that he was in the Cabinet, there was not a single quarter when the economy grew more than 0.5%—not one. That is his great record. Let me tell him something about the need to make public spending cuts. We are now in a new financial year—the year in which the Darling plan was going to start the process of cutting the deficit by half. For every £8 that we are proposing to cut this year, Labour would be cutting £7. Have we heard a single sensible proposal for making any cuts, or have we just heard blatant opportunism and talking the economy down? I think we know.

Nadine Dorries (Mid Bedfordshire) (Con): Will the Prime Minister join me in condemning the appalling, disgraceful, untruthful and misleading leaflet that is being distributed by the Yes to Fairer Votes campaign, which is being chaired by the Electoral Reform Society? The leaflet seeks to diminish Parliament and therefore damage democracy, which, given the content of the leaflet, can be the only objective of the Electoral Reform Society.

The Prime Minister: What matters, in the week that we have left before we vote in this vital referendum, is that we get back to the real arguments about competing electoral systems. I am very clear that first past the post is simple, fair and effective and that it has worked for our country. I have to say that it is not often that I like to look out on a sea of red badges, but today it looks quite good.

Q2. [52609] **Kevin Brennan** (Cardiff West) (Lab): Is the Health Secretary's job still guaranteed? He is over there, by the way.

The Prime Minister: The Health Secretary does an excellent job. Let me draw a little contrast—*[Interruption.]*

Mr Speaker: Order. This is very discourteous and it is very unfair. It is unfair on the Prime Minister and it is unfair on me. I want to hear the answer.

The Prime Minister: Let me draw a little contrast between what the Health Secretary is delivering here—real-terms increases in health spending—and what is happening in Wales. The Labour-led Administration in Wales are cutting the NHS in real terms. Everyone in Wales needs to know that if they get another Labour-dominated Assembly, they will get cuts in the NHS, whereas in England we will see increases in the NHS because of the magnificent work of my right hon. Friend.

Q3. [52610] **Mr Adrian Sanders** (Torbay) (LD): People have been shocked at the scale and extent of the phone hacking allegations against some of our most popular newspapers. In order to uncover the truth, will the Prime Minister instigate a full judicial inquiry and, in particular, look at the relationship between the Metropolitan police and News International?

The Prime Minister: What is absolutely clear is that phone hacking is not only unacceptable but against the law. It is illegal; it is a criminal offence, and I would urge the police and the prosecuting authorities to follow the evidence wherever it leads. That must happen first, and we must not let anything get in the way of criminal investigations.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): Will the Prime Minister explain why, if there is a genuine pause in the enactment of the Health and Social Care Bill, the inception of cluster primary care trusts that are preceding the GP consortia, including the Greater Manchester cluster PCT, has been brought forward from 1 June to 3 May? Is not this pause nothing more than window dressing? It is political manoeuvring before next week's elections.

The Prime Minister: No, I think the hon. Lady is wrong. This is a genuine exercise in trying to ensure that we get the very best out of these reforms. We are looking specifically at areas such as public accountability, choice and competition, education and training, and the patient involvement aspects of the reforms. Of course we have to go ahead with driving out the bureaucracy and additional costs from the NHS. We inherited from Labour, I think rightly, a £20 billion efficiency programme, and we have got to take that through, but there is a genuine opportunity to make these reforms better still.

Q4. [52611] **Peter Aldous** (Waveney) (Con): Suffolk is among the worst-served areas of the country for broadband, and the commonly cited final third of premises beyond the reach of commercial broadband deployment is more like a final two thirds in that area. Given that nearly one fifth of all Suffolk premises receive a speed of less than 2 megabytes per second, does the Prime Minister agree that investment in broadband in Suffolk is essential to boost our economic recovery?

The Prime Minister: My hon. Friend is absolutely right. We must put this investment in. We are spending, I think, £530 million investing in broadband. Particularly in rural areas, broadband is going to be absolutely vital in driving the creation of the small businesses and growing businesses that will be so important to keep the growth of employment in our country.

Edward Miliband: Can the Prime Minister tell us why 98.7% of nurses have no confidence in his health reorganisation?

The Prime Minister: Inevitably, when you make changes in public services, it is a challenge taking people with you. But that is the whole point of pausing the reforms and then trying to get them going again with greater support from doctors and nurses. What we are finding is that 90% of the country is covered by GP fundholding practices that want to see these reforms succeed. I would say to the right hon. Gentleman that if he wants to make some constructive suggestions, why not have a try?

Edward Miliband: Dearie me, that wasn't a very good answer, was it? I asked the Prime Minister why 98.7% of nurses have no confidence in his policy. It is because it is a bad policy, a policy nobody voted for. It is a policy that was not in the Prime Minister's manifesto, it was not in the Deputy Prime Minister's manifesto either at the general election, and it was not even in the coalition agreement. Perhaps one of the reasons why nurses have no confidence in his policy is that two years ago, he went to the Royal College of Nursing and said there would be no more pointless, top-down reorganisations.

Next question: why is it that hospital waiting times fell year on year under the last Labour Government, but have risen month on month under this Government?

The Prime Minister: That is simply not the case. If we look at out-patient waiting times, we find that they fell in the last month, so the right hon. Gentleman is simply wrong about that, as he usually is. I have had the opportunity to study his representations about the reforms, and I have had a good look at them. He says that we are introducing EU competition policy for the first time; we are not. He says we are allowing GPs to charge; we are not. He says that patients will be left without services; they will not. Why does he not realise that instead of frightening people, he ought to make a constructive contribution.

Edward Miliband: Another totally hopeless answer! I asked about waiting times. The Department of Health figures are these: waiting times are 20% up for those waiting more than 18 weeks, and A and E waits are at a record level compared to six years ago. One of the reasons why waiting times have gone up is that the right hon. Gentleman is diverting billions of pounds from patient care into this costly reorganisation. Let me make this suggestion: just for once, why does he not listen to the doctors, the patients and the nurses and scrap his reorganisation?

The Prime Minister: The right hon. Gentleman asks me to listen to doctors, so here is one doctor I am definitely going to listen to. I hope Opposition Members will remember Howard Stoate, who was the Member of Parliament for Dartford. He is no longer an MP because he lost the election—because of the Conservative candidate, I am afraid. He is now a GP—*[Interruption.]* Calm down, dear. Listen to the doctor. Howard Stoate, GP, says:

"My... discussions with fellow GPs... reveal overwhelming enthusiasm for the"—

[Interruption.] I said calm down. Calm down, dear—and I will say it to the shadow Chancellor, if he likes. *[Interruption.]*

Mr Speaker: Order. Let us briefly have the answer and move on to Back Benchers, whose rights I am interested in protecting. I want a brief answer from the Prime Minister.

The Prime Minister: This is a very brief quote from a Labour MP who is now a GP. He said:

"My... discussions with fellow GPs... reveal overwhelming enthusiasm for the chance to help shape services for the patients they see daily".

That is what Labour MPs, now acting as GPs, think of the reforms. That is what is happening.

Ed Balls (Morley and Outwood) (Lab/Co-op): Apologise to her!

The Prime Minister: I am not going to apologise; you do need to calm down. *[Interruption.]*

Mr Speaker: Order. There is far too much noise in the Chamber. *[Interruption.]* Order. It makes a very bad impression on the public as a whole, and others are waiting to contribute. I think the Prime Minister has finished.

Mr William Cash (Stone) (Con): During the recess, a number of European issues have arisen: the Portuguese bail-out, the increase in the European budget and proposals for corporation tax at the European level. Will the Prime Minister re-coin a phrase and simply say to all those matters, "No, no, no"?

The Prime Minister: My hon. Friend makes an important point about the European budget. The idea of a 5% increase at a time when member states are having to make reductions in difficult public spending programmes at home is completely unacceptable, and we will make sure it does not happen.

Q5. [52612] **Phil Wilson** (Sedgefield) (Lab): On the proposal to build the largest wind farm in England in my constituency with 45 wind turbines 100 metres or more high, just less than a mile away from two big conurbations and on beautiful landscape in the area, can the Prime Minister tell us what influence my constituents will have under the Localism Bill on the planning decision concerning this massive intrusion on the landscape? Will he ask the relevant planning Minister to meet me and a delegation of constituents to discuss it further?

The Prime Minister: I am happy to arrange that meeting. I think it important for local people to have a greater say in planning decisions, and that is what we are enabling them to do. However, I also believe that when wind farms go ahead, local people should see a greater benefit in terms of the finance that goes into the area, and our plans will achieve that as well.

Dr Sarah Wollaston (Totnes) (Con): In 2007, the Labour Government implemented the Medical Training Application Service, or MTAS. Junior doctors will remember what a disaster it was. That large-scale, disruptive and untested system had disastrous consequences for junior doctors in training. Is the Prime Minister aware that there are concerns that the current proposals to reorganise medical training and work force planning could have similar unforeseen consequences?

The Prime Minister: I must say to my hon. Friend that she is a lot better at getting them to shut up than I am. I think that she is a future Speaker in the making.

I can absolutely guarantee to my hon. Friend that we will not make the mistake that the last Government made in respect of medical training. They created an utter shambles.

Q6. [52613] **Bill Esterson** (Sefton Central) (Lab): Eddie Kay from Maghull received excellent treatment when he was in hospital recently, and I am glad to say that he is recovering well. However, while he was in hospital his operation was cancelled four times, and he was also told of bed closures and nursing redundancies on his ward. Does not Mr Kay's experience show that the Prime Minister was wrong to claim that he would not cut the NHS?

The Prime Minister: Of course things go wrong in our national health service, which is one of the reasons why I think that we need to reform and modernise it. The fact is, however, that at the last election only one party said that it would increase the NHS in real terms, and that is exactly what we are doing. If the hon. Gentleman is worried about NHS cuts, he should have words with his colleagues in Wales who are proposing to cut the national health service—not in cash terms, but in real terms—and he should help us to put a stop to that.

Q14. [52621] **Stephen Gilbert** (St Austell and Newquay) (LD): Across the country, 2 million families are on waiting lists for social housing. Nearly 1 million homes lie empty, and the average age of a first-time buyer is 37. Does the Prime Minister acknowledge that there is a housing crisis in Britain, and will the Government publish a strategy to tackle it?

The Prime Minister: We do acknowledge the very difficult situation that we inherited. House building was at a 60 or 70-year low. We need to introduce ways of ensuring that local communities see more houses built. The old top-down system did not work, but I believe that the new homes bonus and the incentives that we are giving local authorities will mean that extra housing goes ahead.

Q7. [52614] **John Woodcock** (Barrow and Furness) (Lab/Co-op): Rather than losing his rag because he is losing the argument, will the Prime Minister explain why waiting times have been rising in my constituency and across the country?

The Prime Minister: The hon. Gentleman is simply wrong about waiting times. I quoted the figures. Waiting times have been broadly stable over the last couple of years—that is a fact.

The key point that I would make to the hon. Gentleman, who is meant to be a moderniser, is that if he wants to see waiting times come down and stay down, the best answer is a system that involves greater choice, and enables patients to choose where they are treated and establish how quickly they can be treated. The hon. Gentleman used to be a moderniser; there is still time to get on board.

Q15. [52622] **Fiona Bruce** (Congleton) (Con): I am engaged in a consultation with my constituents in east Cheshire on an issue that is of great concern to them: the commercialisation and sexualisation of childhood. As a parent, does my right hon. Friend agree with my constituents that action needs to be taken to find real solutions to this challenging issue, and to give every child the childhood that it deserves?

The Prime Minister: I completely agree with my hon. Friend. As a parent of three little ones, I know that it is incredibly worrying to see what is becoming available in some shops and other places. We are, effectively, asking our children to grow up too early. I think that there is a lot more that we can do, which is why we have asked the chief executive of the Mothers' Union to conduct an independent review of this vital area. We are looking at a range of specific issues including television, video and other pressures that are put on people, and we expect the report to be published in a few weeks' time.

Q8. [52615] **Ian Lucas** (Wrexham) (Lab): The Prime Minister has described hospices as one of the great successes of the big society, so why, as a result of his Government's increases in VAT and cuts in gift aid, is Nightingale House hospice in my constituency paying an extra £20,000 to his friend the Chancellor of the Exchequer this year? Will he give it the money back?

The Prime Minister: The point I would make to the hon. Gentleman is that the hospice movement is a fantastic example of the big society and we should see it expand, and my right hon. Friend the Chancellor has increased gift aid so that more people can give more money more effectively. As the hon. Gentleman is another Welsh Member of Parliament, let me put this point to him: why is he supporting an NHS cut in Wales that will hit not just hospices but hospitals, GPs and community services? That is what is coming out of this Question Time. Labour is cutting the NHS; you cannot trust Labour with our national health service.

Q9. [52616] **Jonathan Evans** (Cardiff North) (Con): The whole House will be aware that younger women drivers face a massive hike in their insurance premiums next year as a direct result of a European Court judgment. In that context, does my right hon. Friend share my disappointment that this judgment has been warmly welcomed by London's Labour MEP Mary Honeyball, who has indicated that she considers it to be admirable and the price of equality?

The Prime Minister: Well, I have to say to my hon. Friend that that shows that some of the loony left is still alive and well in our country. *[Interruption.]* I think you'll find it's over there. Frankly, insurance premiums

ought to reflect risk, and my hon. Friend is, as ever, displaying common sense, whereas the European Court did not.

Q10. [52617] **Mr Jamie Reed** (Copeland) (Lab): It is now almost 12 months since the Prime Minister visited the West Cumberland hospital in my constituency in the wake of the shooting atrocities that took place there. It is, I believe, a matter of profound regret to Members on both sides of the House that the Government have chosen to do nothing on gun laws in the intervening period, but while the Prime Minister was at the hospital he also visited the accident and emergency clinicians and other clinical service providers, who are now facing the prospect of their services being removed as a result of GP commissioning. Will he do them and my constituents a favour by removing GP commissioning from the Health and Social Care Bill?

The Prime Minister: First, I well remember visiting the hospital in the hon. Gentleman's constituency. It is a fantastic hospital and it did brilliant work during those incredibly tragic times about which he spoke. I can absolutely reassure him that he does not need to worry about the future of the West Cumberland hospital. I understand that he has met the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), to discuss the concerns, and they are in agreement that issues need to be resolved swiftly. The Department of Health is working closely with the local NHS to produce proposals to redevelop the hospital. That is what is going to happen: investment will be going into the NHS because of the commitments we have made, whereas, sadly, I am afraid that the hon. Gentleman's party—*[Interruption.]* Luckily, he is not in Wales, where Labour is cutting the NHS, but I suspect it would do the same in England as well.

Q11. [52618] **Richard Harrington** (Watford) (Con): My right hon. Friend the Prime Minister will be aware that this country lost 1.7 million manufacturing jobs under the last Labour Government. Will he explain what plans the Government have to make sure this decline is reversed?

The Prime Minister: We have already seen over the last year an increase in manufacturing output and in manufacturing exports. I was up in Bedford last week at the GM plant, which is massively expanding. It is creating more jobs and bringing £150 million of offshore contracts back into the UK. We are backing that with low tax rates, deregulation and more apprenticeships. This is a Government who are pro-enterprise, pro-jobs and pro-manufacturing and who are going to dig us out of the mess the last lot left.

Q12. [52619] **Paul Flynn** (Newport West) (Lab): Does not the nightmare of Fukushima mean that the planned renaissance of nuclear power will be stillborn? Should not the Prime Minister be planning for a future that will be free of the cost, fear and anxiety of nuclear power, and rich in renewables that are British, that are green, and that are inexhaustible and safe?

The Prime Minister: Of course we have to learn the lessons from Fukushima but, as I have said before, that is a different reactor design in a different part of the world with different pressures. The British nuclear industry has a good safety record, but, clearly, it has to go on proving that, and doing so in the light of the new evidence, such as it is, that comes out of Japan. That is what must happen, and the head of the nuclear inspectorate will do exactly that.

Ian Swales (Redcar) (LD): The Prime Minister is a vociferous opponent of the alternative vote system and reserves special disdain for the idea that someone might win after coming second in an early round. Will he therefore stand aside in favour of the right hon. Member for Haltemprice and Howden (Mr Davis), who beat him to the post in 2005?

The Prime Minister: I seem to remember that my leadership contest ended up with the two of us touring the country and it was a popular vote. I am pleased to say that, unlike in some parties around here, the person who won actually won.

Q13. [52620] **Mr Ben Bradshaw** (Exeter) (Lab): Given that our recovery has, in effect, stalled since he became Prime Minister, does the right hon. Gentleman stand by what he said to this House after his first Budget last June, which was that unemployment will fall "every year" in this Parliament?

The Prime Minister: I was quoting the Office for Budget Responsibility, but the fact is that 390,000 more people are in private sector jobs than there were a year ago. I would have thought with the economy growing, with exports up, with manufacturing up and with more people in work, the right hon. Gentleman should be welcoming that, instead of joining the doom-mongers on his Front Bench, who can only talk the economy down.

Mr Lee Scott (Ilford North) (Con): Will the Prime Minister join me in calling for an independent international review following the UN report into the crimes committed by the Sri Lankan Government against the Tamil people?

The Prime Minister: My hon. Friend raises an important point. There are still unanswered questions from that period, and I will look closely at what he says and write to him.

Mr Nigel Dodds (Belfast North) (DUP): The service of our armed forces in Afghanistan and elsewhere deserves to be recognised at the highest level and all the time, as the Prime Minister has often said. Why on earth, therefore, have the Royal Irish Regiment and the Irish Guards been denied a homecoming parade in Belfast? Will the Prime Minister intervene and talk to colleagues to ensure that this process of recognition for our troops and appreciation by the citizens of Northern Ireland can rightly take place as soon as possible?

The Prime Minister: First, let me thank the right hon. Gentleman for raising this issue, because the bravery of the Royal Irish Regiment and the Irish Guards in Afghanistan has been outstanding and, sadly, both regiments have suffered loss of life during their recent deployments. As I understand it, a number of homecoming events will be taking place across Northern Ireland. We are discussing with Belfast city council and others how

we can give recognition to their tremendous bravery. No decision has yet been made and I will make sure he is fully involved in those discussions. It is also worth noting that because they are actually stationed in north Shropshire, they have already had a very successful homecoming parade in Market Drayton, and I am sure that they will have many others besides.

Henry Smith (Crawley) (Con): Will the Prime Minister join me in congratulating Crawley borough council on freezing its council tax this year? Can he say how many other local authorities across the country have frozen their council tax, against the advice of the Labour party, which described that policy as a "gimmick"?

The Prime Minister: I am pleased to announce that in spite of the fact that Labour dismissed it as a "gimmick" and that the leader of the Labour party said that councils ought to be able to charge more, every single council in the country has given their hard-pressed council tax payers a council tax freeze. We all remember what happened over the last 10 years when council tax doubled. It was the tax of choice of the Labour party, taking money out of people's pockets. We are freezing that council tax to give people a break, and they deserve it.

Several hon. Members *rose—*

Mr Speaker: Order. We must now move on and we come to the ten-minute rule motion. I ask right hon. and hon. Members leaving the Chamber to do so quickly and quietly, extending the same courtesy to the hon. Member for Wigan (Lisa Nandy) as they would wish to be extended to them in such circumstances.

Export Credits Guarantee Department (Regulation and Reporting)

Motion for leave to introduce a Bill (Standing Order No. 23)

12.33 pm

Lisa Nandy (Wigan) (Lab): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State to impose certain requirements on the Export Credits Guarantee Department, including the publication of an audit of all sums owed to the Department, an annual impact assessment and a real-time disclosure policy on all supported projects; to prohibit the support of certain activities by the Department; to provide that debt cancellation by the Department cannot be defined as official development assistance; to prohibit companies from receiving support from the Department for a period of at least five years following a relevant conviction of corruption; to introduce a duty of care provision which must be followed in the Department's operations to provide access to justice for those affected by supported projects; and for connected purposes.

We are in the midst of an economic crisis caused in part by a lack of transparency and regulation in a system that thrived on excessive risk-taking for short-term profit without regard for the wider implications or the impact on people's lives. It is now, I hope, widely acknowledged that private enterprise is bound by the same moral codes that bind us all and that activity in all areas of the economy should be both sustainable and accountable. We have obligations to one another and that is true for business as much as it is true for individuals. That is why I seek to introduce this Bill today: to shine a spotlight on a Government Department that uses taxpayers' money to fund business activities overseas some of which are neither sustainable nor accountable and that have, in the past, caused significant damage to people and the environment.

The Export Credits Guarantee Department falls under the Department for Business, Innovation and Skills and acts as the UK's export credits agency. It uses Government money to support private exporters in winning contracts overseas in countries where alternative support is not readily available to those businesses. It spends a huge amount of taxpayers' money—in 2009-10, it issued guarantees of more than £2 billion—yet it operates entirely in a moral vacuum. Campaigners have unearthed countless astonishing examples of projects that cause significant damage to people and the environment, such as the sale of weapons to General Suharto in Indonesia that were then used to suppress his own people; a power station in India, which was significantly overpriced and now lies dormant because the electricity that it generated was too expensive for the Government to buy; and a hydroelectric dam in Lesotho that was overseen by a chief executive who was later jailed for 18 years for taking £3 million-worth of bribes.

It is worth dwelling on one more example: the Baku-Tbilisi-Ceyhan pipeline in the Caucasus. From the very beginning, non-governmental organisations voiced significant concerns about the project. Its design, they said, violated World Bank and European safeguards on human rights and the environment on more than 170 occasions, yet the ECGD went on to ensure the construction of the pipeline by the BP-led BTC consortium, providing credit totalling £150 million. Part of the deal was a series of "host Government agreements" with the countries involved. Those agreements take precedence over all national laws, except the constitution, and prohibit improvements to human rights or environmental regulation through new laws if they might affect profits. In effect, the deal puts profits above people, sometimes with the most appalling consequences.

As Amnesty International has pointed out, the deal created a "rights-free corridor" and during its construction much of the route was militarised. In all three countries, local people and international investigators were harassed, detained and arrested and there were allegations of torture. The UK Government have since conceded that the consortium broke international rules governing human rights, but it surely cannot be right that we are facilitating such activities not only without ensuring that human rights can be upheld but while human rights are actively being prevented from being upheld.

Those actions potentially put the UK in breach of international law and are certainly at odds with our human rights obligations, but for recipient countries the implications are much worse. If the deal falls through the exporter is paid anyway and, in the short term, the UK taxpayer foots the bill, but in some cases the ECGD goes on to re-designate that fee as a debt owed by the recipient country. An astonishing 95% of developing country debt owed to the UK has been generated by ECGD-backed operations. Those countries could have spent that money on developing their own economies, but instead they are forced to pay for a service that often does little for their people. Sometimes they are paying for damage inflicted on their people and their country.

I have a personal interest in this matter. Before I entered the House, I had the privilege of working with a group of remarkable children who had suffered appalling abuse and poverty overseas. I feel incredibly strongly that as a country we should be doing everything in our power to prevent the harm that is done to them, yet instead, in some cases, we are underwriting it.

The situation appears to be getting worse. The standards the ECGD applies are, in the words of the Jubilee Debt Campaign, "weak and getting weaker." In 2010, the previous Government removed mandatory screening of child and forced labour for ECGD-backed projects. Between 2009 and 2010, the ECGD backed £21 million-worth of unscreened projects. In comparison, the OECD recently pointed out that all the UK's major competitors and the vast majority of export credits agencies screen all the projects that they fund. The UK should be leading the way on this most important of issues, but instead we are trailing further and further behind.

Most of what we know about the ECGD comes from campaigners because it is neither transparent nor accountable. There is no legal requirement on it to publish a list of the projects that it supports and it does not reveal which outstanding debts relate to which projects. Indeed, requests for such information have been repeatedly declined. The ECGD has no duty of care at all to people who are affected and there is no grievance mechanism for those who are affected. Lender responsibility is disregarded and all the repercussions are borne by importers, even if there has been no, or limited, benefit to those countries. That is precisely the opposite of social responsibility.

My Bill would require the ECGD to adopt a list of prohibited activities and proactively to publish information on the projects it supports, including impact assessments,

consultation and the monitoring and evaluation of projects. It would also prevent companies that have been convicted of corruption from receiving support from the ECGD for five years after the date of conviction. I want to make it clear that I am not attempting to stifle support for British business, which needs and deserves support from the Government now more than ever, but we should be supporting sustainable trade that is of long-term benefit, that safeguards human rights, that protects the environment and that at the very least does not exacerbate poverty.

Currently, the ECGD supports a handful of large companies that operate in just a few sectors. In the past year, for which we have figures, virtually all its support went to one company alone, Airbus, which hardly represents the diversity of the British economy, and that does absolutely nothing for the small and medium-sized businesses that we are all so keen to support. The ECGD could instead support and promote new, green industries and make productive investment that would generate jobs and prosperity. Renewable energy, public transport projects and low or zero-carbon industries should all be considered for support. Instead, we support proportionally more carbon-intensive industries than any other EU country. A credit line of £50 million, which was rightly ring-fenced for renewable energy in 2003, has not been touched to date.

Reform of the ECGD is backed by Members from the Conservative, Labour, Liberal Democrat, Green and Scottish National parties. Indeed, the right hon. Member for Twickenham (Vince Cable), who is now the Secretary of State with responsibility for the relevant Department, proposed reform of the ECGD just two years ago. There is clear consensus that the most urgent task facing the Government is the recovery of the economy but that can and must be achieved through sustainable and productive investment. We should be promoting the best of British business to the rest of the world and we should be leading the way in our commitment to human rights and the environment.

Question put and agreed to.

Ordered,

That Lisa Nandy, Zac Goldsmith, Roger Williams, Caroline Lucas, Tony Cunningham, Anas Sarwar, Dr Eilidh Whiteford, Sheila Gilmore, Bob Russell, Dr Julian Huppert, Teresa Pearce and Yasmin Qureshi present the Bill.

Lisa Nandy accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 11 November, and to be printed (Bill 182).

Points of Order

12.43 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On a point of order, Mr Speaker. I seek your guidance on a matter relating to ministerial accountability to Members of the House. I recently sent a letter, at the request of a constituent, to the Chancellor of the Exchequer, whose office then notified me that it was being forwarded to the Department for Education for reply. Today, I received a reply from the Department—from the permanent secretary. This is the second time I have received such a letter. The matter about which I wrote was politically controversial, so the permanent secretary has, whether he wished it or not, been drawn into party political controversy by expounding and defending Government policy. This clearly is not satisfactory, Mr Speaker, and I shall be grateful for your guidance on how we should deal with such a situation and prevent its recurrence.

Mr Speaker: The right hon. Gentleman has been in the House for 40 years—I think he is in his 41st year of service in the House—so he will know that how Ministers respond to questions is principally a matter for them. However, I certainly think the point that he has raised warrants a ministerial response. For my own part, I will stick my neck out and observe that when a Member of Parliament tables a question, the Member of Parliament wants a reply from a Minister, not from an official. It might even be thought a little unwise to respond to the right hon. Gentleman, of all people, in the way that was done, but I am sure the Secretary of State will have something to say about the matter.

The Secretary of State for Education (Michael Gove): Further to that point of order, Mr Speaker. I am grateful for this opportunity, as I am determined at all times to ensure that my Department responds promptly and fully to questions from colleagues across the House, and the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) is a particularly assiduous correspondent on behalf of his constituents. I have had the opportunity in the past to reply personally.

On some occasions it is appropriate when responding to parliamentary questions and to correspondence to enlist the support of those who do such a good job in the civil service and in arm's length bodies. It is always a matter for ministerial discretion, but if any Member of the House is unhappy with any reply that they have received, I would be delighted if they would write again to me. In almost every case where a parliamentary question has been answered or parliamentary correspondence has been received, there has been a note from a Minister stressing that if the reply and the information contained therein is unsatisfactory, Ministers would of course be delighted, as I am at any time, to provide further information.

I am also delighted and grateful to you, Mr Speaker, to be able to say that the backlog of correspondence that we inherited has now, thanks to the generous and energetic work of officials in the Department, been cleared. I hope that in the future I will be able to answer all questions from all parts of the House as promptly as Members deserve.

Mr Speaker: I am grateful to the Secretary of State. That closes the matter on the subject of questions and correspondence. I invariably receive personal replies in the form of letters from the Secretary of State, and I have come to look forward to them with eager anticipation.

Opposition Day

[15TH ALLOTTED DAY]

Sure Start Children's Centres

12.47 pm

Andy Burnham (Leigh) (Lab): I beg to move,

That this House believes that improving the life chances of children and young people from all backgrounds should be central to Government policy; recognises that the Sure Start network of 3,600 Children's Centres, introduced by the previous administration, is crucial in delivering high quality early education and early intervention for children, as well as support, advice and specialist services for parents and carers; notes that the funding to local authorities for the Early Intervention Grant in 2011-12 represents a real terms cut of 22.4 per cent. nationally, compared to the 2010-11 allocations before in-year cuts to area based grants; recognises that, in the context of this cut to early intervention funding, the large, front-loaded cuts to other local authority funding streams, and the removal of the ring-fence around Sure Start funding, Sure Start Children's Centres will inevitably be put at risk; notes that before the General Election the Prime Minister promised to protect and strengthen Sure Start; and therefore calls on the Government to protect the Sure Start network of Children's Centres by thinking again about their deep cuts to Sure Start funding, to monitor the evidence and, if local authorities are choosing to disinvest in Sure Start centres, to commit to reinstating the ring-fence for Sure Start funding to ensure that vital and valued services are not lost.

How tempting it might be to continue the discussion that just took place. The record of the Department in answering parliamentary questions and letters is pretty lamentable: 90% of named day PQs are not answered on time. That gives a glimpse of the chaos that reigns in the Secretary of State's Department. But I note your ruling, Mr Speaker, that the matter is closed for now, so we will turn to Sure Start.

It is not always the case that policies debated and voted on in the House become universally accepted as a good thing in the country at large, but occasionally, between us, we get it right. Every now and again an idea comes along that is right for its time, addresses a real need, makes life better for many people and slowly becomes part of our national fabric. It acquires a broad appeal across the Benches of the House and its longevity becomes secured. Sure Start, it seems, is in that rare category of policies.

Last year, a survey by the Institute for Government considered the most successful policies of the past 30 years. Sure Start was judged to be the fifth most successful, beaten only by the national minimum wage, devolution, privatisation and the Northern Ireland peace process. Such a commendation for a flagship policy of the last Labour Government gives rise to a deep sense of pride among Labour Members today, but we are realists too. We know that other Labour achievements, such as the national health service, the Open university and the national minimum wage, will endure only if we convince all parts of the House that they are right.

It did not go unnoticed just over a year ago when the then Leader of the Opposition, now the Prime Minister, gave this pre-election manifesto statement to the National Childbirth Trust:

"We are strongly committed to Sure Start Children's Centres and will strengthen this service"—

a clear promise to parents when the Prime Minister sought their votes. We have called this debate today to hold him and his Government to account for it.

This is not our first recent opportunity to discuss Sure Start. Seven weeks ago, the House had an excellent debate about the subject, but back then councils were still setting budgets and making choices. Today, we are in a much better position to make sense of the emerging picture on the ground, and we can judge the oft-repeated claim from the Secretary of State and his Ministers that they have given councils enough funding to keep all Sure Start centres open and, in the words of the Secretary of State at the most recent Education questions in an answer to my hon. Friend the Member for Liverpool, Wavertree (Luciana Berger), that they have given them

"sufficient to guarantee every child a high-quality place."—[*Official Report*, 21 March 2011; Vol. 525, c. 697.]

Today, we can test the claim made by Ministers from the Dispatch Box that councils have enough money to do both. Does the claim hold water?

Robert Halfon (Harlow) (Con): Is the right hon. Gentleman not pleased to know that in Harlow all the Sure Start centres remain open and are as strong as ever? Given that councils throughout the country have £10 billion in reserves, should they not use some of that money to strengthen their Sure Start centres?

Andy Burnham: I certainly say, "Good old Harlow". The hon. Gentleman sits on a very fine inheritance from Labour in that constituency, and I trust that he will look after it well. Indeed, he follows a very distinguished former Member.

Gordon Henderson (Sittingbourne and Sheppey) (Con): I hope that the right hon. Gentleman does not consider Kent to be a bastion of Labour support, but all the children's centres in the county are being kept open.

Andy Burnham: We will judge a week on Thursday whether Kent can return much Labour support, and we look forward to that judgment, but again I pay tribute to those local authorities that in difficult circumstances are doing their best to keep the Sure Start infrastructure intact. They deserve credit for that, because they are making some difficult decisions, and later I will go through some local authorities and list those examples that the House will be interested to hear.

Ms Karen Buck (Westminster North) (Lab): Westminster council is also seeking not to lock the doors of its 12 children's centres, but it is achieving that by implementing an 18% cut in funding through reduced outreach services and reduced services for child development, and by ensuring that smaller centres no longer provide any help for families seeking employment. How does that fit with the Government's objective of getting mothers back into employment?

Andy Burnham: My hon. Friend makes an important point, and I look over her local authority's border into Hammersmith and Fulham, where even more worrying steps are being taken, steps that my hon. Friend the Member for Hammersmith (Mr Slaughter) has skilfully exposed. I will come to those issues later, because there is a real issue about whether, in keeping open a centre, the service to parents in local authorities throughout the country is being destroyed. That is the key issue for the House to consider.

Let me, however, give the Government credit where credit is due—most unlike me, but here we go: they have certainly talked a good game on early intervention. To show just how committed they were to the issue, they commissioned not one but two distinguished Opposition Members to advise them on it, and the Field review—I am pleased to see my right hon. Friend the Member for Birkenhead (Mr Field) in his place—and the Allen report found common ground.

First, each report sets out a persuasive case for investing public resources heavily in the early years of a child's life. They argue that doing so will help us to tackle the root causes of poverty and to build true social mobility in Britain. Only that will challenge a society where, in the words of my right hon. Friend,

"at the age of three but certainly by five, the die of life is set for most children."—[*Official Report*, 2 March 2011; Vol. 524, c. 320.]

We all must seek to work together to challenge such a world.

Secondly, their recommendations are based on the assumption that the existing 3,600 Sure Start children's centres throughout the country, one to serve every community, should be the essential infrastructure—indeed, the delivery system—if the vision of high quality early intervention is to become a reality. That is the key question that we need to consider today.

The departmental Select Committee in the previous Parliament found that Sure Start had begun to make an appreciable difference to children's lives. It stated:

"Parents in Sure Start areas relative to those in non-Sure Start areas reported using more child and family-related services...and their children were socially more competent. These results seem to show that programmes are becoming more effective over time, particularly in their work with the most disadvantaged, and that children are feeling the benefit of longer exposure to the programmes."

That is a ringing endorsement.

In essence, Sure Start built into the early years universal comprehensive education. Its strength is that it brings together parents, of all backgrounds, who may not have known each other before. Instead of providing only state support, Sure Start, by bringing those people together, helped them to create self-sustaining support networks in the community, through one parent working with another, and in that way it gave all young parents the extra support that they need. That is a fundamental strength of Sure Start, and it must not be lost.

Andrew Gwynne (Denton and Reddish) (Lab): My right hon. Friend will be pleased to know that Labour-controlled Tameside council has committed to keeping open all its children's centres, despite a tough financial settlement, but did not the Conservative spokesperson on children and families let the cat out of the bag on the front page of the *Tameside Advertiser* this week, when she said that Sure Start should not be a universal provision serving every community?

Andy Burnham: That absolutely does let the cat out of the bag, and I am about to go through some examples of Conservative spokespeople in local government who do not seem to have read the Prime Minister's words before the election last year.

[Andy Burnham]

I congratulate Tameside council, however, because it has dealt with a disproportionately larger cut to its early intervention grant than other authorities in Greater Manchester—Trafford, to name but one, which Government Front Benchers routinely mention. In Tameside, for every young person aged under 20 years old there has been a £70 per child cut in the early intervention grant.

The council is working in those circumstances to keep the network of Sure Start centres open, and that is why I congratulate Tameside, and I hope my hon. Friend will take my congratulations back to his friends. Owing to all the benefits that I have described, it is not surprising that the Field review concludes:

"Local Authorities should aim to make Children's Centres a hub of the local community".

My right hon. Friend describes them as a "targeted universal service".

Two authoritative reports delivered to the Government advocate the importance of children's centres, but now we get to the heart of the matter. We will soon discover whether the Government really wanted to hear the views of my esteemed friends on that crucial subject, or whether they were brought in for presentational reasons—as a piece of theatre to send a desirable political message.

To be fair to the Prime Minister, I remember well how about a year ago, during the election campaign, some Labour Members doubted the sincerity of his commitments to Sure Start. I looked back to what he said, however, because I remembered it from the television debates, and on 5 May 2010, on the very eve of the general election, readers of *The Independent* sent in questions to the then Leader of the Opposition. A questioner asked:

"As a parent who relies heavily on Sure Start centres for the educational and social needs of my child, I would like to know whether these centres will continue to receive funding."

The Prime Minister replied:

"Yes, we back Sure Start. It's a disgrace that Gordon Brown has been trying to frighten people about this. He's the Prime Minister of this country but he's been scaring people about something that really matters."

That is what the Prime Minister said last May. In some ways, his anger was reassuring because it looked as if the Government-to-be were genuinely committed. I wonder how the Prime Minister feels today, given that it has turned out that those things that, as he said, "really matter" are under serious threat.

Evidence is emerging of widespread disinvestment by local authorities in Sure Start children's centres. That seriously challenges the deliverability of the vision set out by my right hon. Friend the Member for Birkenhead.

Henry Smith (Crawley) (Con): I am happy to join the cavalcade of other Conservative authorities that have already been mentioned; in West Sussex, no Sure Start centres are closing. Indeed, there is a greater desire to improve the services for early years. Surely that is at odds with what the right hon. Gentleman is saying.

Andy Burnham: It is a mixed picture. We will get to the bottom of the true picture on the ground as we get into the debate today. If Conservative local authorities are not just keeping the centres open, but protecting the services within them, I will of course recognise that that is what we want and what the Government said they would do. If that is the case, then good. But other Conservative-controlled authorities are not doing that. My question back to the hon. Gentleman is: what are he and his Front-Bench colleagues saying to Conservative authorities that are disinvesting from Sure Start and siphoning the money out? I look forward to an equally fulsome answer on that question.

If the Government accept the vision in the review that they commissioned my right hon. Friend to produce, I put it to the House that it must urgently consider what is happening on the ground and ask the Government to change course to preserve the network of children's centres and services. As I will show today, children's centres are closing right here, right now. Highly trained staff are being made redundant. Some children's centres are keeping the lights on, but no more. That is the reality on the ground that the Prime Minister must urgently confront.

Bill Esterson (Sefton Central) (Lab): I draw my right hon. Friend's attention to what is going on in Sefton. The council faces 30% cuts in its budget and it has had to review all 19 of its Sure Start centres. A Conservative-Liberal Democrat coalition has made that decision, which emphasises my right hon. Friend's point about the cuts being made by Conservative-run or led authorities. Families in Sefton are clear that they need the entire network. It is essential for people from all the different parts of the community that the network should be maintained. People from different parts of the community need different elements of the service.

Andy Burnham: My hon. Friend points out that coalition councils are not acting to protect Sure Start. He has come to an important point. The Government will have to decide. When the Prime Minister made promises last May, was he promising to keep Sure Start as a universal service? If he was, he really has to act. If, however, he had decided to let it become a targeted service—available in some communities and not in others, available to some parents and not others—he needs to be honest about that. He needs to say that and it needs to be clear that that is the Government's policy.

The Government built a clear expectation among parents that they were preserving Sure Start as a universal comprehensive service that would give all children the best start in life. Indeed, at the last Education questions, the Secretary of State said that he would guarantee all children a high-quality place. The Government will have to live up to that promise.

If today the Prime Minister believes as strongly in Sure Start as he appeared to on the eve of polling day, he must act to save it. He must stop the disinvestment in Sure Start by councils and reinstate the Sure Start ring-fence in the next financial year, as our motion suggests, to protect a service that is still very much in the early years itself.

Rehman Chishti (Gillingham and Rainham) (Con): Will the shadow Secretary of State also congratulate Medway, an authority that is retaining its 19 Sure Start centres? It is going beyond that and showing the Government's commitment to helping and supporting the young ones in their early years. I have a letter from

the Department for Education dated 13 March 2011. It says that the Government are giving an additional £275,000 to Medway to increase provision to two-year-olds, three-year-olds and four-year-olds. That shows the commitment from local councils and the Government.

Andy Burnham: I am not in a position to judge the decisions of Medway council. What I can say to the hon. Gentleman is that the cuts introduced by the coalition since the last election have led to a £40-per-child cut in the early-intervention grant in Medway. If the council is making the best of a bad lot, I say good luck to it; I hope that the hon. Gentleman will encourage other councils to do the same.

Robert Halfon: Will the right hon. Gentleman give way?

Andy Burnham: I have given way to the hon. Gentleman once. I will now make some progress.

There is a dissonance between commitments given from the Dispatch Box by the Prime Minister and the Secretary of State and the actions of councils on the ground, which are dealing with the reality—the hand of cards—that the Government have given them. How did we get to this position? First, let me examine the issue of national funding to support Sure Start. In his statement to the House on the spending review, the Chancellor said that he had found

"more resources for our schools and for the early years education of our children."—[*Official Report*, 20 October 2010; Vol. 516, c. 964.]

On that day, we said that that was a highly questionable statement. But ever since, the Secretary of State and his Ministers have stuck loyally to the line that the Government have given councils enough money to maintain children's centres and services—that is, until the debate led by my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) a couple of weeks ago on estimates day. I do not know what possessed him, but the Secretary of State intervened on a point being made by my hon. Friend and for the first time broke the discipline that Government Front Benchers had been observing so carefully. He said:

"The hon. Lady was kind enough to mention earlier that by her own calculation ring-fencing Sure Start within the current early intervention grant envelope would mean that other services would have to go. How will she protect those other services? Will she raise taxes, cut spending elsewhere or, as she said earlier, simply cross her fingers and hope for the best?"—[*Official Report*, 2 March 2011; Vol. 524, c. 359.]

That is a revealing statement, for implicit in the Secretary of State's words is the admission that the Government have not given councils enough money in the early intervention grant for everything that they need to pay for to sustain both Sure Start and other crucial services, such as short breaks for disabled children, teenage pregnancy services and the children's social care work force.

The Secretary of State could not have been clearer—we cannot have both: ring-fence Sure Start, and face cuts to some of those essential services for children. At least we saw a degree of honesty from the Secretary of State, but his problem is that his statement directly contradicted the Prime Minister's a few weeks earlier; that is not a good career move for a man in his fragile position.

In February, at Prime Minister's questions, the Prime Minister claimed the polar opposite of what the Secretary of State said. He said:

"On Sure Start, the budget is going from £2.212 million to £2.297 million. That budget is going up. That is what is happening."—[*Official Report*, 9 February 2011; Vol. 523, c. 293.]

To be fair to the Secretary of State—and I do not often say this—on this occasion he has a much better grip on the detail than his boss. The £2.212 million referred to by the Prime Minister is the early intervention grant for 2011-12. The Prime Minister conveniently took 2011-12 to be his baseline year—and yes, between 2011-12 and 2012-13 the contribution goes up in cash terms. However, not for the first time at the Dispatch Box, he was playing fast and loose with the figures. The only way to show what has happened to Sure Start and early intervention since the change of Government is to compare 2011-12 with the financial year that has just ended—that is, 2010-11. A departmental ministerial statement dated 13 December 2010 said that in 2011-12 the amount to be allocated through the early intervention grant

"is 10.9% lower than the aggregated 2010-11 funding through the predecessor grants."—[*Official Report*, 13 December 2010; Vol. 520, c. 67WS.]

The Prime Minister said that the budget was going up; the Department explicitly says that the budget is going down. That is not acceptable. In fact, it is worse than that because the Department's calculation leaves out in-year early cuts after the general election to the area-based grant that many local authorities, particularly in more deprived areas, used to receive.

New research from the Library gives us the full picture. Its figures show that the equivalent EIG at the start of 2010-11 was £2.794 million, meaning that this year's £2.212 million represents a real-terms cut of 22.4%.

Duncan Hames (Chippenham) (LD): The implication of what the right hon. Gentleman is saying is that under a continued Labour Government the cash settlement for all these services would have remained the same, yet in the Labour manifesto there was no promise to ring-fence the Sure Start grant, the Department for Education or the Department for Communities and Local Government. Given that the previous Chancellor intended to make savings across Departments, where does the right hon. Gentleman believe that this money would have come from?

Andy Burnham: Sure Start was ring-fenced—that was the policy of our Government. The Labour manifesto talks of strengthening early intervention. I am holding the Prime Minister to account for what he said when he was seeking the votes of people in this country. He said, in terms, that he would strengthen Sure Start, so I am saying that we should look at the evidence on the ground. Is Sure Start strengthening or weakening? When I read the hon. Gentleman some of the evidence, I hope that he will make an honest judgment on whether the service is getting better or is under threat.

The research from the Library tells us that in England the average cut in the EIG between 2010-11 and 2011-12 is £50 for every child in this country. Altogether that is absolute proof that the PM, who is undoubtedly a good talker—a PR man—is dangerously cavalier with the facts at the Dispatch Box, as Oxford university recently found to its cost. He said at the election that he would

[Andy Burnham]

protect Sure Start, but in fact he has cut it, in real terms, by about a quarter. This takes us to the crux of the matter. The Government have not had the guts to be honest about the cuts that they are making to Sure Start. Instead, they have cut the budget, removed the ring fence, and offloaded the problem and the responsibility on to local authorities up and down the country, some of which face invidious choices in cutting essential services for children—child safeguarding and other important services. That is a terrible position for local authorities to be in, be they Conservative, Liberal, Labour or in coalition. Some other councils are cutting way beyond what would have been the ring fence. They are cutting into funds that were given by the Government for the purposes of Sure Start, siphoning them off and spending them elsewhere.

Ben Gummer (Ipswich) (Con): The right hon. Gentleman talked about cavalier language. At the last election, Harriet Harman, the Member for—

Mr Speaker: Order. May I remind Members that they should not name other Members? The reference should be to the constituency represented; I think that the hon. Gentleman was about to get on to that.

Ben Gummer: Thank you, Mr Speaker, for correcting me. At the time, the lady of whom I spoke came to Ipswich and told my constituents that children's centres would be cut in Ipswich. Since the election, every single centre has stayed open and two more have been added. The right hon. Gentleman is a decent man. Will he apologise on her behalf for having misled people, because I have tried to get her to apologise and she has refused to answer my letters?

Andy Burnham: I will happily look at what is happening on the ground in Ipswich. However, there is an important difference that I point out to the hon. Gentleman. It is possible to keep a children's centre's lights on and keep a receptionist and a cleaner, but what is going on inside? Is he satisfied that an appropriate level of service is being provided to support the parents of Ipswich? That is the judgment that he has to make. It is not just a case of whether he can come to the House and say that Ipswich is keeping the lights on—it needs to do more than that. Indeed, his own Government have funded it to do more than that. Suffolk, which is the local authority concerned, has had a huge cut of £40 per child in its area. He has to ask his Front Benchers whether that is acceptable for his constituents.

Let me go around the towns and point out what is happening on the ground. Derby, home to a Tory-Liberal coalition, seems like a good place to start. Surely there, if anywhere, people would implement coalition policy to the letter, would they not? Well, perhaps not, because we find that in Derby six children's centres are threatened with closure. In a BBC news report on 10 March, Kelly Jennings, daughter of the Tory leader of the council, Harvey Jennings, said:

> "I voted for the Conservatives because I thought there was going to be more help for the NHS. Now they are cutting that off and locally they are cutting off the Sure Start centres which single parents like myself rely on."

We have been very pleased to welcome Kelly into the Labour party because she sees that in these tough times only Labour will be the voice of people and stand up for the services on which people depend. *[Interruption.]* Conservative Members laugh, so let us look at some Tory authorities. We have heard wonderful praise for many local authorities today; let us look at a few others. Are they working hard, like other authorities, to implement the Prime Minister's clear pre-election pledges?

In Hammersmith and Fulham, we saw the first use of an interesting tactic that my hon. Friend the Member for Westminster North (Ms Buck) mentioned earlier. Many of its 16 children's centres were under threat of closure. My hon. Friend went to the council meeting to see it discuss the issue. Then we heard the news that six would become hubs and 10 would remain as spokes. Only when we dig a little deeper do we find that nine of those so-called spokes will receive £25,000 a year. What is that enough to pay for—a receptionist, a caretaker, a bottle of bleach? Is there much more that it would pay for? I do not know, but it could not be very much. At the last Education questions, my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) recalled the hospital without patients in "Yes Minister". This coalition may be remembered for a more modern equivalent —a children's centre without any children in it. That could be the Secretary of State's legacy. I do not know about hubs and spokes, but there are certainly plenty of mirrors and smoke when it comes to presenting the facts about Sure Start.

Diana Johnson (Kingston upon Hull North) (Lab): I hope that my right hon. Friend might have an opportunity to look at what else is happening in Hull, controlled by the Liberal Democrats, which has seen a 32% cut in the children's budget across the board and a 50% cut in the money going to children's centres. Of the 20 children's centres that we had under the Labour Government, 13 have effectively been mothballed by the Liberal Democrats and will have very few services.

Andy Burnham: I am glad that my hon. Friend raises that important point. As she says, the budget for Sure Start in Hull has been cut by 50% from £9 million to £4.5 million. During a previous Opposition day debate on the education maintenance allowance, the Secretary of State stood at the Dispatch Box and advocated that people should vote Liberal Democrat, particularly in Hull, pointing to some excellent provision that was available. I wonder whether we will hear that again or whether he will revise that advice to the electorate in advance of next Thursday. A 50% cut—can that be what the Prime Minister had in mind when he said he would strengthen Sure Start? This is the decimation of services on the ground.

Let us talk about some more Tory authorities before we get on to the Liberal Democrats. Tory-controlled Barnet is removing funding from eight of its 21 children's centres, making £6.4 million of savings. Tory-controlled Bromley is closing 13 of its 16 centres. How can there be a service for the whole borough when just three centres are left? Are Ministers really saying that every parent in Bromley can access those centres and their services? I doubt that very much.

In Hampshire, 28 of the 81 children centres are set for closure. However, we should not worry because help is at hand. The right hon. Member for Eastleigh (Chris Huhne) has signed a petition against the changes. Thank God for that!

Caroline Dinenage (Gosport) (Con): I would like to correct the right hon. Gentleman on his facts, unfortunately. Hampshire county council has pledged to protect all front-line Sure Start services and only back-office costs will be cut.

Andy Burnham: Well, there was a plan to close 28 children's centres. I was led to believe that the council was considering the plan and consulting on it. I do not know when it had a change of heart. Perhaps it was because of the force of the representations of the right hon. Member for Eastleigh. We will have to find out. I am tempted to ask the Liberal Democrats to relay back to their colleague that rather than sign the petition, it might have been better for him to speak up in Cabinet to oppose the Secretary of State for Education and his cuts to the early intervention grant. Would that not have been a quicker way of resolving the matter, whether or not the local authority has had a last-minute change of heart with the local elections looming?

I do not know what to make of the behaviour of the right hon. Member for Eastleigh. Am I alone in finding his behaviour increasingly strange and Cable-esque? For the past 11 months, he has sat with his Lib Dem colleagues in Cabinet as the Tories have put various questions before them. They were asked, "How about trebling tuition fees and creating a market in higher education?" They said, "Why of course, be our guest, go and do it." The Secretary of State for Education asked, "How about scrapping EMA?" "Please do," said the right hon. Member for Eastleigh, "and why not decimate the careers service while you're at it?" They were asked, "Shall we cut Sure Start?" "Please do," said the right hon. Member for Eastleigh, "it will give me a good campaign at local level. Please get on and do it." However, when the Tories ask, "Won't AV mean we spend a little more on counting machines and the cost of elections?" all of a sudden, there is talk of resignation, legal challenges and Lord knows what. I struggle to understand that response from the right hon. Member for Eastleigh.

Does that synthetic rage not expose once and for all the absolute moral bankruptcy of today's Liberal Democrats? When the interests of millions of young people were at stake in Cabinet discussions, they sat on their hands, but when their self-interest is challenged because they might not win a vote on a change to the voting system, it is time to bring down the coalition. That tells people everything they need to know about the Liberal Democrats: their politics are flaky, unprincipled and cynical, and their disloyal Ministers are preparing for life beyond the coalition.

There have been increasingly desperate statements from the Deputy Prime Minister. What has he said about Sure Start? At the Lib Dem spring conference he said:

> "I cannot tell you how proud I am that not a single Liberal Democrat-led council is closing a single Sure Start children's centre."

Liberal Democrat Members have gone quiet. Are any of them prepared to back up that statement today? Stand up now. Does anyone hold to that statement?

Dan Rogerson (North Cornwall) (LD) *indicated assent.*

Andy Burnham: You do. So the Liberal Democrats all think that that is a correct representation and stand by it.

Let us consider Kingston upon Hull, where there is a 50% cut in the Sure Start budget. *[Interruption.]* The hon. Member for North Cornwall (Dan Rogerson) says that that is not true. Perhaps somebody has more up-to-date information and will beg to differ. Kingston upon Thames is another interesting and revealing example. Channel 4 FactCheck picked up the suggestion from the Deputy Prime Minister that the Lib Dems were not closing any centres and Cathy Newman went to Kingston upon Thames to look at whether any centres were being closed. Indeed, one was being closed in Hook. *[Interruption.]* The hon. Member for North Cornwall says that it is not a Sure Start centre. Well, when Cathy Newman went there, she found a plaque on the door that read, "children's centre". How can it not be a children's centre, I ask the hon. Gentleman? I am struggling with this defence.

I acknowledge that Labour councils, too, are taking difficult decisions. We have heard coalition Ministers target Liverpool and Manchester. Liverpool is losing £90 per young person and Manchester £80. Both are working to keep service reductions to a minimum. Hampshire, by contrast, is losing just £30 per child and plans to close 28 centres. How does that work?

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I am grateful for what my right hon. Friend said about Liverpool. Will he join me in congratulating Labour-led Liverpool city council, which has not closed any children's centres and is desperately trying to keep them all open? I hope to intervene on the Secretary of State to ask for his support for that.

Andy Burnham: I do congratulate Labour-led Liverpool city council and its leader, Joe Anderson. Sure Start is clearly close to his heart, as he said when he set the budget. I am delighted that it is working to keep all its centres open.

Perhaps our calling this debate has led some people at local level to have a change of heart. Perhaps it has led to some U-turns at local level, of the kind we have become familiar with from the Government. The hon. Member for Gosport (Caroline Dinenage) mentioned Hampshire. *[Laughter.]* The Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton) laughs, but only yesterday, Hampshire decided that its centres would remain open, but that the budget would be cut from £17 million to £11 million. *[Interruption.]* I do not read the Hampshire local press every day. Does the Under-Secretary? The council had a plan to close—

Mr Speaker: Order. I will say two things. First, it is not necessary for the Under-Secretary to behave like a child to demonstrate his empathy for children. That is not a requirement of the job. Secondly, although I am very much enjoying the right hon. Gentleman's geographical tour of the United Kingdom and always relish his exchanges with the Secretary of State, I am conscious that Back-Bench Members also wish to contribute. I am sure that those on the Front Benches will take account of that and apply a certain self-denying ordinance.

Andy Burnham: I agree, Mr Speaker, and will bring my remarks to a close.

[Andy Burnham]

Liverpool is doing well, despite facing difficult budget cuts of £90 per child. Hampshire is losing just £30 per child and is in a mess at local level, as is clear. These are the real politically motivated cuts. Hampshire is cutting its budget from £17 million to £11 million—a council in a more affluent area siphoning funds out of Sure Start and away from children who are facing the biggest challenges.

The evidence is racking up. Sure Start is being starved and is shrinking. Coalition policy is turning a much-loved, universal service into a patchy postcode lottery, which breaks the Prime Minister's promise to parents. The ministerial team are making a mess of this successful policy in precisely same way as they mangled EMA and school sport partnerships. The Government say that they accept the Field and Allen recommendations, but the rhetoric does not match the reality. Early intervention services are under intense pressure as councils wrestle with impossible choices. Later this week, Labour will publish a survey of 70 directors of children's services, which reveals a worrying picture of the quality and coverage of child safeguarding services in the current climate. It is becoming increasingly clear that Sure Start will not survive if the removal of the ring fence continues.

The motion makes the reasonable request for the Government to consider the emerging evidence and change course. We were right about school sport and we were right about EMA. If the Government care about the promises they have made, it is time for another U-turn and the reinstatement of the ring fence. I hope that they will listen, but somehow I doubt that they will. The decisions to shrink Sure Start fit entirely with the direction of Government education policy: at every stage of the education journey, they are making life harder for those who face the biggest challenges. They are breaking the promises that they made. We have heard what is happening to pre-school education, despite the fact that the programme for international student assessment has shown that all the best school systems in the world are based on the most extensive pre-school provision.

On four-to-16 education, the Chancellor stood at the Dispatch Box on the day of the spending review and promised more resources for schools, and said that the pupil premium would be "truly additional". Heads know how hollow those words were, as they have to use a static or falling budget to buy back central support services previously provided for free by the local authority. Most schools are facing 80% cuts in their buildings budgets, as the Secretary of State showers extra money on his free schools.

On 16-to-19 education, the Prime Minister made a personal promise to young people at a further education college to keep the education maintenance allowance, but the Government scrapped it. Even the OECD has recently called on the Government to reinstate it. The effect of scrapping it will be that education and the route to a better life will now be closed off to many young people.

On higher education, holier-than-thou promises from the Government that £9,000 fees would be the exception rather than the norm have proved utterly false, as we will debate later today. Universities such as Cambridge are left to say what the Government will not—that state school pupils will start to drop off and find it harder to gain access.

What is the combined effect of all those misguided education policies? I can almost hear the sound of falling aspiration in my constituency and in former industrial areas where so much was done to lift expectation, and I can tell the Secretary of State that it terrifies me. The Government are breaking their promises to parents and young people, and the effect will be to reinforce disadvantage at every stage of the education journey. Families with a little extra money will probably be able to insulate themselves from the worst of the changes, but the combined effect on the children who have least will be that the odds are stacked even further against them by an old elite, slamming the door in their face and kicking away the ladder.

What about when young people try to move from education into today's more competitive workplace? The Deputy Prime Minister made a feeble promise to open up work experience and internships, and days later the Prime Minister laughed in his face and reassured his old network that it would be business as usual.

The coalition's true colours are slowly being revealed, and what we see is the same old ruthless Tories. Promises were made to soften their image—"We will look after the NHS." "EMA will stay." "Sure Start will be strengthened"—but they have all been cynically abandoned after less than a year in office. The Government are acting as though they got a mandate last May. They did not, but we have a Liberal Democrat party that is letting them behave as though they did. Last May, the Liberal Democrats sacrificed everything and sold the shop for a referendum on the voting system, a change that they want in their own electoral interests. Now we see how viciously they are prepared to fight to secure that self-interest, while we remember how meekly they sold down the river millions of young people whose votes put them in Parliament.

Children and young people deserve a lot better than this. Labour will stand up for young people and give them all a fair start in life, and we will be their voice in tough times. I commend the motion to the House.

1.33 pm

The Secretary of State for Education (Michael Gove): In this post-Easter season, there is cause for all of us to celebrate, because a number of gloomy predictions have been confounded. At the beginning of the football season, some of us might have imagined that the dominant team on Merseyside would be Everton, but in fact, thanks to Kenny Dalglish's inspired leadership, the reds are five points ahead of the blues. The gloomy obituaries that were being written for that great team have had to be put back.

Kevin Brennan (Cardiff West) (Lab): Who do you support?

Michael Gove: QPR, as it happens, but I admire Liverpool, and particularly Kenny Dalglish. *[Interruption.]* We are top of the league, you know.

Another gloomy prediction was made by Labour Members, but it has not come to pass—that of a double-dip recession. That was the mantra at the top of

the Labour party, from the right hon. Member for Morley and Outwood (Ed Balls), the Leader of the Opposition and the Labour election co-ordinator, whatever his name is. The news today, however, is that our economy is growing once more—another gloomy prediction confounded.

We also heard a series of gloomy predictions from Labour Members about what would happen to the network of Sure Start children's centres in this country. We were told by the hon. Member for Hammersmith (Mr Slaughter) that we would see a reduction in the number of children's centres in Hammersmith and Fulham, but actually, as the right hon. Member for Leigh (Andy Burnham) almost acknowledged, not only are all the existing Sure Start children's centres being protected but a new one is being built. There is an increase in the number of Sure Start children's centres in Hammersmith and Fulham.

The right hon. Member for Leigh told us halfway through his speech that Hampshire was going to close all its children's centres. Sadly, that slur—*[Interruption.]* It was a slur. That slur on Hampshire county council was very effectively rebutted by my hon. Friend the Member for Gosport (Caroline Dinenage). The council is ensuring that every single children's centre will remain open. The right hon. Gentleman did not have the grace to acknowledge either that it was a Conservative local authority that was keeping them open or that he had got it wrong. I admire his passion, but he must get his facts right before he comes to the Dispatch Box and attempts to tarnish the good name of an effective local authority that is doing a great job for children and young people.

In a spirit of generosity, I have to say that a great many Labour local authorities are doing a good job and ensuring that Sure Start children's centres remain open. There are also Liberal Democrat local authorities doing a good job. One of the most disappointing things about the right hon. Gentleman's speech was his attack on the Liberal Democrats, which I felt was mean-minded and beneath him. I understand that as an election co-ordinator, with just a week to go before he shores up the Labour vote that is collapsing in Scotland and evanescent elsewhere, he has to pick what he thinks is an easy target, but he has picked the wrong target.

My right hon. Friend the Deputy Prime Minister, with whom I do not always agree, was right when he said that Liberal Democrat authorities were keeping all their Sure Start children's centres open. We can look at what is happening in Kingston upon Hull, where all the centres are remaining open and services are being delivered from all of them. The same is true in Kingston upon Thames. The Liberal Democrat councillors in those authorities represent a party that I would not vote for, but they are doing the job a darned sight better than the Labour councillors who used to run Hull when it was the worst local authority in the country according to the Audit Commission. It is now the most improved.

Andy Burnham *rose—*

Michael Gove: Talking of room for improvement, I give way to the shadow Secretary of State.

Andy Burnham: Before we leave this matter, let us get to the bottom of the point about Hampshire. There was clearly a change of heart yesterday—*[Interruption.]* Will the Under-Secretary of State, the hon. Member for East Worthing and Shoreham (Tim Loughton), hear me out? If there was a change of heart, the news had not reached me, and I welcome it. However, we must ask, a change of heart to what? The Sure Start budget there is going from £17 million to £11 million, a 35% cut. Is the Secretary of State applauding Hampshire for making a cut on that scale? He has just applauded the local authority and invited me to do the same. Is he saying that such a cut to Sure Start is acceptable and that the local authority should be applauded for cutting the service by more than a third?

Michael Gove: The right hon. Gentleman has not misled the House—he never misleads the House—but I am afraid that he has got himself in what we call in Scotland "a bit of a fankle". He asserted that Hampshire was going to cut children's centres, and then he was caught short by the facts. I know that he has more respect for the House than to want to put himself in a position of having inaccurate facts in front of him, so all he needs to do, as graciously as is his natural custom, is acknowledge that Hampshire is keeping its children' centres open and congratulate it on that.

One reason why Hampshire, Hammersmith and Fulham, Kingston upon Hull, Kingston upon Thames and many other Conservative and Liberal Democrat councils, as well as Labour ones, can keep their Sure Start children's centres open is that there is enough money. I can make that assertion because of the evidence that has been put forward by two of the people who have the best understanding of the early years. Anne Longfield OBE, chief executive of 4Children, has said that the Government are

> "continuing to provide adequate funding to keep centres open and councils should resist the temptation to use this money to plug gaps elsewhere."

Anand Shukla, the acting chief executive of the Daycare Trust, has said:

> "The Government has allocated sufficient funding for the existing network of Sure Start Children's Centres to be maintained".

The money is there—independent witnesses say so—and well-run local authorities all over the country, represented by councillors of different parties, are maintaining that network. Therefore, every single plank of the right hon. Gentleman's argument has collapsed beneath him, and I have been on my feet for only six minutes.

Ms Buck: What does the Education Secretary say to parents in my constituency, which has the seventh highest child poverty in the country, in the light of Westminster city council's briefing? The briefing states:

> "As you may have heard in the media, central government funding for Sure Start Children's Centres nationally has been reduced, which means in Westminster we have to save 17% from our Children's centre budget",

meaning a saving of £715,000, including roughly £250,000 off early learning and child support, and £400,000 off outreach and family support. Children's centres will be bricks and mortar without the staff even to ensure that services can be run safely.

Michael Gove: The hon. Lady is a highly energetic constituency MP—indeed, I was represented by her for a brief period, and I know how passionately she takes up such causes. However, Westminster, like many other

[Michael Gove]

local authorities, is succeeding not just in keeping the Sure Start children's centre network open, but in providing an enhanced service for children and young people. The question that she and every Opposition Member must address is this: if they believe, as I do, that Sure Start is a valuable service, and that it is a good thing that the Government have set up an early intervention grant, and that we are devoting resources and intellectual energy to the early years, will they support the coalition in the steps that it is taking, or do they have an alternative plan? Do they believe that money should come from other areas of Government expenditure to spend more on any of those services? If they believe that we should spend more than we are spending, can they explain which services they would cut or which taxes they would increase? I am very happy to give way to any right hon. or hon. Member who can enlighten me on Labour's economic policy, including the hon. Member for Hammersmith.

Mr Andy Slaughter (Hammersmith) (Lab): Let us deal with the figures. If the Secretary of State has come along simply to give incorrect figures, he does not help the debate at all. Hammersmith and Fulham was spending £3.983 million last year; this year it will spend £2.206 million. Most of the nine Sure Start centres will have their budgets cut. Some will receive £19,000 to be satellites—the £19,000 is for the upkeep of the premises, but services will be delivered on-site by another children's centre. The Secretary of State must stand by his words if he says that that means he is keeping the centres open. However, his stance in this debate and making such assertions does him no credit. He should at least live with the consequences of his actions.

Michael Gove: The consequence of the Government's actions is that we have ensured, as both Anne Longfield and Anand Shukla have pointed out, that there is enough money to maintain that network. In addition, under Conservative leadership, Hammersmith and Fulham has been singularly successful in reducing the council tax burden on its ratepayers, and in diversifying the sources of funding it receives to support education and care for children and young people. It is a superb local authority. Instead of continually talking down the service that is provided by public servants in Hammersmith and Fulham, it would be nice to hear from the hon. Gentleman some sunny, uplifting words, rather than grim predictions of disaster, which as we have just heard, turn out never to be true.

Andrea Leadsom (South Northamptonshire) (Con): Will my right hon. Friend join me in congratulating Northamptonshire county council on deciding to go ahead with its plans for 50 children's centres in the county, and on its support for my proposals to introduce a Northamptonshire parent-infant project in children's centres, which will provide a parent-infant psychotherapy service for the families most in need who are struggling to bond with their new-born babies?

Michael Gove: I am delighted to congratulate Northamptonshire, where not a single children's centre is closing. It is also the home of the innovative Pen Green children's centre. More money is coming from central Government to help that council to develop news ways of providing support for children in their earliest years.

Valerie Vaz (Walsall South) (Lab): I have some sunny words for the Secretary of State. Sure Start Palfrey in my constituency was one of the first in the country to get an "outstanding" rating from Ofsted, which it gained because it did a lot of outreach work, including through a fathers' club—84 fathers came to one session. However, there are rumours, which the Secretary of State might like to quash, that the staff will be replaced by health visitors, which moves the centre into a medical model rather than an educational model. Will he confirm that those specialist workers will not be replaced by health visitors?

Michael Gove: The hon. Lady makes an important point. To be fair to Labour Members, I want to emphasise that Sure Start has been a success in the past, and we hope it will be an even greater success in the future. However, one matter on which it has not been as successful in every part of the country as it should have been is in outreach, particularly to the most disadvantaged. The Government believe that health visitors, as trusted faces of the state, can be one of the most effective ways in which we can increase outreach. We also believe that local authorities that have innovative solutions that succeed in ensuring that children in hard-to-reach communities receive those services should be supported. The coalition Government believe in supporting local authorities that are innovative in their use of resources, which is why we removed the ring fence, created the early intervention grant, and allowed a greater degree of innovation to flourish at local level.

Diana Johnson: The 50% cut is set out clearly in Hull city council's budget to children's centres—it is a fact. The centres cannot provide the service that they provided before that 50% cut. They have abandoned the local authority's early years service team, and no one is doing early years service planning in that authority. The cut means that services are not the same as they were under the previous Government. Surely the Secretary of State must recognise that.

Michael Gove: First, we are entering the financial year in which cuts would have been made if we had stuck to the plan of the previous Chancellor of the Exchequer, the right hon. Member for Edinburgh South West (Mr Darling). However, I have heard not a single word from the hon. Lady or anyone else about where those cuts would have been made. Secondly, she and others—I understand that she is electioneering, which is fair enough—said that children's centres would close, but in fact they have remained open.

Thirdly—I did not want to repeat this but the hon. Lady compels me to do so—the Audit Commission said that Hull was one of worst local authorities in the country when Labour ran it, and it is now the most improved local authority. I know that those three points are uncomfortable for her to deal with as she tramps the streets of the east riding attempting to drum up Labour votes, but they are undeniably true. That is why she is shaking her head—in anger at Labour's record.

I specifically wanted to address some of the questions on the importance of outreach raised by the hon. Member for Walsall South (Valerie Vaz). The broader question is this: what do we want to achieve in the early years? A consistent theme in constructive questions from Opposition Back-Bench Members has been that

the bricks and mortar are being preserved—that concession, for which I am grateful, is in stark contrast to the scaremongering that we have heard from Opposition Front Benchers—but what is happening in Sure Start children's centres? Are we improving the quality of service that is provided to children and young people? That is a tough challenge.

One thing that we are doing—the right hon. Member for Leigh did not refer to this—is increasing resources to ensure that early education and child care are provided not just for three and four-year-olds, which the previous Government introduced. We have already extended the number of hours of free early education and child care from 12.5 to 15 hours for all three and four-year-olds—we implemented that and increased expenditure to do it—but we are also increasing the number of hours for the most disadvantaged two-year-olds. The plan under the previous Government was for 30,000 of the most disadvantaged two-year-olds to receive 15 free hours, but we are ensuring that 130,000 do so. That is an investment of up to an additional £300 million in the early years at a time when we have to make uncomfortable budget reductions elsewhere because of the desperate economic mess that we inherited. That is a sign of our determination to do best by the early years. It would only be fitting for the right hon. Gentleman to acknowledge that.

Henry Smith: The state of the country's finances that was bequeathed to us by Labour was appalling. Is it not remarkable that the amount of interest that we are paying on Labour's deficit is 39 times the Sure Start budget?

Michael Gove: My hon. Friend is absolutely correct that the interest we are paying on our debt is 39 times the Sure Start budget under the previous Government. If we really cared about our children's future, would we have saddled them with a debt at that level? Clearly not. I am afraid, however, that the right hon. Gentleman and his colleagues in the last Labour Cabinet were happy to spend, spend, spend without any thought to whether future generations would be saddled with an enormous debt. It is to the great credit of the Prime Minister and the Deputy Prime Minister that they were prepared to ensure that a coalition Government took the responsible steps necessary to deal with the dire economic mess, and it is to the discredit, I am afraid, of the current shadow Cabinet that not a single constructive suggestion has come forward for how to deal with the deficit. In just a few days' time, when people think about how to cast their vote, I hope that they will reflect on which parties are acting responsibly in dealing with the national crisis, and which parties prefer posturing, irresponsibility and the emptiness of eternal opposition.

Mr Frank Field (Birkenhead) (Lab) *rose—*

Michael Gove: I would like to exempt one person from that stricture, however, and it is the right hon. Member for Birkenhead (Mr Field), to whom I am happy to give way.

Mr Field: The whole House welcomes the re-announcement by the Secretary of State that the number of poor two-year-olds who will receive nursery education will rise from 30,000 to 130,000. To ensure that it occurs, will the Government ring-fence the money?

Michael Gove: I believe that money additional to the early intervention grant has been budgeted for to cover the years 2012-13 to 2013-14, and we are currently discussing with the sector how to ensure that the money is spent most effectively. Rather than having a top-down approach to delivering support for children in the early years, we need to work in partnership, not just with local government, where there are many brilliant leaders, but with those in the voluntary and charitable sector who have a huge amount to add.

I mentioned Anand Shukla and Anne Longfield, but I am also very grateful to people such as Bernadette Duffy, who runs the Thomas Coram children's centre, which has helped the coalition Government to move forward in developing a framework to ensure that children in the foundation years receive the support that they really need. For example, all of them have worked with us on the response to the report by the right hon. Member for Birkenhead and the interim report produced by the hon. Member for Nottingham North (Mr Allen). In both reports a compelling case was made—this argument was also made eloquently in the first half of the speech by the right hon. Member for Leigh—that investment and the right interventions in the earliest years can have a dramatic effect in closing the opportunity gap that has grown up in this country.

All of us will have been struck by some of the figures released by the coalition Government and analysed by the *Financial Times* this week that show that social mobility in this country is still not moving in the right direction. In particular, we see evidence in some of our most deprived areas of children who have not reached an acceptable level of child development by the age of five. In those deprived areas, children who are falling behind continue to do so. I want to ensure that as much as possible we have a cross-party approach to dealing with that problem. Again I have to say that steps were taken by the Deputy Prime Minister, in the launch of his social mobility strategy, to outline exactly what we need to do to tackle these problems. All of his suggestions, particularly the emphasis on intervention at every stage in the life cycle and the prioritisation of early years, would seem to commend themselves to people of good will in every party.

Andy Burnham: I want to make it clear that I welcome some of the steps that the right hon. Gentleman is taking, particularly on two-year-olds, which builds on something that we were talking about. However, I want to ask him a serious question. I am listening carefully to what he is saying, and he is itemising some of the individual things that the Government are dong, but I want to know about the big picture so that I can understand his position on Sure Start. He talked about how Sure Start will develop in the future. A simple question: does he envisage Sure Start as a targeted service or a universal service?

Michael Gove: I envisage Sure Start as a universal service. *[Interruption.]* Second question? It is an interview. I almost feel like I am on "The Andrew Marr Show"—I will come to him in a moment. I believe that Sure Start is a universal service, but it is also important to recognise that there are children in greater need on whom we should target greater resources. The original Sure Start programme started out targeting areas with the greatest

[Michael Gove]

need, and subsequently, as it moved to phase 3, it became universal. Even within that, it is an example of what one might call "progressive universalism". Yes, the service is there for all, and yes we recognise that disadvantages exist, even in some of our apparently wealthier communities. That is why the service should be universal. Nevertheless, we know that there are areas of real deprivation, such as the constituency that the right hon. Gentleman represents, and we need to ensure that our resources and energy are targeted in that area.

Several hon. Members *rose*—

Michael Gove: A number of hon. Members want to intervene. I am happy to give way to the hon. Member for Redcar (Ian Swales).

Ian Swales (Redcar) (LD): Does the Secretary of State share my regret that last year the National Audit Office found that Sure Start centres had completely failed to address inequality in our disadvantaged communities?

Michael Gove: The hon. Gentleman, who represents brilliantly a constituency with real deprivation, is absolutely right. Yes, Sure Start has the potential to make a significant difference, and yes on the ground it was already making a real difference, but we need to build on that by ensuring that we have the targeted interventions that help those children in the most difficult circumstances.

Annette Brooke (Mid Dorset and North Poole) (LD): I note that the shadow Secretary of State spent 45 minutes on quantitative issues, so I welcome the Secretary of State's emphasis on quality. Does he agree that we should be showcasing the really good interventions and effective use of money across the country? I regret that we have cuts, but surely we must be celebrating and giving confidence to the sector.

Michael Gove: That is the best intervention yet. The hon. Lady is absolutely right. I and my departmental colleagues are anxious to point out that there are many committed professionals in the early years sector with a greater level of expertise in developing evidence-based interventions, all of which can help children in difficult circumstances. I have been impressed by how people have worked constructively across the sector, and I have been particularly impressed by the fact that, as the hon. Member for Nottingham North pointed out in his report on early intervention, we now have a better body of evidence that allows us to identify what works. We should celebrate the fact that some of that innovation has been operating at a local level in children's centres run by exemplary local authorities.

Several hon. Members *rose*—

Michael Gove: I would like to make progress, because I am conscious that Members would like to speak after me. However, I took in vain the name of the right hon. Member for Edinburgh South West, so I am happy to give way to his former Parliamentary Private Secretary.

Ann Coffey (Stockport) (Lab): I understand that there are proposals for developing a payment-by-results scheme for children's centres. I think those proposals have great merit: they will ensure the proper examination of which interventions work, and will lead to better outcomes for children. What is the Secretary of State's thinking on this, and has any progress been made on developing such a scheme?

Michael Gove: That is a very fair question. The answer is yes. We are examining this matter with the sector to establish which successful interventions we can encourage and incentivise to be spread more widely. Building on the point made by the hon. Member for Mid Dorset and North Poole (Annette Brooke), I would add that some children's centres are hugely successful at outreach. The hon. Member for Walsall South (Valerie Vaz) referred to how a children's centre in her constituency has succeeded in tackling some hard-to-reach families. We know that some families resent and resist what they see as state intervention and coercion in their families' lives, but actually they desperately need that support, so we must incentivise those children's centres that are good at outreach.

There is something else that is critically important. There is sometimes an understandable confusion between the provision of child care to ensure a higher level of female participation in the work force, which is a good thing in itself, and child development. Those are allied but separate issues. I would like to see a renewed emphasis on child development. The original Sure Start proposals, which the Treasury developed, had a real focus on child development, and through the work that Dame Claire Tickell has led, we have sought to look at the existing early years foundation stage and build on what is good about it. The focus of the foundation years should be on ensuring that children arrive at school school-ready and effectively socialised. That will sometimes require interventions to support parenting and to raise the quality of staff. However, we can identify and support good practice, and indeed support many of the voluntary organisations, such as 4Children, that are already doing a fantastic job.

I want to stress that the changes we are talking about depend on having in place the staff capable of leading our children's centres in the right direction. We have provided funding specifically to ensure that the National College for Leadership of Schools and Children's Services can ensure that there is a trained cadre of at least 400 highly qualified individuals with a new depth of training in running children's centres, and that we move broadly in the direction hinted at by hon. Members towards a vision of children's centres leaders as people who enjoy the same prestige and esteem as head teachers. We should see what is happening in children's centres as part of the seamless process of education that should start at the earliest possible age and, in my view, continue for as long as possible, in order to prepare people for the world of work and progression.

At a time when we have to make economies, I recognise that it is difficult to concentrate on some of these areas of debate, but we have made a good start in the last 12 months. The constructive approach taken by the right hon. Member for Birkenhead and the hon. Member for Nottingham North, along with those in the sector, is something on which we can all build. It is often tempting to knock local government, but I have been hugely

impressed by the way in which the Association of Directors of Children's Services, with its outgoing president Marion Davis and the incoming president Matt Dunkley, has engaged with the coalition Government to operate constructively.

I know that many hon. Members will want to use their speeches to make points in advance of the local elections—that is fair enough; it is that time of year—but I hope that in the remainder of this debate, their speeches will continue in the tone so admirably set by the hon. Member for Mid Dorset and North Poole. We all recognise the great work done by professionals in early years. I hope that we will all give some thought in the hours that we have left to how we can build on those successes and ensure that children, who are our first care and concern, can have the best possible start in life.

2.1 pm

Mr Andy Slaughter (Hammersmith) (Lab): It does not help the House if the Secretary of State comes here to defend the indefensible or to use what is essentially wrong information to do so. I will therefore correct some of the figures and facts that he got wrong—and, for the record, I will be doing so for the third or fourth time. I should also say that I do not have any local elections in my constituency. Indeed, it is somewhat insulting to say that Members who have supported their networks of children's centres and been proud of them—that probably goes for Members from all parties in this place—have come to this debate simply to score cheap political points. That is not the case. I do not know whether my words will influence the outcome of the alternative vote referendum—if they lead to a yes vote for AV, then all well and good—but I assure the Secretary of State that that is not my intention today.

Hammersmith and Fulham council began on 10 January this year with a report, passed in full, that said:

"At present H&F has a network of 15 children's centres...We are looking at options to restructure this provision in line with the likely levels of efficiency and grant reductions expected...However, it is not likely under this scenario that LBHF could continue to directly fund more than 6 Children's centre teams."

The cut in grant is about 13%, whereas, as I said in my intervention, the cut in the budget is about 45%. It is therefore no good Hammersmith and Fulham hiding behind the cut in grant. It is right to say, however, that as soon as that announcement was made public—albeit shortly after Christmas—there was, shall we say, a lively reaction in the constituency and the borough. A lot has happened in the three months since, partly because the local authority realised that it might be in breach of its statutory duties, which were quite properly introduced by the previous Government.

Those duties are such that either, first, the council would have had to return the nine centres that it was closing—those whose grants it was cutting entirely—to the Department for Education, or would have been liable to do so; secondly, it had not performed its statutory duty to consult before making the decision; or, thirdly, it was no longer clearly providing a network of children's centres. The local authority's response was based on trying to bring itself within the law, not on recognising it had made a mistake about levels of provision. Every one of the minor and incremental changes that it made was more to do with PR than with the service or keeping all the centres open. The general amount given to the nine centres that were, in fact, closing was £19,000. The council said that after consideration and consultation—it was a substantial consultation, with many thousands responding in fairly clear terms—it would increase the budget. In some cases, the budget was increased by £1,000 a year, so a budget that was £19,000 became £20,000, where previously it had been £250,000. Clearly the Secretary of State has been briefed in same propagandist way—"Yes, we're going to open a new centre." However, the new centre is one of the libraries that the authority is closing, and it will also receive a grant of £19,000, so we will have another empty building.

The third thing that happened was a substantial protest from my constituents. There were many demonstrations, including one attended by my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson), the shadow Children's Minister. We reciprocated by bringing a party of Hammersmith and Fulham parents to the mother's day protest outside No. 10 Downing street and presenting 2,000 signatures from parents in my constituency against the Sure Start closures. When the inevitable decision was finally made on 18 April to go ahead with the closure programme, 150 parents with buggies again turned up to protest.

I pay tribute to Ruthie Walsh and those involved in Hammersmith and Fulham Parents Unite for organising those protests, not because they are politically motivated, but because they care about their children and they absolutely value the service. Many say it is a lifeline, helping them through relationship break-ups, or loss of job or income, or even helping them to get back into work, providing not just child minding or play services but high quality support, particularly for children with developmental difficulties or special educational needs. That is what Sure Start provides and what, however we dress it up, we are losing when we close nine centres in Hammersmith and Fulham. After all the protests, all the jiggery-pokery and all the propaganda, the net effect is that the budget is indeed being cut by 45%, from almost £4 million to just over £2 million, that the number of Sure Start centres in Hammersmith will now be six, rather than 15, and that the number of children served by those centres will go down by two thirds, to no more than 2,000. That is the reality, with the spin removed, about the services that will be provided.

It is no coincidence that the pattern of Sure Start cuts fits the pattern of cuts in other children's services. Four of the borough's seven youth clubs have been closed in my constituency, along with after-school services, of which we are very proud, play services and a complete network of dedicated services. That has all been shut down, and because of Government cuts, the playbuilders scheme and the Building Schools for the Future programme have also been cut. The impact of local government cuts, as well as those directed through local government from central Government, unavoidably bears down overwhelmingly on children and people on low incomes in my constituency.

One of the most shameful things—this might be unique to Hammersmith and Fulham—is that rather than say, "This is regrettable, but it's to do with finance and matters of that kind," the local authority has tried to rubbish Sure Start as a programme. In its most recent report on the cuts, the council said that

"no Sure Start Local programme effects emerged in the case of 'school readiness' defined in terms of children's early language, numeracy and social skills needed to succeed in schools."

[Mr Andy Slaughter]

So there we have it: the reason for the almost 50% cuts in children's centre budgets and the two thirds cuts in provision for children is that they do not work. Is that the Government's attitude? Despite the protestations, do they actually think that we are talking about a wasteful service that should not be provided, or that pre-school services should be provided only to those who can afford to pay for them? To give the council credit, that is clearly the view of Hammersmith and Fulham, but it is not the view of my constituents, irrespective of income or background.

I do not want to take up too much time, but I want briefly to mention some of the Sure Start centres in my constituency that cater for and care for thousands of children every year in Hammersmith and Fulham. Cathnor Park family centre was the first to open in 1998, and the council now describes it as a "super spoke"—it is much better than a satellite: it is a super spoke. The centre receives £50,000 in funding, as opposed to the £473,000 it received last year. The same goes for Broadway family centre, which also received £473,000 last year, but which will receive £19,000 this year. The funding for Wendell Park, my local Sure Start centre, has been cut from £250,000 to £25,000, and that of the Bayonne family centre has been cut from £250,000 to £19,000. The Normand Croft centre's funding has been cut by the same amount.

Those centres are popular, well used and well loved by everyone who uses them. They have established themselves and they believed that they would continue because they were told by politicians of all parties that they were providing a wonderful service to the parents and children of the borough. However, they will all be gone. We do not know about closures in children's services yet, but we know about the closures of youth centres and play centres. Not only are the services being closed, but the buildings are being sold off. The assets are being disposed of, so, if there is another Labour Government, or another Government who are more enlightened than this one, or a local authority able to provide the services, it will not be possible to recreate them. They will be gone for good. That will be the legacy of this Government, and it is the legacy of the Conservatives in local government in London.

These decisions are ideologically driven. If they were driven by the need to save money, we would be seeing what the Minister of State promised us when she responded to debates on the subject—namely, cuts at a level that would allow the networks to survive. I have said this before to the Secretary of State: he should intervene on those local authorities that are choosing to close their children's centre networks or not to provide such networks. They could be in breach of their statutory duty, and there will certainly be a legal challenge in Hammersmith and Fulham. There has not been proper consultation, and we have heard nothing but spin and disinformation, which, to his discredit, the Secretary of State has repeated today. The Government purport to believe in children's centres and early years development, yet local authorities are cutting services to the bone and closing them down, to the extent that nothing remains except the shell of the building. The Government should intervene to stop them.

2.11 pm

Dan Rogerson (North Cornwall) (LD): This Opposition day debate has been billed as one that would land a big blow on the Government on a crucial issue. The shadow Secretary of State gave us a number of examples in his lengthy trip around the country, but they were perhaps not the killer blow that he was hoping to land. He prefaced his remarks by saying that there was a great deal of recognition on both sides of the House of the good that Sure Start has done. I share that view, having seen what Sure Start has achieved in my constituency and elsewhere. Notwithstanding the issues raised in the National Audit Office's report, to which we might return later in the debate, the programme has great strengths. All things can be worked on and improved, but the programme's fundamental objectives of reaching and supporting people who need help, and encouraging people to work together to support each other, have been achieved in many children's centres. Of course we welcome and support that.

Speaking as a rural MP, I believe that delivering such services in places such as North Cornwall is different from delivering them in urban areas. There has always been a hub and spoke approach in rural areas, because of the many village Sure Start children's centres that we have. I see that as a strength, in that some services travel around all of them. I would caution the shadow Secretary of State against saying that there must be a fully staffed suite of people just hanging around in case someone walks in through the door. Instead, we should be looking at the best way of using resources.

Andy Burnham: I agree; that is a reasonable and fair point. The hon. Gentleman mentioned the examples that I gave. I think that he is the Back-Bench education spokesperson for the Liberal Democrats, and I would like him to give us a straight answer today. We have heard from my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) that Lib Dem-controlled Hull city council is cutting the Sure Start budget by 50%. Does the hon. Gentleman support that move?

Dan Rogerson: We are in a period in which people are getting used to a coalition Government, and I am certainly not a Front Bencher here. I am speaking as a Back Bencher, and I am sure that you would be the first to jump on me if I claimed to be a Front Bencher, Mr Deputy Speaker. I and a number of other Liberal Democrats have a Back-Bench group in which we discuss many of these issues with other people inside and outside the party. We are also able to talk to the Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), who, as a Minister in the coalition Government, is at the heart of taking these decisions and leading policy forward, along with her other colleagues. My view on what is happening in Hull is that it now has a council that has taken over what was the worst council in the country under Labour and turned it around. It is in challenging financial times—I want to return to that subject later—but it has managed to ensure that all its children's centres will remain open.

As I said earlier, the hub and spoke model, which is already operating in other parts of the country, can be successfully undertaken. The shadow Secretary of State also referred to a postcode lottery. That is one way of

saying that locally elected councillors should be able to take decisions that affect their local areas and, having talked to the local community, use the money available in ways that the community believes will be most effective. That is my view of how local democracy should work. Instead of talking about a postcode lottery, we could talk about the young people in my constituency who had £300 less than the national average for their education under the Labour Government. Cornwall is recognised by the European Union as one of the most economically disadvantaged areas of the country. Those are the issues that we should be looking at, rather than at the way in which different councils take decisions about the money at their disposal.

I welcome the Government's commitment to early years provision. As we have heard, they have involved Opposition Members in the debate, and I am delighted to see the right hon. Member for Birkenhead (Mr Field) in his place today. The Liberal Democrats have always placed a strong emphasis on early intervention, and I pay tribute to my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke), who is no longer in her place, for the work that she has done over the years, inside and outside the party, and for chairing the all-party parliamentary group on Sure Start children's centres. She makes a significant contribution to the debate.

The shadow Secretary of State attempted to say that the only thing that the Liberal Democrats were worried about was next week's referendum. It is absolutely clear, however, that the coalition Government will continue, whatever the result of the referendum. I would point to the commitment to investing in child care and early years education for two-year-olds from disadvantaged backgrounds as something that my party has been arguing for. I also believe that the pupil premium, which the right hon. Gentleman has real problems with, will deliver real change and real investment for disadvantaged young people up and down the country. I would also point to the review by Dame Clare Tickell, and the aspiration to simplify and streamline the bureaucracy around the early years foundation key stage. That was in the Liberal Democrat manifesto. I am sure that the Secretary of State and Conservative colleagues will want to emphasise their own credentials when it comes to tackling bureaucracy, but those measures were certainly in our party's manifesto. I therefore have no problem with running through the Government's programme and looking at all the Liberal Democrat priorities that are being delivered in it.

The key point that I want to make is that we are in difficult financial circumstances and, yes, the money going to local government has been restricted and efficiencies are having to be made. As other hon. Members have pointed out, a pot of fairy gold seems to exist in the minds of Opposition Members, along with the belief that, were they in charge, all the financial problems would be solved. However, the cuts programme that they set out when they were pretending to be responsible in government has now disappeared. They said that billions of pounds of cuts would be necessary, but they are now not being at all specific about where those cuts would have been made. It is tiresome that, time and again in these Opposition day debates, whatever the subject, all we hear from them is, "Of course we know that cuts have to be made, but we wouldn't do it there or in that way." They never tell us what their alternative would be.

It will become increasingly obvious as this Parliament progresses that that refrain just will not do. When that refrain is tied to a motion such as the one before us, which seeks to scaremonger before a local election about the closure of a service on which people rely, it is even more unfortunate. It is also unfortunate that the "killer statistics" that the right hon. Member for Leigh (Andy Burnham) was hoping to present have not emerged; the picture is different.

Sadly, some jobs will go, which is absolutely to be regretted. I look forward to continued investment in early years education and leadership programmes that might provide something for people wanting to move from one job to another and allow them to carry on using their skills and make a contribution. I also welcome the Government's Green Paper on special educational needs, particularly the strong aspiration to tie in health spending on matters that perhaps previous were seen as solely the responsibility of the Secretary of State for Education. There are lessons to be learned from Sure Start. In its early days, there were programmes to support breastfeeding, for example, which a primary care trust sometimes struggled to fund, given that supporting children's centres was not part of the Department's core area of responsibility. That was a controversial matter at the time.

Stella Creasy (Walthamstow) (Lab/Co-op): I note the hon. Gentleman's support for early intervention, but I only wish that he had been more enthusiastic in the Education Bill Committee in supporting my proposals for achievement-for-all partnerships. In view of his point about Sure Start, does he share my concern that local authorities such as mine in Waltham Forest are having to make terrible decisions because of the funding cuts? Fantastic projects such as the Hamara family project—provided by Barnado's for work with children with special educational needs—and the outreach buses on the Attlee Terrace estate are having to be cut in order to keep the centres open. These services are going and we will not have the centres to maintain them.

Dan Rogerson: The hon. Lady has managed to put on the record references to a number of projects in her constituency; as an assiduous local MP, it is absolutely her right to do so. It is for her local authority to consider and to reach a conclusion about what happens to these services. The local electorate will look at those decisions and no doubt respond accordingly—not this year in the hon. Lady's area, but in other parts of the country. My point was about trying to get health spending brought more closely together with what the Department for Education does; further gains could be made from that approach, which is why I greatly welcome investment in health visitors, for example, during this Parliament. We will have extra professionals on the ground to deliver these key priorities in early intervention and support for people who, without it, might find it difficult to keep the family together. It is important to support young children in those crucial years.

Sarah Newton (Truro and Falmouth) (Con): I am pleased to hear from my hon. Friend that, whatever the outcome on 5 May, I can continue to work with him for the greater benefit of the coalition in Cornwall in righting some of the terrible wrongs that have been left, especially the underfunding of education for Cornwall's

[Sarah Newton]

younger people. Does my hon. Friend agree that health visitors, particularly in remote rural areas such as Cornwall, will play an increasingly important role in supporting families with young children?

Dan Rogerson: It is crucial to ensure that programmes that sometimes seem specifically targeted at urban areas also deliver in more rural areas. Sometimes there is a misunderstanding that all rural areas are prosperous communities and that money should be targeted elsewhere. That is not the main thrust of what I am saying, however, so I do not want to get drawn further down that road. Of course I look forward to working with my hon. Friend the Member for Truro and Falmouth (Sarah Newton) to ensure that Cornwall gets its fair share of spending and investment.

Sure Start has done a fantastic job of reaching out to people in communities, but there are questions about whether all the money has been spent efficiently. When the hon. Member for Kingston upon Hull North (Diana Johnson) pointed to projects under threat in her constituency, she specifically referred to a planning team. I am not aware of how much on-the-ground work that planning team does—it might be crucial—but it does not sound to me like a front-line service that is, as her Front-Bench team seek to imply, for the chop.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Before the hon. Gentleman moves on, will he comment on—and, hopefully, dissociate himself from—his colleague who intervened and quoted one part of the Audit Commission's report totally out of context, suggesting that the Audit Commission had said that early years intervention through children's centres was a waste of money?

Dan Rogerson: I do not think it was said to be a waste of money. The argument was that things can always be done better, which is what the National Audit Office said. I hope that all Members agree that where issues have been identified independently and targets and aspirations for a policy have not been met, we can look for ways to do it better. My fundamental point is that, despite the financial situation, good councils up and down the country will prioritise children's centres and keep them open to ensure that services have a reach—even if there is no insistence on having full-time workers in every specialism in every centre, which is what I would like to see if the money were available to fund it.

Diana Johnson: Of course all Members would agree that if efficiencies can be made, it is all to the good and we should see it happen, but is the hon. Gentleman honestly saying that a 50% cut to the children's centre budget in Hull can be seen as a good thing and that services will improve because it is an efficiency saving?

Dan Rogerson: Of course I am not saying that spending less on a service is desirable. If we have the money in the first place, I would like it to be spent on front-line services, but I am not in a position to comment on how every single penny has been spent in Hull. I am pleased to note that my Liberal Democrat colleagues running the city council are keeping the children's centres open and will provide services at them, which will reach across all the communities of Hull.

I conclude on that note. I hope that the debate will proceed by focusing on the positive aspects that Sure Start has delivered and the opportunities to continue delivering them.

2.27 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): A year ago during the general election campaign, a woman in my constituency asked me what Labour had done for Gorton. We were standing outside the St James Sure Start centre on Stelling street, where she was waiting to collect her child. That lady, like many constituents of mine, will be wondering what is going to happen to that centre, which she took for granted as though it had always been there, archetypally provided by some heavenly intervention. It fact, of course, it was created by the Labour Government and was one of their most successful innovations. Incidentally, when Parliament was considering the Sure Start proposals, the then Conservative Opposition did not support them.

In a city such as Manchester, which has many areas of deprivation, Sure Start made a hugely positive impact. We have 14 major centres, of which several excellent ones are in my constituency. One in Farrer road in Longsight was built anew at a cost of £3.25 million and provides an exceptional environment where parents can take their children and be confident that they will be looked after. Throughout my constituency—from Gorton right through to Whalley Range—my constituents have come to rely on Sure Start and take it for granted. That is true not only of the centres, but the other facilities provided by Sure Start. In several parks, such as Platt Fields, they provide play areas and playgrounds that were not there before.

Sure Start is very well used and enormously valued. That was shown when my constituents, along with those of other Labour Members with Manchester constituencies, came down to London a few days ago to present a petition to 10 Downing street—to which we have so far had no response—asking for Sure Start to be protected.

Some of the petitioners came from the Levenshulme area in my constituency, and a couple of weeks ago we held a special meeting in Levenshulme to discuss with local parents what they wanted to happen now that Sure Start was under threat as a result of the Government's policies. Mothers listed a number of reasons why Sure Start had made a difference to their lives and the lives of their families. They spoke of a cohesive approach, and said that Sure Start had given them points of contact with other parents. They said that, as well as providing facilities and services, Sure Start had given them an opportunity to make friends and establish links with peer groups. They said that it was particularly valuable to those who did not have much family support, and that it was very important to single-parent families. They also said that it gave parents the power of choice, but that power of choice is now being undermined and placed in jeopardy by the huge cuts being imposed by this joint Liberal Democrat-Conservative Government. The city of Manchester is one of the top four cities in the entire country to have suffered cuts in local government funding from this Government. Next year the cut will be £109 million, and the following year it will be £170 million.

Andrew Bingham (High Peak) (Con): The right hon. Gentleman is painting a good picture of the work done by Sure Start in my constituency, but I wonder whether he and his fellow Manchester Labour Members will make representations to the city council about the £95 million cash reserves that it is holding, and about one or two jobs that it is advertising. For instance, it is offering annual salaries of £38,000 for a communications manager and £128,000 for a creative graphic designer. Would that money not be better put towards Sure Start?

Sir Gerald Kaufman: The hon. Gentleman reads out some brief that has been thrust into his hands and talks about Manchester. I can tell him that he knows nothing whatever about life in Manchester and nothing whatever about the lives of my constituents, a huge proportion of whom have already lived in deprivation and are now living in worse deprivation as a result of what is being done by this Conservative Government. The latest unemployment figure is 9.4%. Let the hon. Gentleman not be briefed by his Whips to tell me about Manchester, because my constituents sent me to tell the House about Manchester, and that is what I will continue to do.

Andrew Bingham *rose—*

Sir Gerald Kaufman: If the quality of the hon. Gentleman's first intervention is anything to go by, I think that the House will be better off without a second intervention from him.

However, the problem is not simply the cuts in Manchester's overall funding but the cuts in the early intervention grant, which helps to fund Sure Start. My right hon. Friend the Member for Leigh (Andy Burnham) said that nationally the cuts amounted to £50 per head. In Manchester, the figure is £80 per head: that is what this Government have done to the city. Manchester city council is utterly determined not to close any of our Sure Start centres, but because of what the Government have done—because of the disproportionately high cuts in the early intervention grant—the service that we have been used to in Manchester, and which the council wants to go on providing, will no longer be available.

The council is examining options, not one of which it would prefer to consider. It will have to withdraw from its current role as a provider of services and become a "commissioner of provision". That means that it will try to provide services which are of sufficient quality and properly targeted, but because of the Government cuts it will not be able to continue to provide the service that a Labour Government enabled my constituents to take for granted as something that they would always have. When I was electioneering for the local elections—

Michael Gove: Ah!

Sir Gerald Kaufman: Oh yes. I shall say more about the local elections in a minute.

When I was electioneering for the local elections last Friday, a constituent came up to me and asked, "Why are the Government doing this to us in Manchester? We did not want this Government in Manchester, but we are stuck with them, so why are they discriminating against us?"

The best that we can do is not to close any centres and to engage in a consultation process. However, as my right hon. Friend the Member for Leigh has pointed out, on this as on so many other issues, what was said before the general election by both the parties that comprise the present Government bears no relation to what they are doing now to service after service. The present Prime Minister said:

> "we back Sure Start, but we will improve it, because at the moment the people who need Sure Start the most—disadvantaged families—are not getting enough of the benefit. So we'll contract independent organisations that have a proven track record in helping families".

One of the huge values of Sure Start was that it was socially cohesive. It did not discriminate socially between those who were more affluent and those who were in employment, and those who were less affluent and those who were not able to get jobs—and heaven knows, those who are not able to get jobs constitute an increasingly high proportion of the people I represent. But if the Prime Minister really wanted to approach Sure Start in the right way and to help disadvantaged families more, that is being breached to an even worse extent. The statistics show that constituencies such as mine are being penalised and targeted by the Government, whereas the families who, according to the Prime Minister, do not need Sure Start as much are suffering much less from cuts.

As I said earlier, the early intervention grant in my city has been cut by £80 per child. In Surrey, Buckinghamshire and Wokingham, it has been cut by £30 per child. The Government have decided to discriminate in favour of the affluent Tory-voting south, and against deprived constituencies like mine which need Sure Start. The Prime Minister himself needs Sure Start. But it is not only the Prime Minister who deceived the country before the general election. The leader of the Liberal Democrat party said:

> "My party will protect existing child care entitlements and Sure Start",

and:

> "Sure Start is a really important programme that has made a real difference to millions of parents. Difficult decisions are going to have to be made in public spending but Sure Start is one of the best things the last Government has done and I want all these centres to stay open."

That is what the leader of the Liberal Democrats says, whose party is conniving at undermining Sure Start and taking its valued facilities away from parents in my constituency who need them.

I have mentioned the local election campaign and what people are seeing happening, and I say this: a week tomorrow we in Manchester will be able to pass our verdict on the Liberal Democrats. There is no point in our passing our verdict on the Conservatives because we do not have any of them on the council, but we will be able to pass our verdict on what they have connived at in the abolition of—*[Interruption.]* I see a Minister grinning at what the Government have done to the deprived people in my constituency—at what they have done on education maintenance allowance and on Sure Start, at the £100 they have deducted from the winter fuel payment, at the deprived and the poor and those who need money having it taken away from them while the bankers' bonuses go on soaring and soaring. We will decide in Manchester, and this House has got the right to debate these issues, and we will go on debating them until we have shamed this Government out of existence.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before I call the next speaker, let me say that 11 Members still wish to speak and the wind-ups will start at 3.40 pm.

2.41 pm

Caroline Dinenage (Gosport) (Con): I start by addressing the sunny side that we have been aiming to get to today by talking about the benefits of Sure Start. It has been fantastic for many of my constituents. At the age of 17, one of my constituents found herself pregnant with twins as a single mum. She had to deal with the challenges of that without the help of a loving family around her, and the burden of those challenges led her to self-harming. I am pleased to be able to say that she is now the proud mum of healthy, happy five-year-old twins, and she maintains that that is all down to the help and support she received from Sure Start. It led her to gain the right medical help that she needed and to gain the parental skills necessary to cope with the challenge of twins—which, let us face it, we would all struggle with. Sure Start put her on the right track and taught her how to be a responsible parent, giving her the skills required to be self-sufficient—so much so that she now acts as a mentor to young mothers in my constituency. She is a bright, shining example of why Sure Start is a good thing. The fact that people who were previously on the edge of society can come back in that way shows the great value of Sure Start.

My husband is in the military, so I know at first hand the difficulties involved in trying to bring up a family effectively as a single mum while a partner is away on duty. Two weeks after the birth of my second child, my husband was deployed overseas. Fortunately, I had a strong and supportive family around me to help, but I know that others are not so lucky. On my visits to local Sure Start centres throughout my constituency, I have met many mums with partners in the military who are living in married quarters that are miles away from their home town and from the support network of family and friends that those with young children sometimes need. All of them have emphasised the importance to them of Sure Start. It provides support for mothers to come together and gain the help and advice they need, and it provides them with a welcome opportunity to talk to someone over the age of five.

Sure Start centres provide important services for children and families and they must not be undermined. A recent independent review found that 54% of current incidents of depression in women and 58% of female suicide attempts can be attributed to adverse childhood experiences. That hammers home the great importance of the early years of our childhood to our future prospects. Research has shown that a child's development at 22 months is an accurate indicator of educational outcomes at 26 years of age, while boys deemed to be "at risk" at the age of three have almost three times more criminal convictions in adulthood than their peers. This is why we must support children from the very start.

It is important to remember that Sure Start was initially introduced to provide a haven of support and advice for our most vulnerable families in particular, yet Ofsted reports that, under the last Government, half of Sure Start children's centres were not reaching out to the most vulnerable. Therefore, it is crucial that these resources are protected in order to help those who are most in need of help—from the children, whose health and well-being is improved, to the young parents, who are given the support and parenting skills that may have been lacking in their own lives. I know how much they gain from this lifeline.

Sure Start was one of the few positive legacies we inherited from the previous Labour Government, and it surprises me that it is the Labour-run councils up and down the country who are seeking to save money by closing these valuable centres almost as a first resort.

Andy Burnham: Which ones?

Caroline Dinenage: I will go on to give a couple of examples.

Some of these councils are cutting valuable front-line services to save money, while protecting the pay packets of the council hierarchy. There are some bizarre—and, frankly, ridiculous—job titles, including a creative director at the county council of the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), earning £120,000 a year. Labour-run Liverpool city council is closing four Sure Start centres, and its record is a prime example of the wasteful spending that has plagued the effectiveness of our front-line services as, meanwhile, it has an astonishing 23 employees earning over £100,000 a year. Its recently retired chief executive earned more than double what the Prime Minister earns.

Labour-run Manchester city council has put question marks over its Sure Start centres, as the right hon. Gentleman outlined, despite having paid 18 employees over £100,000 a year, having cash reserves of £95 million, as my hon. Friend the Member for High Peak (Andrew Bingham) pointed out, and having the highest levels of funding per head in the area. The recent efficiency measures will provide the councils that have been reckless in their spending with an opportunity to reform their strategies and, as a result, function in a more streamlined and effective manner.

Julie Hilling (Bolton West) (Lab): Does the hon. Lady understand that councils whose areas suffer the greatest deprivation, and which are therefore mainly Labour-run, have faced disproportionately large cuts from the Tory Government, and does she accept that the biggest cuts are taking place because they have received less grant from the Government?

Caroline Dinenage: I cannot comment on the councils in the hon. Lady's area. I can only speak about my own area, which has some of the highest levels of social deprivation in the south of England, and highlight the fact that our country would not be in this situation—spending 39 times the Sure Start budget on the deficit—if the previous Government had not left us in such a pickle.

Andy Burnham: Will the hon. Lady give way?

Caroline Dinenage: Much as I would love to give way to the shadow Secretary of State, he will have plenty of time to say what he wants when summing up.

Hampshire county council has been discussed a lot in the debate. There were plans to keep the number of individually managed centres at 81, but to reduce the number of management hubs to 53. There were never plans to reduce the number of centres. No Sure Start

centres in Hampshire were ever planned to be cut; it was just the management of them that was considered. I can well understand why the Opposition struggle with the concept of reducing bureaucracy, management and red tape even though not doing so would be at the expense of front-line services.

Hampshire county council is making £6 million-worth of savings while protecting front-line services. It is even planning to increase the number of family support workers but outsourcing some of the IT and admin from the county council in Winchester and merging some of the management structures of the smaller centres that are closer together. No front-line Sure Start services will be cut, nor will any family support worker posts. From speaking to the mums who use the Sure Start centres, I know that the most important thing for them is that the service will continue in the same way. In fact, they have all identified that savings can be made, while front-line services can be protected. I have given them my absolute commitment that I will continue the dialogue with Hampshire county council to ensure that that is what happens to front-line services and that no mums or families suffer in any way. That is why I called on the Prime Minister in a recent Prime Minister's Question Time to endorse proposals that protect front-line services, and that is why I criticised the mischief-making that has resulted in Sure Start being used as a political football. It is, was, and always will be, far too important for that.

Sure Start transforms lives in areas such as Gosport, and I have been inspired by the work of our local centres in dramatically improving the well-being, educational achievements and health of children.

2.49 pm

Mr Frank Field (Birkenhead) (Lab): I wish to pose a question at the beginning of my short contribution: why are we attaching such importance to today's debate? I say that because Sure Start is part of a wider area of concern, which the Secretary of State rightly called the "foundation years". There are two reasons why the House is concerned about this area and what is happening to it, how it will be developed and how it might be affected by any cuts programme. The first is that over the past decade or so we have been given a great deal of new knowledge about how brains develop. In the past, we looked to schools and universities to make good class differences, but development in neuroscience suggests that we need to start much earlier and take action as children develop from the womb and until the age of five. So if we are really concerned about widening life chances and ensuring that people can move from their early years into education and into work, we need to prioritise the foundation years.

Much of the concern of Labour Members has been about what has been happening to Sure Start, and I want to pose some questions about that and end with a suggestion. We are not going to persuade the Government to go back on their non-ring-fencing, much as we would like them to, and so I make a plea to them. Other programmes and public expenditure reviews will take place during this Parliament and I hope that before the Government embark on their second, and probably last, public expenditure review for this five-year Parliament, they will question whether, with hindsight, the non-ring-fencing of some of these key services has been a good idea. The Secretary of State needed all his skills to avoid answering questions from Labour Members today, because real losses are clearly involved when local authorities with reduced budgets have to make choices on what they think is most important in the area covered by the intervention grant.

If the Government are to make real sense of the foundation years during this Parliament, they will need to change their attitude towards non-ring-fencing. I intervened earlier to ask whether the money for the new initiative of very significantly increasing the number of poor children between two and three who will receive nursery education will be ring-fenced, and the Secretary of State gave us the good news that it would be. So we can conclude that although the Government are not going to say in public that, with hindsight, they were probably wrong not to ring-fence, it is clear that in any future settlement they will prioritise those areas where they believe the greatest gains for taxpayers can be got from spending their money. I suggest that, in the next review, foundation years spending is one area that needs to be ring-fenced.

The second question that I wish to pose applies particularly to Labour Members, but also to those on the Government Benches. We are all anxious to present Sure Start in the best possible light. It is true that it has established itself as a universal service that is non-stigmatising and offers help, but I question whether we have the information at our disposal to be so confident that all Sure Start centre budgets are being spent in the best way possible. When Sure Start began in Birkenhead 10 years ago, I sought in vain to gain from our four local centres information on the number of children in their area, the number of children that they were contacting and whether they were ensuring that the greatest help went to the most-deprived children—I never received answers. Now that Sure Start centres know that things are up for grabs and that, for example, the schools in Birkenhead are probably going to bid for the centres, people are of course anxious to talk about what their services might provide.

In an age in which there is less money in most areas for Sure Start, it is more important that the money is spent on the poorest children, not the richest. Adam Smith's hidden hand seemed to work at the doors of Sure Start, in that the doors were opened most widely to those bushy-tailed mums who are confident about themselves and who saw what a wonderful service it was and went in—they have benefited fully. I still ponder about the number of mothers in my constituency who are very poor, who are suffering from post-natal depression and with whom nobody makes contact. That is the group that Sure Start needs to be most involved with.

Dan Rogerson: Does the right hon. Gentleman think we could ensure that the more resource-intensive activities that take place in the children's centres could be targeted while also ensuring that they can still be used in other ways to encourage everybody to come in, to work together and to learn from each other and support each other? Does he think we can get the balance between those two things?

Mr Field: My report tries to suggest how we can keep the service universal while also concentrating help on those in greatest need. That is crucial if in the next

[Mr Frank Field]

10 years we are to see not only a development of the Sure Start budgets, but a significant increase in the budgets for foundation years—that is where any new money should go. It would help Sure Start to meet that objective if the Government were to move as quickly as they could to ensure that foundation years provision overall, and Sure Start in particular, was paid by results. In that context, we need to consider whether more children are better ready each year to start school as a result of expenditure in this area. I have asked heads in my constituency, where we have had Sure Start for 10 years, and they have said that that is not so.

The collapse in parenting may be occurring at a greater pace in some areas than it is more generally throughout the country—this problem is not a particular one. One of the great reasons why we support the foundation years is that more children are less well nurtured now than was the case 10, 20 or 30 years ago. One of the great things that Sure Start is about is trying to ensure that those young people who did not have good parents and who did not learn the ropes from them find from somebody else the best way of ensuring that their children are really fit to start their first day of school.

I hope that the Government have learned the lessons about ring-fencing. We will see this in their actions, because I do not expect a Minister to say at the Dispatch Box, "I think our approach was wrong, but next time it will be played differently." Secondly, I hope that we all agree that whatever our framework for Sure Start, we want to ensure that the most vulnerable children are helped most. I wish to make a brief suggestion about the next stage of this policy. The Government have accepted all the proposals that they could immediately accept from my report, but one proposal relies on the Chancellor of the Exchequer. I suggested that each time the Chancellor considers whether to increase benefit rates for children, he should consider whether in that year it would be more appropriate to spend some or all of that money not on benefit increases, but on building up foundation years provision.

Some Labour Members are slightly apprehensive about that suggestion, because we have been committed to abolishing child poverty, as defined in monetary terms, by 2020. Those on the Government side are also committed to that and I think that Labour Members fear that if the Government decided to move moneys from benefit increases to services, we would lose that goal of abolishing child poverty as we defined it when we were in government. I wish to suggest that that clash does not exist. A couple of years ago, the Joseph Rowntree Foundation supported research examining the most effective ways to ensure that more children live in households with incomes above the target of two thirds of median earnings. It found that that was done not by increasing benefits, but by increasing the amount of child care. In fact, if we attended to that and ensured that child care was of high quality, up to half of those children who are now deemed to be poor would not be poor because their parents would be able to combine the work and tax credits that are available to give them an income that would take them out of our definition of financial poverty. I suggest that the Government consider significant increases in child care and that they finance that by holding back on some benefit increases for children in future years. We will not only achieve more quickly the goal of abolishing the numbers of children in financial poverty but, by ensuring that child care is of the highest quality, we will also ensure that many of those children are better prepared to start school and that their lives will be very different from those of their parents.

I chair the new academy in Birkenhead and we have been debating what should be in our contract with the town. I think that one part of our contract will be that we will run an academy that will ensure that children coming to our school will have the opportunity to get better jobs than their parents did when they had to start work. That is what most parents mean by social mobility, and I hope that I have shown today that if we consider the amount and quality of child care, we might not only lessen the amount of financial child poverty in our country but significantly open up the life chances of our poorest children.

3.1 pm

Richard Fuller (Bedford) (Con): I have listened with great interest to the debate. Speeches seem to have fallen into two categories: they have shown Sure Start as a shared success on which today's debate gives us an opportunity to improve and they have made it a partisan issue and an opportunity to score points. We just heard from the right hon. Member for Birkenhead (Mr Field), a man whose comments are always listened to very attentively by Members on both sides of the House, and his speech was a classic example of the first of those two categories. He made some very good points, one of which I shall comment on—that is, improving and taking Sure Start to the next level. Of course, we have heard other speeches, most notably that made by the hon. Member for Hammersmith (Mr Slaughter), that are more partisan and point-scoring.

I felt that the shadow Secretary of State's speech was uncharacteristically ineffectual today. I always look forward to listening to his speeches, but I felt that it fell somewhere in the middle, as though his brief told him to make some electioneering, rallying, partisan points but his heart told him that Sure Start was far too important to be brought down to that level.

I want to try to address some of the points and try to avoid some of the partisan claims. My first point concerns the closure of Sure Start centres. I know that many of my right hon. and hon. Friends went through the general election confronted by Labour party smear stories about our intentions for Sure Start. It was a disgraceful smear then and it is a disgraceful smear when we hear it repeated, albeit in a muted way, today.

I am glad to have heard Members on both sides of the House talk about those councils that, even in very difficult times, are showing their commitment by maintaining Sure Start centres and to have heard the commitment on that point from my right hon. Friend the Secretary of State. When we hear that councils such as Harlow and Kent, which my hon. Friend the Member for Sittingbourne and Sheppey (Gordon Henderson) mentioned, and, I understand, Liberal Democrat Councils and Labour councils such as Tameside have committed to maintaining Sure Start centres, surely that shows that this is truly a shared commitment for all parties. Why are other councils closing Sure Start centres? What have

they done to find other savings? What sorts of overpaid jobs are they protecting? How analytical have they been about their budgets? Are we sure that they are not playing politics with children's futures? I do not care what their political stripe is—I ask the Minister whether, through this process, he will pay close attention to the reasons why those councils are closing or threatening to close Sure Start centres.

Julie Hilling: Can the hon. Gentleman explain how a local authority such as Bolton can cut 25% of its budget without harming any of the services it provides?

Richard Fuller: That will definitely be a challenge. I know that the hon. Lady has deep experience in youth affairs and youth matters from her previous role, but people in Bolton have a higher level of public expenditure per head than we have in Bedford, where the deprivation level is about the same. When there are sharp reductions, that will cause some issues. That is an issue for her council to consider and it is crucial that services should come first for her council and for other councils. The methodology for delivering those services is where resources need to brought back into the budget.

Sarah Newton: Cornwall council is keeping all 40 of its Sure Start centres by using innovative methods involving consulting parents or federating the centres under the advisory boards or school boards. That will lead to reductions in management costs without reducing services. Does my hon. Friend agree that that is a good example of a council that is not cutting front-line Sure Start services?

Richard Fuller: My hon. Friend makes a good point. I do not want to get too distracted by the issue of public expenditure, which I shall come to a little later. I am not sure that we want to tie our views about the future of Sure Start specifically to this period of deficit reduction measures and their consequences for local councils.

One benefit of being smeared by the Labour party about our intentions on Sure Start during the general election—a smear that has been proven to be completely without foundation—was that I got the great opportunity to visit a number of children's centres in my community of Bedford. I must reinforce some of the points made by Members on both sides of the House about what a tremendous venue they are for networking and experience sharing between young mothers and fathers. In my home community, which is marked by a tremendous amount of ethnic diversity, when one goes to a community centre such as the neighbourhood centre in Queens Park and sees the Sure Start centre and the children's services offered there, one really sees people from different communities mixing. That would not have happened without Sure Start—or, at least, not in such a great way—and we all want it to be maintained.

Many comments have been made about ring-fencing and about its role. In response to a question from the hon. Member for Chippenham (Duncan Hames) we heard that neither the Conservative party nor the Labour party continued to commit in their manifesto specifically to ring-fencing this budget. It is important, however, as the right hon. Member for Birkenhead just said, to see what the consequences of getting rid of the ring fence will be on our budget. I am not sure that I would come to such a definitive conclusion as he would, if there are examples of where the loss of ring-fencing has led to closures. This period of reduction is quite exceptional and considerable benefits can be found by putting the responsibility for determining the budgets for Sure Start centres down into the local communities. As councils reinforce their commitment to Sure Start centres in difficult times, that opens up more opportunities for examples of best practice to come to the fore and broadens the service offerings that local councils will seek to put in their centres.

Let me return to the issue of the overlap between cuts to public expenditure and the commitment to Sure Start. This is not good territory for the debate. As I mentioned, it is incredibly difficult for councils to match their budgets in difficult times but the issues about the future of Sure Start need to go beyond the short-term deficit reduction measures that councils are having to take. Importantly, we should remember when we hear speeches about committing more money to something that we lead ourselves down a false path if we think that that always leads to better outcomes. Commitment is not shown by how much money is spent. That kind of thinking leads to profligacy, waste and ultimately to a complete mess of the finances, as we have seen with the situation of general government. Thinking that money is our indication of commitment is more sinister because it sets up expectations of what will be provided far beyond what it might be possible to commit to. It stifles innovation, creativity and opportunities to make more out of less and it also withdraws a commitment to volunteering.

Volunteering is an area in which we are already seeing, in many of the Sure Start centres in Bedford, a significant number of volunteers coming forward to expand the role of the services offered. That should surely be most welcome in all areas and communities. Volunteering reinforces the networking value that we get from our centres and enables us to do more effective outreach into our communities, particularly hard-to-reach communities, in all our towns and constituencies.

Today has been a good opportunity for us to identify ways in which Sure Start centres can be improved beyond the measures already identified by the Government in terms of expanding early-years provision. However, progress must be based on a recognition by all parties that there is now a shared commitment to Sure Start, which is being reinforced and not threatened in these tough times. I hope that all Members on both sides of the House will support the Government's endeavours in that regard.

3.11 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): It has been a good debate. I have been interested in early years for a long time. When I became the Chair of the then Select Committee on Education and Skills, the very first report I did was into early years. Some Members who were on the Committee during that inquiry are still in the House. We thought it was pretty groundbreaking of us to hire at the beginning of the inquiry someone with a PhD who was expert in the development of the child's brain. We had the benefit of wonderful research people such as Professor Kathy Sylva, who was a significant influence in understanding that a child's life chances are

[Mr Barry Sheerman]

largely determined by early-years stimulation before 22 months. That is quite startling and was very new thinking 10 years ago.

I have always been absolutely committed to the idea that what we do for children in their early years is of the utmost importance. It sometimes irritated me, as the years went on, when we did inquiries about every other bit of education right through to higher education, that we seem to live in a strange world in which we take things for granted and spend less on early years and more as children get older. I heard a small voice constantly telling me—you will remember sharing this view in your former role, Madam Deputy Speaker—that we should be spending more money on the earlier years and tailing off spending in later years. The amount of resources we put in does matter, but I agree with the hon. Member for Bedford (Richard Fuller) that what is important is how that money is spent and the quality of the spend.

Interestingly, the very last inquiry I did as the Chair of the Committee was also on Sure Start and early years. In parallel to that last inquiry we did another into NEETs—those not in education, employment or training. There is a very strong relationship between what happens to a child in their first months and years and whether they are likely to end up as a NEET. That link is vital. Stimulation is important and it is sad to go into a school or other setting and be told by people there that they can identify pretty accurately very early in the life of a child whether that child is a potential NEET. That is depressing. I am sure that everyone in the House would agree that, although we came into politics for all sorts of strange reasons, most of us share the belief that all human beings ought to get the chance to develop the potential and the skills that they were born with. For me, that is what the Sure Start and early-years stimulation debate is about. I am sure that we all want to ensure that potential is developed to the full and that we do not want talent to be wasted. We live in a competitive world and I am unashamed to say that I want our country and our economy to be successful. I want it to grow and do wonderful things. If I were to speak in the next debate, I would say that there is a clear link between what happens in a child's early years and their potential to go to university and make the most of their life.

This issue is partly about resources and partly about spend, but it is also about quality and how it is monitored. It is very difficult to find really good experience and then to spread it fast. That is even more difficult given that the nature of poverty is changing. I know that I am in danger of boring the House on this point because I keep coming back to it. For so many people in the House and outside it, their idea of poverty is a concept from 30 or 50 years ago—a kind of static poverty. When I go to early-years settings and schools up and down the country I find a dynamic poverty. I am talking about children not being in the same school for very long and moving on as their parents move. I am talking about a dynamic in which people come from other countries and do not have the English language at home, perhaps having a foreign language on their televisions. I am talking about children who get very little support from the home environment. The nature of poverty has changed and, like all human beings, we tend to live a little in the past. We have to recognise the nature of poverty today, the challenges of deprivation that a child in poverty has today and the fact that they are different from the past.

One inspiring thing about the work on early years is the fact that the quality of research is better than any educational research I have come across. I have often criticised the quality of educational research in some of our universities. There are complex reasons for that, such as a lack of good salaries and a lack of attraction to those areas of research, perhaps because there are much better salaries for those who stay on and become successful head teachers or principals. The quality of early-years research has been outstanding and we have to build on that.

We also have to be able to evaluate success. It is not good enough to go along anecdotally and say, "I saw this wonderful example of a Sure Start centre" in Southampton, Huddersfield or anywhere else and think that it is easy to replicate. So many of the successful systems that one looks at are difficult to replicate because they involve excellent people who have shown leadership and built successful teams. That is not impossible to clone—it is not impossible to have a system—but we have to realise that it is difficult. When the concept of Sure Start was originally introduced, we decided that we would go to the 500-most deprived communities in the land, but there was a big flaw in that approach because most poor children do not live in those 500 poorest communities. That is a dilemma for us all. It is more difficult than asking where the 500 poorest communities in Britain are. That does not work and there have to be more centres than that, which is why we moved to a figure of 3,500.

I think there are some ideological—no, not ideological, but intellectual—differences between us. When we looked into this issue in the final report, a couple of members of the Select Committee would have liked to have gone back to a smaller number of centres. I do not think that that was callous or because they wanted fewer centres; I think it was because they thought that we could probably do better over a period of time with 500 centres and that dissipating talent as a resource was dangerous. I disagreed with that, as did the majority of the Committee, on an all-party basis, because we thought that 3,500 was the number necessary to reach those poor children wherever they were in our country. There is a lot to learn and my worry is that the methods for assessing quality are not refined enough. I do not think that Ofsted has been good enough in the past; it has been improving but still more needs to be done in terms of assessing and spreading good practice.

One of the wonderful things about our Sure Start and children's centres—I hope that people agree—is that they represent the end of looking at children in bits. Previously, we would look separately at a child's health, stimulation and so on. In a Sure Start centre, for the first time, the assessment of all sorts of bits of their needs were brought together in one place, so that a child, for whom there might be a lot of pressures and challenges, was looked at holistically. That children's centre was a one-stop shop where the child was evaluated and got the proper help. That is not always in a building. It is a matter of outreach, finding out which child needs the help, and giving it. I agree with my right hon. Friend the Member for Birkenhead (Mr Field) that that is difficult, but it can be done.

I disagree with the hon. Member for Bedford about resources. No one wants to waste resources, but we all know what will happen if Sure Start is cut by a significant percentage. I do not care so much about buildings, although having a building near a community which people can identify and get to is pretty important. If, as is the case in the constituencies of some of my colleagues, a children's centre that used to have a substantial budget now has £25,000, not much can be done with that. It is all about resource.

I make a plea to the Secretary of State. He always says that cuts are necessary because of the economy and the dreadful things that the Labour Government did in connection with debt. He would say that, as we would probably do in his place. Those of us who care about children and about education want him to go into Cabinet as a bruiser and a thug, to bash the table and say, "I want a budget for my children and for the future of children in our country," and to be much more physical about it. Sometimes I think he is a little too polite when he gets round that table.

3.21 pm

Rehman Chishti (Gillingham and Rainham) (Con): It is always a pleasure to follow the hon. Member for Huddersfield (Mr Sheerman).

I oppose the motion moved by the shadow Secretary of State for Education, the right hon. Member for Leigh (Andy Burnham), and his assertion that local authorities are disinvesting in Sure Start centres. My local authority, Medway, has 19 Sure Start centres and all 19 are being kept open. Seven of them are in my constituency. There is a seven-year age gap between the centres in the two parts of the constituency. Medway, an excellent Conservative-run local authority, recognised that the centres were a valuable lifeline. It is always right for such decisions to be made by local authorities, because they know what goes on on the ground.

The seven Sure Start centres in my constituency include one at Burnt Oak school in Gillingham, which I attended back in 1984. It is a tough area where there are real social and economic problems. The Sure Start centre deals with those.

The shadow Secretary of State accepted that Sure Start centres were being kept open by local authorities across the country, but he asserted that they were only bricks and mortar, and that there was nothing substantive about them. He is wrong about that. If he comes to Medway, I will take him around our Sure Start centres, show him what they do, and show him that they are not just bricks and mortar. They hold drop-in sessions for parents and children, play activities with music and stories, ante-natal classes and baby clinics. The centres offer encouragement and support for parents thinking about training and finding new jobs. They have links with local schools and voluntary agencies. They provide information and advice on breast feeding, speech and language therapy, and parenting classes. That is what goes on.

The shadow Secretary of State may acknowledge that Conservative authorities show no inclination to close Sure Start centres and that it would be wrong to assert otherwise, but he asserts that they are just bricks and mortar. They are not. The Government and Conservative authorities such as mine in Medway are committed to keeping those Sure Start centres and helping the most vulnerable to get the best start in life.

The role of central Government is crucial, in partnership with local authorities. We are discussing the extra funding and resources that may be made available in future for two-year-olds, but it is not something that will happen only in the future. I have a letter from the Department for Education dated 31 March—*[Interruption.]* Maybe the shadow Secretary of State is not putting his questions properly or succinctly, and that is why he is not getting answers. The letter is addressed to the authority to which I referred, Medway, and it states:

"I would like to thank you for the bid that you submitted to test out effective approaches to the expansion of free early education for two year olds and to improve provision for three and four year olds. We are pleased to confirm that your bid has been successful."

So it is not just about the future. It is about this Government. Within the first 12 months they have expanded facilities for two, three and four-year-olds. That is why I say that in partnership with local authorities, which do an excellent job, the Government are committed to supporting early years provision for our young children in the most difficult and deprived areas, which I certainly represent in Gillingham and Rainham.

The hon. Member for Bolton West (Julie Hilling) spoke about deprivation up north. She may have her experiences of deprivation, but in my constituency there is a seven-year difference in life expectancy between one part of the constituency and another. I grew up in that constituency and in that deprived area, and still live there. We in the south have high levels of deprivation. The discussion should not be about north or south. Wherever there is deprivation, help must be provided. I will work with the hon. Lady on that.

Of course Sure Start centres are crucial to help early years development, but the role of the voluntary sector should not be forgotten. For example, Contact a Family helps to support 300,000 families with disabled children. It is right and proper that we recognise the excellent work that it does. The state, local government and the voluntary sector each have a role, and should work together in partnership.

I recognise that brevity is a virtue, not a vice, so I shall be brief. Many of those who work at Sure Start centres or who want to work with the voluntary sector are hindered by bureaucracy. For example, those who work with children in the early years must have qualified teacher and early years professional status. There are not many in the voluntary sector who have such qualifications. I welcome the Government's commitment to review that requirement. There are many people out there who want to work with our young ones through the big society and the voluntary sector to give them the best start in life.

I welcome the support given by central and local government. I pay tribute to the excellent workers in our Sure Start centres. They are dedicated and committed, and they need that support. They also need freedom from bureaucracy. It is right that the Government should review the requirement for Sure Start centres to be open for 40 hours a week, although there may not be a need for that and those resources could be used elsewhere on the front line. I support the Government's provisions and proposals, and disagree with the shadow Secretary of State's motion and assertions.

3.28 pm

Julie Hilling (Bolton West) (Lab): I want to talk briefly about the cumulative effect of cuts to the organisations that make up the sum of Sure Start provision, because Sure Start is not just about child care; the best centres provide so much more.

Meadowbank in my constituency provides support for families in one of the most deprived wards in Wigan. It provides not only the usual support for parenting and child care, but all sorts of educational provision for mums and dads, encouraging them to improve their basic literacy and numeracy and to get back into formal learning. Those courses are at risk, however, because of cuts to further education funding.

The centre works in partnership with the Connexions service to support young people into employment, and Connexions is not—or perhaps I should say, was not—just about careers advice; it was also about providing opportunities for young people to build their confidence and skills and to undertake different work experience. Money was available to provide bespoke opportunities to help the hardest to reach into employment, training or education, but Connexions funding is part of the early intervention grant, so it is disappearing as we speak. Thousands of Connexions workers were made redundant on 31 March, and many thousands more have received letters to say that they are at risk of redundancy.

Meadowbank also provides sexual health services to young people and to their parents, services that are at risk due to the cuts in teenage pregnancy and health service funding. Teenage pregnancy funding was also put into the early intervention grant pot. Meadowbank has worked with the youth service to provide informal education to children and young people, but guess what? Youth service funding is also part of the early intervention grant and faces savage cuts. I truly hope that Meadowbank stays open, but it will not be able to provide the services that it did 12 months ago.

Sure Start centres in other parts of my constituency have run out of libraries—libraries that are at risk of closure because of the disproportionate cuts that the Tory-led Government have made to local authorities in the north-west. That in turn puts Sure Start services at risk.

I was always taught that you cannot get a quart into a pint pot, or indeed a quart out of a pint pot, but the Secretary of State seems to think that you can. He has put a range of funding streams into the early intervention grants, and forgive me but I am going to list them. They are Sure Start children's centres; early years sustainability; the two-year-old offer; the disabled children short breaks programme; the January guarantee; Connexions; the child trust fund; Think Family; the youth opportunity fund; the youth crime action plan; the challenge and support project; the children's fund; positive activities for young people; the youth taskforce; the young people's substance misuse service; the teenage pregnancy service; key stage 4 foundation learning; the targeted mental health in schools programme; ContactPoint; the children's social care work force; and the intensive intervention fund. I think that I have listed them all, but I may well have missed some.

The Secretary of State says that Sure Start funding has been increased, and I suppose that we could say that—if we agreed to get rid of every other programme funded by the early intervention grant. That is impossible, of course, because of the statutory duty to provide many of those services, but it is also unwise, because of the work that service providers actually do.

It is time for honesty in this debate. Funding to all the areas now covered by the early intervention grant has been cut, so funding for Sure Start has also been reduced.

Anna Soubry (Broxtowe) (Con): Does the hon. Lady agree that this is all about political will? In Nottinghamshire, where we too have had great cuts in Government money, not only have we ensured that we do not need to close a single one of our 58 Sure Start centres, but in Awsworth in my constituency we have actually opened one. It is about political will—balancing the budget, cutting bureaucracy and getting into the reserves. Does she not agree?

Julie Hilling: I thank the hon. Lady for that intervention. I do not know how Nottingham manages to get a quart out of a pint pot, but when we look at a £50 per head cut and, in Wigan, a £60 per head cut in funding, we find that it is impossible to keep all the services open. We only have to look at the faces of councillors and council leaders in Bolton and Wigan to see the difficulty that they have in trying to support existing services. Bolton has to find £42 million of cuts this year. How on earth is it supposed to do that? Over two years, one quarter of its budget will be cut.

Anna Soubry: Will the hon. Lady give way?

Julie Hilling: No, let me finish my point.

Bolton and Wigan will not—I hope—close any of their Sure Start centres. They are at risk because of the cuts to libraries and other services, but my overall point is that the other services which make up the Sure Start project will be cut: youth services will be cut, Connexions will be cut and teenage pregnancy funding will be cut. All those services will be cut because the Tory-led Government have savagely cut their grants to local authorities.

Anna Soubry: And those cuts would have been made if the hon. Lady's party had been elected, because her party would have had to make cuts of at least 20%. So will she answer me this, please? How would her local council have implemented the budget had there been a Labour Government with 20%-plus cuts?

Julie Hilling: I am absolutely delighted to answer that question, because Bolton council prepared for £15 million of cuts this year—the amount that the Labour Government told the authority that it was likely to face. It was therefore facing £60 million of cuts over four years. No doubt, that money was difficult to find, but the council now has to find £60 million of cuts over two years, and potentially another £30 million after that. With £15 million of cuts, would life have been hard? Yes, life would have been difficult, but instead of that it has to find £42 million of cuts.

Andy Burnham: I am grateful to my hon. Friend for giving way because I can, I hope, give the hon. Member for Broxtowe (Anna Soubry) an answer and support what my hon. Friend is saying. Let us look at the range of the per-child cuts under the early intervention grant this year. In a number of authorities, such as Kingston

upon Thames and Hampshire, they start from £30 per head for every person under 20. Let us turn to some of the authorities that my hon. Friend mentioned. The cut for Wigan is £60 per head, while for Liverpool—

Madam Deputy Speaker (Dawn Primarolo): Order. The right hon. Gentleman is supposed to be making an intervention, and we are coming towards the end of the debate.

Julie Hilling: Thank you, Madam Deputy Speaker. I look forward to my right hon. Friend giving more of that information.

It is utterly unacceptable that the Government should be playing a game that says that local authorities have the funding and are therefore making the choice. The Government have cut funding to local authorities and have cut the pot of money that is funding Sure Start. They are wrong to do so and they should reconsider their decisions to harm families, children and young people struggling for survival in the dark days of high unemployment and ever-rising costs of living.

Finally, it is not enough to say that Sure Start centres will remain open. The question must be about what services remain and whether they are of the quality and quantity that prevailed previously. The answer, too often, is a resounding no. The Government should rethink their decision and truly look at how they can support children and families, without saying that the money exists within local authorities to do that, when patently it does not.

3.36 pm

Ben Gummer (Ipswich) (Con): I have to profess that I am underwhelmed by the motion. It asks, in the end, for the Secretary of State to monitor the evidence. The Opposition do not ask for the closures of half the Sure Start centres in the country to be reversed, but that was the threat put before the electorate at the last election.

As I mentioned earlier, the right hon. and learned Member for Camberwell and Peckham (Ms Harman) was in my constituency during the last election. I confronted her at the entrance to the Tree House Sure Start centre. She shouted at me that centres in Ipswich would be closed within months of the general election. What has happened? Not only has every centre stayed open, but two new ones have opened. The services have been protected because of the decisions of the Conservative county council, which faces £90 million-worth of cuts over the next two years, and because of the strength of will of Councillor Graham Newman, who leads the children's and young people's services there.

Suffolk shows how it can be done. The shadow Secretary of State suggests that the centres are hollowed out. Last week I was at the Tree House centre, on the anniversary of that altercation with the right hon. and learned Lady. I went inside with Claire Ball, the manager of the centre. It is true that parts of the organisation of Sure Start centres are having to be remodelled, but Claire Ball is introducing new services and the county council is excited about the possibilities in the Health and Social Care Bill, which will allow it to integrate social services yet further within Sure Start centres.

I assure the shadow Secretary of State that every centre is staying open. Perhaps he will tell that to the right hon. and learned Lady. I have written to her and confirmed that she has not apologised for the smear that she made. Every centre has stayed open and the services are being improved and increased.

That bears testament to the passion that Government Members feel for Sure Start. It is telling that more Conservative and Liberal Democrat Members are attending this Opposition day debate than Labour Members. I exempt the right hon. Member for Birkenhead (Mr Field) from that criticism. I do not want to embarrass him once again by mentioning him, but he has driven many people on both sides of the Chamber into politics. Having been discouraged from this vocation from perhaps too close a connection with it, he was the one person who saved it in my mind.

The genesis of the right hon. Gentleman's idea is to have a broader universal service, with funding targeted at those who need it most, to repair the damage of decades of failure—not dreamt of or created by anyone deliberately—in communities across the country. The failure has been of a structural welfare state that does not support families and does not, at times, support communities. That failure was not designed, but it has happened. We are in the process of re-stitching together communities, and Sure Start is part of that.

May I ask the Secretary of State and Ministers to address two things that could be improved? We need proper longitudinal studies through Sure Start into primary education so that we can understand the evidence, but there are blocks in data protection which prevent that from happening. Primary school teachers would very much welcome better co-ordination with Sure Start managers and assistants, and they could do that better if data protection rules were relaxed. It would also be useful to be able to encourage a greater diversity of providers so that we can share best practice across the country.

Conservative Members are passionately in favour of Sure Start, and that is why it is such a pleasure to see it flourishing in my constituency under this Government.

3.40 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): This debate, like others before it, has shown the strength of feeling in this House that the children of this country deserve the very best.

Let us be clear about why we are here today. The Government's mandate was to protect and improve the Sure Start network; instead, they have done the opposite and put centres up and down the country at risk of cutback and closure. There is no way in which Ministers can hide behind the favourite line we hear of late that this is a coalition and manifestos do not count. It is not the case that the Tories wanted to abolish Sure Start and the Lib Dems heroically stood their ground with the Business Secretary wielding his secret weapon menacingly, because the Prime Minister, the Deputy Prime Minister and every single Member sat opposite me today were elected on a promise to protect and build on the Sure Start centre network. The fact that they have done the opposite represents yet another broken promise to the British people.

I was always brought up to think that when someone breaks a promise, the least one can expect is an apology. This debate gave the Secretary of State a chance not only to apologise to the parents, carers and children who will suffer because of his broken promise but to

[Mrs Sharon Hodgson]

make amends for it. Our motion gives Ministers an opportunity to say to all the parents who are fighting tooth and nail up and down the country to save their children's centres, "We are sorry; we will keep our promise." Ministers have said in this Chamber that there is enough money in the early intervention grant to maintain and improve Sure Start. In the comprehensive spending review, the Chancellor told us that there is £1.135 billion every year throughout this Parliament. If that were true, they would have no problem in voting for the motion, but they will not do so. The Minister will no doubt cite the localism agenda. Decisions should be taken locally, he will say—but these should be decisions about how to improve outcomes for children rather than where to cut inputs. In this case, localism is not about who makes the decisions but about who takes the blame.

Reinstating the ring fence is not a panacea, but it would bring back the stability and security that the Sure Start network needs. It would let managers and staff concentrate on how to deliver the improvements that we all want in children's centres rather than forcing them to focus on financial fire-fighting year in, year out. Parents would have the sense of security, which they do not have at the moment, that their local centre would be there from the moment their child is born right up until they started school. We would have a sign that the Government are listening to all the advice that they have sought—not least from my right hon. Friend the Member for Birkenhead (Mr Field), whose excellent speech we heard earlier, and my hon. Friend the Member for Nottingham North (Mr Allen)—and that they are taking early education and early intervention seriously. It would also mean that we would not be left with situations such as those in Tory-controlled Hampshire, which is facing 35% budget cuts; Liberal Democrat-led Hull, with its smoke and mirrors and 50% cuts; and Tory-led Hammersmith and Fulham, which has a strange hub-and-spoke model where the spokes are buildings with a caretaker and a bottle of bleach. A building running on £25,000 a year or less is not a Sure Start children's centre—it is just a building.

We are giving Ministers a chance to increase their popularity with parents—and not just the Toby Youngs of this world, either: parents such as those I met on mother's day outside Downing street, who were handing in petitions from all over the country that, on that day alone, contained 52,000 signatures; parents such as the ones who came to the Sure Start seminar in Parliament, which was hosted by my right hon. Friend the Member for Leigh (Andy Burnham); parents such as those I met recently with my hon. Friend the Member for Derby North (Chris Williamson), who are fighting Tory-controlled Derby city council over its plans to close or cut centres; and parents such as those I have met on doorsteps over the past few weeks in Sheffield, York, Peterborough, Gravesham, Newcastle and Sunderland in my own constituency. No matter where one goes, the view is the same: the Government are letting down families and attacking social mobility at every stage of a child's life.

We have heard a lot today about Hampshire. The debate has done a real service in exposing the cynicism of some Conservative councils. We heard the surprise news that a last-minute extraordinary meeting was called in Hampshire yesterday, although a final decision is not due until 24 May. That is a blatantly cynical move to get through the local election period. The council is still cutting £6 million from the budget, which will cut right to the heart of the service. One of the petitions handed into Downing street on mother's day was from Hampshire, and another petition signed by 22,000 parents was handed in on 18 April by 50 mums from Hampshire. That may well have led to yesterday's U-turn. Twenty-eight centres were earmarked for closure or serious cuts, and there was a legal challenge to the rushed consultation.

Caroline Dinenage: Will the hon. Lady give way?

Mrs Hodgson: You have already spoken, thank you.

We announced the subject of this Opposition day debate last week, just before the bank holiday weekend. The fact that an extraordinary meeting was called over a bank holiday weekend and hastily arranged for the other side of the weekend is very telling. I am sure that the tens of thousands of parents in Hampshire who signed the two petitions were happy when they heard the news, as we were when we heard it today. However, the news is bitter-sweet. Although we are told that no centres will close, they face a 35% budget cut: going from £17 million to £11 million is a £6 million cut, which is huge. A £6 million cut is much more than just the streamlining of services, and parents know that. They use the services, and will notice if they are taken away or diminished. Indeed, on the Facebook page for the Hampshire children's centres campaign, this is not seen as a U-turn or a great victory. The group is still campaigning, because it is deeply worried about the £6 million cut and the effect it will have on children's centres. It says that the campaign goes on.

The Secretary of State loves playing to the gallery, so why will he not give the people what they want and say that he will consider bringing back the ring fence? After all, it would be a nice boost for all those Tory and Lib Dem candidates who are struggling on the doorstep. My right hon. Friend the Member for Birkenhead, who is one of the most knowledgeable people in this area, challenged the non-ring-fencing of this vital area of expenditure and said that the Government should change their attitude to non-ring-fencing. That is strong stuff from a highly respected expert in the area. I hope that the Government pay heed to that.

It is not as if the Secretary of State has not had practice at backing down. In fact, he is probably the most qualified person in the Cabinet when it comes to U-turns, and that Cabinet includes the Deputy Prime Minister. My right hon. Friend the Member for Leigh laid bare at the beginning of the debate the reasons the Secretary of State probably will not back down and support the motion. He repeated the claims of Ministers that Sure Start funding is protected and showed that that simply is not true. There is not enough money to maintain the current network of children's centres if Ministers expect councils to deliver all the other important programmes that the grant pays for, such as short breaks for disabled children. How can there be enough, when there has been a real-terms cut of 22% in the pot?

If I am wrong, why are centres closing or effectively being mothballed, and why are services being cut? If I am wrong, why would Ministers have a problem with the motion? But I am not wrong: they are, just as they have been wrong on Bookstart, on EMA, on the English

baccalaureate and on Building Schools for the Future. They are the most incompetent Department in a shambolic Government, and the worst thing is that children's lives are at stake.

I know that some Government Members do see the value of Sure Start and recognise the importance of protecting it, and we have heard from some of them today. My plea to those Members is simple: support the motion and show their constituents that they understand the priorities and concerns of ordinary, hard-working families, even if their Front-Bench colleagues do not.

3.50 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): What a debate we eventually had. I have to say that in almost 14 years in the House, I have never known such an anticlimax at the opening of an Opposition day debate as when the shadow Secretary of State spoke today, following his top billing in the press and his frenetic tweeting about this important motion and debate.

We were promised a grand tour d'horizon of local authorities taking the axe to children's centres. After the shadow Secretary of State stated the blindingly obvious about Sure Start centres featuring in the top five most popular policies—and after reminding us of how former Prime Ministers had constantly scaremongered about Conservative policy on Sure Start—he tantalised us with the prospect of "getting to the bottom of the facts on the ground". He started tentatively with the mention of Derby, where, allegedly, some six Sure Start centres could be threatened. That went unchallenged.

We then heard about Hammersmith and Fulham, where, in fact, a new Sure Start centre has been opened. We briefly heard mention of Barnet and Bromley, and then we went on to Hampshire, where we were told no fewer than 28 Sure Start children's centres were going to be closed—until it was pointed out that in fact not a single one is going to be closed or ever was going to be. Yet when challenged by my hon. Friend the Member for Gosport (Caroline Dinenage), the shadow Secretary of State said that he did not read the Hampshire daily press.

The right hon. Gentleman then came up with the absurd claim that Hampshire council had deliberately performed a U-turn because it felt so threatened and intimidated by the prospect of today's Opposition day debate that it had to climb down. Then we heard that it was all about electioneering in Hampshire, despite the fact that Hampshire county council, which runs the Sure Start centres, does not have any elections this year. If any local authority was so fickle as to base its policy on the prospect of a 46-minute, lacklustre, misinformed, misfired and opportunistic speech by the shadow Secretary of State, I would want my money back if I was a council tax payer in that authority's area.

Even when the right hon. Gentleman had been well and truly rumbled, was there a word of apology, a hint of retraction, a whimper of humility? Not a murmur. Indeed, he went on to repeat his calumny later in his speech. And that was it—that was the tour d'horizon around the United Kingdom. He then quickly shunted off into the sidings with an attack on the right hon. Member for Eastleigh (Chris Huhne) on EMA, tuition fees and AV, none of which features in the motion. It was 46 minutes of gloomy and mostly unfounded predictions—what a dead loss of an opportunity.

Perhaps we can see the reason for that lost opportunity. Although the shadow Secretary of State is not a reader of local media in Hampshire or elsewhere, as we have found out, he is certainly an enthusiast for Twitter. The basis for today's debate was his tweet of 25 April, when he proudly announced:

> "Labour has called debate on Sure Start & Tory/Lib Dem broken promises this Weds. Tell me which local egs you think we should highlight."

I looked, and not many people tweeted back. There was a tweet from the hon. Member for Kingston upon Hull North (Diana Johnson) about Sure Start centres, but that was it. From what I can make out, answers came there none, although the right hon. Gentleman does appear to have had at least one fan.

What an anticlimax from the mover of the motion. However, his scaremongering was soon eclipsed by the news from the Government Back Benches about yet more local authorities pledging to keep their children's centres open, even over and above those on the list recently surveyed by 4Children and the Daycare Trust. Northamptonshire is adding an early attachment expertise centre, West Sussex is not closing any Sure Start centres and Ipswich is adding two, despite the scandalous observations and scaremongering of the right hon. and learned Member for Camberwell and Peckham (Ms Harman) that half of them would disappear if we won the election. We also heard from my hon. Friend the Member for Broxtowe (Anna Soubry) that a centre opened recently in her constituency.

This is an important debate on an important subject. Clearly, there is all-party support for retaining a network of children's centres, which has never been in doubt, as every Back-Bench contribution made clear. The hon. Member for Hammersmith (Mr Slaughter) went on about the importance of children's centres, but as usual got his figures wrong—he completely ignored the revenue streams for children's centres apart from the local authority stream.

My hon. Friend the Member for North Cornwall (Dan Rogerson) rightly said that there were no killer statistics in the motion. What is the Opposition's alternative? What would they cut?

The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), who has returned to the Chamber, made a rather arrogant speech. He thinks that Manchester, and he as a Manchester representative, have a monopoly on deprivation. However, I agree wholeheartedly with my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti), who said that multiple deprivation is the same whether it is in the north, the south or any other part of England. If wards with multiple deprivation in my constituency had a fraction of the funding that wards in the constituency of the right hon. Member for Manchester, Gorton, had, they would be much happier than they are now.

My hon. Friend the Member for Gosport, having skilfully rumbled the shadow Secretary of State, showed how Sure Start centres can transform the lives of our constituents. As usual, that skilful, well-informed paragon of reasonableness—the right hon. Member for Birkenhead (Mr Field)—made a very important point about ring-fencing and payment by results. His point on the latter was absolutely right. The question we should ask is this: are more children being made school-ready as a result of spending on children's centres? He is right that payment should flow on that basis.

[Tim Loughton]

I hope that we do not need to ring-fence money. Rather, I hope that local authorities spend money and do the right thing in the interests of their constituents. They are best placed to decide on that, and I do not want to ring-fence money if their decisions produce the right results.

My hon. Friend the Member for Bedford (Richard Fuller) spoke of our shared commitment to children's centres, but why do only some councils choose to close children's centres while others manage not to do so? Why are some councils adding to their reserves rather than trimming back on overheads before they look to trim spending on Sure Start?

The hon. Member for Huddersfield (Mr Sheerman), who as we all know has form on early intervention, made an important point about the strong correlation with those not in education, employment or training. He said that much of the thinking on early intervention and Sure Start is backed by empirical research, which is what we want. The Government are interested in qualitative research on the outcomes of children's centres. The entire Opposition argument is based on quantitative analysis and figures. The Government want better Sure Start centres, producing better services for better effects on the children who desperately need them, particularly those from the most deprived communities.

Let me be clear yet again that this coalition Government are 100% committed to Sure Start. We always have been. Early years is a priority, and Sure Start has proven itself as a programme that has the capacity to be life changing. We have no intention of forgetting that; on the contrary, we want to build on the success of Sure Start and to put it at the heart of our approach to early intervention. We want to narrow gaps in achievement and improve social mobility, which the previous Government singularly failed to do as they presided over an unprecedented widening of the poverty gap.

However, this Government believe that the best way to do that is through greater local decision making and accountability, greater involvement of organisations that have proven expertise in service delivery, and the greater use of evidence-based intervention. We want children's centres to provide the foundation for stronger earlier support, retaining a network of children's centres that offers universal services that are accessible to all families, but with targeted support for those families who are in greatest need.

This coalition Government are 100% committed to Sure Start children's centres, but reform is needed to make them more effective in providing a universal service that is focused more effectively on families in greatest need. This Government, however, have an approach to reform that is radically different from that of the previous Government. Children's centres need to have more flexibility to do more to help the families in the greatest need, to involve a greater diversity of providers and to be more accountable to local communities. There are no easy solutions or quick fixes, but it is time we trusted local authorities to make the right decisions for local people—we do, but Labour does not, and that is why I urge the House to vote against this opportunistic motion.

Question put.

The House divided: Ayes 207, Noes 312.

Division No. 259] **[4 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elliman, Mrs Louise
Engel, Natascha
Esterson, Bill
Field, rh Mr Frank
Fitzpatrick, Jim
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon

McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Hendrick and Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David

Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Jeremy Wright

Question accordingly negatived.

Madam Deputy Speaker (Dawn Primarolo): I now have to announce the results of the deferred Division on the question relating to short selling. The Ayes were 287 and the Noes were 20, so the Ayes have it.

[The Division list is published at the end of today's debates.]

Higher Education Policy

Madam Deputy Speaker (Dawn Primarolo): I remind the House that because of the large number of Members wanting to participate in this debate, there is an eight-minute limit on Back-Bench speeches.

4.15 pm

Mr John Denham (Southampton, Itchen) (Lab): I beg to move,

That this House condemns the failure of the Government to deliver the commitment made to Parliament that £9,000 a year student fees would be 'exceptional'; further notes that the Office of Fair Access (OFFA) has said that it has no powers to set university fees or determine university admissions policies; notes with alarm the warning of the Secretary of State for Business, Innovation and Skills that average fees higher than £7,500 would mean reducing student numbers or further cutting university teaching funding; condemns the failure of Ministers to explain their policies by publishing a Higher Education White Paper; believes that Ministers are putting at risk the success of universities and the future of generations of students; further believes that current policies are unfair, unnecessary and unsustainable; and therefore calls on Ministers, as soon as practicable, to set out to Parliament how they will meet the promise that fees of £9,000 will only be in exceptional circumstances, to guarantee that there will be no fall in the number of university places or further cuts to university teaching budgets, and to outline what powers, if any, they propose for OFFA on determining fee levels and enforcing access arrangements.

I am glad to see the Secretary of State for Business, Innovation and Skills in his place, although I understand that he is not following the usual courtesy of responding to my opening remarks. I am nevertheless grateful to him for attending the debate.

I make no apology for raising for the third time in an Opposition day debate the dismal record of this Secretary of State and the Minister for Universities and Science on university fees. Nothing is more important to this country's future than the rising generation of young people, including all those who are working hard as we speak on their GCSEs and A-levels. We owe it to them to give them the best opportunities, to make the most of their talents, the most of their abilities, the most of their willingness to work hard and do the best for themselves. All of us depend on them to ensure that, through their innovation and creativity, this country can pay its way in the world and create jobs in the future. Despite fashionable sneers, we need more people, not fewer, educated at a higher level. That is what is happening in every country with which we compete. Young people will benefit from their higher education, but so will the rest of us. That is why our young people deserve a fair deal and good opportunities.

Under the last Labour Government, the number of students in English universities increased by almost 380,000, and 51% of young women now go to university. Now, however, the ladders of opportunity are being kicked away. The education maintenance allowance has been scrapped, and Aimhigher, which persuaded countless young people that they could go to university, has been scrapped. Sir Peter Lampl of the renowned Sutton Trust said:

"I think these fees are going to put a lot of children from lower and middle-income homes off universities."

A poll today shows that more than half of final-year students at 14 Russell group universities in England would not have enrolled if annual fees had been £9,000.

For those who do aim high, fees are being trebled—to the highest average fees of any public university system in the world, and all because this Secretary of State decided to cut the higher education teaching grant by 80%, to make most students pay the whole cost of their higher education and to embark on a bizarre ideological experiment devised by the Minister for Universities and Science. It was always a bad idea, but these Ministers have implemented it with truly staggering incompetence: they have lost control and are making it up as they go along. Instead of being open and honest about finances and open and honest about their future policies, they are resorting to veiled and not-so-veiled threats, planning the biggest ever interference in the autonomy of universities.

Mr Graham Stuart (Beverley and Holderness) (Con): If a Labour Government had been re-elected, would tuition fees have risen?

Mr Denham: We have made it quite clear in every debate since the Browne report was published that it would be unrealistic to say that higher education budgets would be untouched by the deficit reduction that we would have had to introduce. However, we have also pointed that if, for the sake of argument, the reduction in higher education spending had been in the order of 10% to 20%, as faced by most public services, we would certainly not have been talking about tuition fees above about £3,800—and certainly not the £9,000 that this Government are implementing.

Since Parliament voted to treble tuition fees in December, Ministers have ensured through their actions that record numbers of disappointed students will be turned away from university this year, with perhaps 150,000 applicants missing out on places. More of the students across England who are studying hard for their A-levels today will be rejected than ever before, because tens of thousands are rushing to avoid the trebling of fees, and because Ministers have already cut 20,000 places for 2012 from the number that Labour had planned for 2010—and that is before any more cuts that may be in the pipeline.

On 3 November, the Minister for Universities and Science told the House:

> "We... are... proposing a basic threshold of £6,000 a year, and in exceptional circumstances there would be an absolute limit of £9,000."—[*Official Report*, 3 November 2010; Vol. 517, c. 924.]

That was the solemn promise on the basis of which the House was asked to treble fees. The Minister did not say, "Most universities will charge £9,000 or as near as makes no difference"; he said that £9,000 would apply "in exceptional circumstances", and that is not going to happen. Of the universities that have made declarations, 71% have declared fees of £9,000 and 85% have declared fees of £8,000 or more.

The Minister continues to live in a world of his own. In March he was saying of arts and humanities degrees:

> "Most institutions should only need to charge £6,000—or perhaps a bit more once inflation has been accounted for."

So where are those £6,000 arts and humanities degrees in the most sought-after universities? Where, for that matter, are the £6,000 arts and humanities degrees in less sought-after universities? The truth is that the Minister and the Secretary of State have lost control of the system through their own incompetence. They have created a system in which there is every incentive for universities to charge high fees and virtually no incentive for them to charge low fees, and it is young people who will pay the price. Some will be put off university altogether, while those who go to university will face 30 years of debt repayments, with middle-income graduates paying more money and a larger proportion of their incomes than the wealthiest. They will still be paying off their student debt when their own children have started university.

The Minister is now trying to say that what matters is the average once the reduced fees for some students have been taken into account. How disingenuous can you get? When the Minister promised fees of £9,000 "in exceptional circumstances", I do not believe that a single Member of the House thought, "Oh—that means that most universities will charge most students £9,000, or as near as makes no difference." That is not what Members thought; they thought that he meant "in exceptional circumstances". I do not think they thought that middle-class, middle-income students would have no choice but to pay close to £9,000 a year no matter which university they chose to go to. The Minister's failure to admit that he got it wrong does him no credit.

Mr Sam Gyimah (East Surrey) (Con): Given that universities that charge £9,000 will have to satisfy fairly stringent access requirements, will they not be helping the very students whom the right hon. Gentleman says we should be helping?

Mr Denham: That argument is worthy of further examination, and I assure the hon. Gentleman that I will be dealing with it in due course, at—I hope—not too much length. It gets worse.

Jeremy Corbyn (Islington North) (Lab) *rose*—

Mr Denham: Ministers have consistently claimed that fees above £6,000 will be allowed only if tough access agreements are in place. Before I say more about that, however, I will give way to my hon. Friend the Member for Islington North (Jeremy Corbyn).

Jeremy Corbyn: I am sure my right hon. Friend realises that the universities that have not raised their fees to £9,000, such as my own London Metropolitan university, are giving themselves a large financial problem which is resulting—in the case of the London Met—in the loss of possibly as many as 10,000 student places over the next three years, a large number of redundancies, and a loss of access to higher education for students from working-class backgrounds. That is the perverse effect of the Government's strategy of effectively trying to privatise higher education.

Mr Denham: My hon. Friend has underlined a point that I have already made. Individual institutions have had to make their own choices, but this was a system in which almost every incentive for the vast majority of institutions was to raise fees, and there were almost no incentives to lower them. Given the number of professors of game theory in the universities of England, one would have thought that Ministers could have got a few together and asked them, "What will you do, in practice, if we introduce a system like this?" Every single one of them would have replied, "We will make the fees as high as we possibly can." The Minister and the Secretary of

[Mr Denham]

State are just about the only people with any connection to higher education who are surprised by what has happened.

Of course, Ministers have consistently claimed that fees above £6,000 will be allowed only if tough access agreements are in place. When Cambridge university announced it wanted a fee of £9,000 per year, the Deputy Prime Minister—the man who promised no fee increases—exploded, stating:

"They can say what they like. They can't charge £9,000 unless they're given permission to do so. And they're only going to be given permission to do so if they can prove that they can dramatically increase the number of people from poorer and disadvantaged backgrounds who presently aren't going to Oxford and Cambridge."

That sounded pretty clear, but what has Cambridge actually proposed? Its current access target under the current fees policy is to reach 60% to 63% of state school students—not, we should note, poorer or disadvantaged state school students, just any state school students including those from selective schools. What has it proposed in the new access agreement? It has proposed that the target should be not 60% to 63% of state school students, but 61% to 63% of state school students. As the *Financial Times* put it:

"Cambridge basically reckons it can triple student fees and placate the Government by adjusting the bottom of its target range for state school pupils by one percentage point."

Does anybody in this House believe that Cambridge will not be allowed to charge £9,000?

The Secretary of State's guidance to the Office for Fair Access did not request that OFFA take into account past performance on benchmarks or widening participation, nor could it legally have done so. It will be many years, at best, before OFFA can possibly judge whether the new access agreements have been complied with and made any difference to access. Will the Minister for Universities and Science tell the House today how long he expects it to be before OFFA could feasibly sanction any university for failure to comply?

It is obvious that these bungling Ministers thought OFFA had powers it simply did not have. When *The Times* asked Sir Martin Harris, the director of OFFA, whether Ministers had been aware of his limited powers when plans to treble the cap on fees were approved by Parliament, he replied:

"I think that the powers of OFFA became clearer as this debate went on."

That is a tremendously polite way of saying, "They didn't understand what they were talking about," and he went on to say, for the avoidance of doubt:

"It is very important that everybody understands that OFFA is not a fee regulator."

Tory peers made sure of that in 2004. In another place, they passed amendments that ensured that Labour's fees legislation could not allow the very interference that the Tory-led Government are now threatening.

Of course, in theory OFFA can reject an access scheme, but only a stupid and incompetent vice-chancellor would run that risk. Universities just need a rational plan for school outreach work, and bursaries or fee waivers for some students; if they get that right, OFFA's powers to limit fees to £6,000 collapse, and the university is free to charge up to £9,000. That is the second reason why £9,000 is becoming the norm, not the exception.

The cynical talk of tough access agreements is raising false hopes among students, and now the finances are unravelling. The permanent secretary at the Department for Business, Innovation and Skills recently appeared in front of the Public Accounts Committee, and he was asked by my hon. Friend the Member for Walthamstow (Stella Creasy) about the consequences of fees higher than an average of £7,500. She asked:

"You have a gap, haven't you, that you are going to have to plug"?

The permanent secretary replied: "Yes."

The Secretary of State has already made it absolutely clear how he will respond. He told the Higher Education Funding Council for England conference:

"Government essentially has two ways of dealing financially with collective over-pricing: either cutting the teaching grant or student numbers."

So there will be more cuts in teaching grant, or even more cuts in student numbers beyond the cut of 20,000 from the total Labour planned for September 2010 and the number he will allow in 2012-13.

Frankly, the Government are all over the place on this. On the one hand the permanent secretary says there is a problem, and the Secretary of State says he may cut student numbers or the teaching grant. On the other, he says there is not a black hole. The House of Commons Library has published estimates of the financial shortfall at average fee levels above £7,500. Ministers say they do not recognise the Library figures, so will the Minister guarantee to the House today that the average fee will be no more than the £7,500 first promised? If he cannot guarantee that, will he tell the House what the black hole will be, and how he is going to balance the budget?

That is not the only question about finances, because the whole fiasco has been driven by the Secretary of State's claim that he needed to sacrifice higher education to cut the budget deficit. There are increasing concerns that the policy will not save any public money. The cut in teaching grant has to be set against the massive increase in the level of student debt that has to be written off because of loans that will never be repaid. London Economics, million+ and the Higher Education Policy Institute are among the organisations that have pointed out that quite small changes in assumptions about future graduate earnings or the rate of non-repayment would wipe out any savings. Yesterday, the director of the Office for Budget Responsibility wrote to me confirming that the OBR will re-examine the Government's assumptions once all the universities have set their fees.

As it has become increasingly clear that fees approaching £9,000 will be the norm, Ministers have constantly threatened to enact new laws to stop them. In their guidance to the Office for Fair Access, these Ministers said that

"if the sector as a whole appeared to be clustering their charges at the upper end of what is legally possible, and thereby increasing the pressure on public funds, we will have to reconsider what powers are available, including changes to legislation, to ensure there is differentiation in charges."

They have talked of cutting all university places by 5% to 10% and then auctioning them off to the lowest bidder, including foreign-owned private universities. They have also talked of strengthening OFFA's legal powers, but part of this disgraceful situation is that they make threats but they will not publish any details.

So I ask the Secretary of State and the Minister for Universities and Science whether, having said that they are prepared to legislate to stop universities charging high fees, they will stop hiding behind weasel words and tell us what they actually propose to do. Will there be an auction of student places? Is OFFA going to be given powers to set fees or impose quotas for students from different backgrounds? There are people on both sides of the House who would like to have the answer to that question. Does the Minister have any idea how he would get such a policy through the House of Lords, given that the Lords insisted on explicitly limiting OFFA's powers in 2004? It really is not good enough for the Secretary of State and his Minister to keep making it up as they go along.

The Minister said that he would double the level of student loans available for study at private universities and he has made it clear that he wants more competition from private universities, but he has not set out how they will be regulated, how quality will be maintained or how the problem of fraud, which is being investigated by congressional committees in the USA, will be avoided—this involves the same companies he wants to expand their activities here. Once again, veiled threats are being made in panic as Ministers lose control of the system, but we are being given no details, no substance and no openness. It is not good enough to keep this House, future students and universities in the dark about what they plan to do.

Let me turn now to another aspect of Government policy that is becoming clear. The Secretary of State and his Minister plan to force tens of thousands of students from squeezed-middle homes to pay a levy to cut the fees of other students, often those from similar backgrounds. In a typical access scheme—hon. Members can go on websites to look at these—a student with two working parents both on £24,000 a year will pay a full £27,000 a year in fees, but that will include a £3,000 levy to cut the fees of the student from next door with one working parent on £24,000 a year. So two graduates with the same degree from the same university starting the same job will start their working life with as much as a £9,000 difference in their level of debt. How many of our constituents will think that having two hard-working parents should be a disadvantage that stays with someone for 30 years?

Mr Gyimah: Will the right hon. Gentleman briefly explain to us how his proposal of a graduate tax can address the challenges in higher education that he has so eloquently highlighted?

Mr Denham: I am flattered by the hon. Gentleman's remarks. No system of student payment for the cost of higher education makes easy the problem of an 80% cut in teaching grant. The fundamental problem we face is that the Government have decided to make most students pay the entire cost of their higher education. The great advantage in a system of repayment of moving towards a graduate tax is that it is fairer; it ensures that what people pay is better related to what they are able to earn as a graduate. But nobody should be under any illusions: the fundamental problem we are dealing with is not the choice between a graduate tax and a fees system; it is the choice between slashing higher education teaching grant by 80% and not doing so.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Does my right hon. Friend share my concern about a matter that was brought to my attention by a constituent? She is so concerned about the level of fees that her children will have to pay for the rest of their lives if they go to university that she is looking into retiring early to prevent them from being burdened with them. That could be an unintended consequence of this policy across the board—people could be incentivised not to work.

Mr Denham: Although this does not apply to the case that my hon. Friend raises, she has touched on an issue that will need to be examined in greater detail on another occasion. It has long been an oddity that the incomes declared to the Student Loans Company by those applying for loans appear to be rather low if they are set against the statistics about the social class from which people come. There is a financial incentive for minimising declared income when applying to the student loan system, and we must acknowledge that that was present to a degree under our system, too. Any sensible person will have real concerns that as fees rise towards £27,000 for a typical degree, with possible significant differences in the maintenance awards available and significant fee advantages for declaring a lower income, the temptation creatively to declare household income, shall we say, may well rise.

I think that it is a tragedy if, in a legitimate way, people take a household decision that takes somebody out of the labour market to enable somebody to take advantage of such opportunities. I am just flagging up this point without developing it further, but there is an issue here that the whole House will have to consider in the years to come.

Nick de Bois (Enfield North) (Con): Does the shadow Secretary of State not understand that he is fuelling fears for those who wish to go university by constantly referring to what students have to pay? They do not. In the words of a former Home Secretary, it is graduates who pay and who benefit. That is the difference. I suggest that the right hon. Gentleman thinks carefully about the damage that he is doing to the potential of young individuals.

Mr Denham: With due respect to the hon. Gentleman, I shall read back to him directly the words I spoke before I took those interventions: two graduates with the same degree from the same university starting the same job will start their working life with as much as a £9,000 difference in their level of debt. That is an accurate representation of the system that there will be and of the current system, in which, as Government Members do not understand, fee repayments start after graduation. The issue, however, is that students—those planning to go to university—are being told that they will be responsible in most courses for footing the entire cost of their university education. That is undoubtedly true.

Andrew Bridgen (North West Leicestershire) (Con) *rose—*

Margot James (Stourbridge) (Con) *rose—*

Mr Denham: I am going to make a little more progress, because I am aware of Madam Deputy Speaker's strictures about time and I need to draw to a close very quickly.

Let me complete the point I was making about the unfairness that is being introduced into the access system. Labour's progress on social mobility must be maintained—*[Laughter.]* There is laughter from those on the Government Benches, but let me remind Ministers and the House that under the previous Labour Government the proportion of students from disadvantaged backgrounds going to university increased every single year after the changes we made to higher education. We will wait to see whether this Government can maintain that progress.

These Ministers have put the burden unfairly on the shoulders of hard-working squeezed middle families and the Commons Library suggests a significant risk of no overall increase in money spent on widening access because schemes such as Aimhigher have been scrapped and the widening participation premium is in doubt. That risks the worst of all worlds: middle income students and their families being asked to pick up the tab, with no increase in spending on widening access.

Simon Hughes (Bermondsey and Old Southwark) (LD): First, will the shadow Secretary of State confirm that, under Labour, a widening of participation did not occur in the Russell group universities? Secondly, if he is concerned about those on middle incomes, is not the answer for him to say that universities should offer no fee waivers, because if there were none, the inequity that he suggests will follow would not happen?

Mr Denham: This is bizarre. The right hon. Gentleman is the Government's access tsar, but he is asking, "Why do not we all agree that there should not be any fee waivers?" Because it is a requirement of the national scholarship programme that there should be fee waivers. That is the scheme that he has advocated, designed and developed.

The right hon. Gentleman has been as guilty as anybody of raising false hopes about what the Government's policies are going to do. It was he who said there was going to be

"a really tough regime that does not allow any college or university to charge more than £6,000 unless it is in exceptional circumstances".

The truth is that he is one of those who have no understanding of how the system operates. I hope that further progress is made on widening participation, including in the Russell group universities. However, nothing that Ministers have set out, and nothing that the right hon. Gentleman has said, matches the rhetoric that he has been putting all over the newspapers. He has played a role in trying to persuade the media in this country that the Government are serious about social access while doing absolutely nothing to deliver on that. He should be ashamed of the role that he has played. He knows that he should have voted against the measures in the first place but he was bought off with a title and he has done nothing to deliver on the responsibilities he has been given.

The Government have broken their promise on the level of fees. They have made claims about access they cannot deliver and they have based their arguments on savings that may never materialise. They said that they wanted to set universities free but they are planning the biggest attack on university autonomy in history, and the sad truth is that all this was not only predictable, but was predicted. From the outset, the Opposition have said that the Government's policy was unfair, unnecessary and unsustainable. We called for a delay in the fees vote and said that the House should not vote before the Government were clear about how they would control student numbers and how private providers would be regulated. We wanted them to give details about the cost and fairness of the new loans system and to be clear about having an independent assessment of the effect of their measures on social mobility, but they ignored us and four months later they have still failed to answer those crucial questions. In January, the Minister for Universities and Science told the House:

"We are consulting students, universities and other experts and will publish a White Paper in the early part of this year."—*[Official Report*, 13 January 2011; Vol. 521, c. 421.]

It is nearly May and there is no sign of this White Paper.

England's higher education system is not perfect, but it is widely recognised as one of the best in the world. That is not just because of the quality of its world-class research institutions but because of the diversity and quality across the whole higher education system. No one should be afraid of having an honest debate about how it can be made better, but it is so important to all our futures that it needs competent Ministers who are capable of protecting all that is good about it.

Public concern about the Government's NHS reforms has at least forced a temporary period of reflection on that policy, but no such luxury exists for students and universities, which are on a tight timetable to introduce the new system for 2012-13. The Secretary of State must act now, so will Ministers tell the House today what action will be taken to deliver the promise that fees of £9,000 will be charged only in exceptional circumstances? Will they legislate and if so how and when? Will they promise that there will be no further cuts to student numbers and no further cuts to spending on the teaching grant, research or public funding for widening participation? What will they do to deliver the wild promises of widened participation and improved access? Will they strengthen the powers of the Office for Fair Access to set fees or to impose quotas? If the measures, which are the biggest interference in university autonomy in history, are rejected, what will they do? If the Minister for Universities and Science cannot answer these questions, the House must conclude that he and the Secretary of State have lost control of the policy for which they are responsible.

4.44 pm

The Minister for Universities and Science (Mr David Willetts): I welcome this opportunity for us to set before the House the Government's approach to higher education and to clear away the farrago of confusion, misplaced speculation and plain old-fashioned errors that we have just heard from the shadow Secretary of State.

I congratulate the right hon. Gentleman on one thing: his sheer audacity in standing in the Chamber and denouncing cuts and financial black holes, when he was in the Cabinet of a previous Government who got our finances into the crisis that the coalition inherited. So yes, we are having to take some tough and difficult measures, but that is because, as always, Labour left behind a mess and then denounced us for clearing it up.

Sheila Gilmore (Edinburgh East) (Lab): Some months ago the Minister indicated in the House, in response to a question from me, that his proposals were not to do with the deficit, but were to do with a new way of providing for the financing of higher education, yet he introduces his speech by referring to the deficit.

Mr Willetts: I will turn to that point as I develop my argument. I hope the hon. Lady will accept that the Government whom she supported left behind a fiscal crisis. We were borrowing £120 million a day and were heading for the largest budget deficit in the G20. In fact, the position was so bad that the previous Chancellor had set out proposals for bringing down the deficit by reducing public spending. It is an irony that the Opposition called this debate in the very month when the previous Government's spending cuts would have started to take effect—£14 billion of cuts planned for this financial year by the previous Chancellor, £16 billion of cuts that we are implementing.

As the shadow Secretary of State knows because he was in the Government at the time, it is clear from the pre-Budget report of December 2009 that there was a commitment to £600 million of cuts from the higher education and science and research budget. It was never explained what those were to be. As we know from the work done by the Institute for Fiscal Studies when it tried to assess Labour's plans when the previous Government left office, there were to be reductions in public expenditure that the IFS estimated as a 25% reduction in the budget of the Department where the Secretary of State and I serve. So we inherited a mess that we have to sort out.

Hugh Bayley (York Central) (Lab): The question is not whether the deficit needs to be reduced, but whether the decision to impose cuts of 80% on universities is the right way to do it. How will students benefit when they pay three times as much in fees but get less spent on the quality of their education in our universities?

Mr Willetts: Let us turn to that. Given that we face a crisis in the public finances, and given that even the previous Government had planned £14 billion of saving, how does one best deliver those in a departmental budget which I do not think any of the three parties represented in the House said could be exempted from reductions? Fortunately, the previous Government set in train an exercise that helped tackle precisely that problem. In November 2009 they commissioned Lord Browne to review the financing of higher education, and they made perfectly clear the wide range of options that they wanted him to look at.

Mr David Lammy (Tottenham) (Lab) *rose—*

Mr Willetts: I will give way in a moment to the right hon. Gentleman, not least because of his role as a Minister in the previous Government, but I hope he will accept that Lord Browne's report was commissioned precisely so that when public expenditure had to be saved, the finances of higher education would be examined.

Mr Lammy: The right hon. Gentleman knows that the higher education review was indicated in the Higher Education Act 2004, some years before the deficit.

Mr Willetts: It was made perfectly clear—*[Interruption.]* Let me quote from the very first sentence of the terms of reference of Lord Browne's report. It was to

"analyse the challenges and opportunities facing higher education and their implications for student financing and support. It will examine the balance of contributions to higher education funding by taxpayers, students, graduates and employers."

So, the previous Government left us a deficit, recognised that they needed to make £14 billion of savings and set up an inquiry under Lord Browne to look at how universities should be financed in those circumstances—almost in the same month, incidentally, that we had the plan from the right hon. Member for Edinburgh South West (Mr Darling) for large reductions in public spending.

After considering Lord Browne's report, which took him a year to produce and in which time he took a large amount of evidence, the coalition has adopted a strategy that, although not in every respect his strategy—[Hon. Members: "Ah!"] I do not know why Opposition Members react with such glee; in many ways, we have improved on the strategy that Lord Browne put forward. The fundamental proposal in the report that the previous Government commissioned is the one that we are now implementing in order to put the finances of higher education on a stable footing.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the right hon. Gentleman give way?

Mr Willetts: Let me just develop this point, because crucially the best way to save money is not to go for reductions in the teaching grant per student, as that simply means a lower-quality experience for students in our universities; instead, the aim is to provide universities, as the teaching grant is reduced, with an alternative source of income from fees and loans which does not involve students paying any money up front.

Hugh Bayley *rose—*

Mr Willetts: I am just going to carry on explaining the basic finances of the measure, because they are so important and the Opposition clearly do not understand them. The point is about lending students money to pay fees. For example, if we lend them £1,000, we can reasonably expect, on the basis of outside forecasts, about £700 of that to be repaid, so we account for the £300 of the loan that is written off—that will not be repaid—but know that we will get approximately £700 back. That is the financing model in Lord Browne's report, which the Labour party commissioned, and that is what enables this coalition to save money for the Exchequer, to continue with high levels of finances and to ensure that students do not have to pay any money up front. That is an excellent combination of policies at a time when money is tight.

Tristram Hunt: I am grateful to the Minister for giving way as he digs himself ever deeper and reveals the fallacy of the sums involved. The whole point of the Browne review was that it would introduce a market in higher education, but, if we strip away the teaching grant and everyone charges £9,000, we do not have a market. That is why the policy is such a car crash.

Mr Willetts: I will move on to that stage of the argument in a moment, but let me just explain to the hon. Gentleman why this measure, which is not mine

[Mr Willetts]

but that of the report commissioned by the Government whom he supported, is very straightforward, simple and absolutely the right way to tackle the challenge of financing higher education at a time of fiscal crisis. It enables us to save money for the Exchequer, because the money that goes into universities is lent to students and is not a grant, and at the same time we ensure that universities are well financed.

The shadow Secretary of State sounded as if he was willing to contemplate large reductions in the amount of resource going to universities, but that would affect the quality of students' education. On our estimates, the cash going to universities rises from about £9.2 billion in 2010-11 to £10 billion in 2014-15, so we save money, there is more resource going into universities and, crucially, at the same time the money is accompanied by reform.

Several hon. Members *rose—*

Mr Willetts: I give way to my hon. Friend the Member for Beverley and Holderness (Mr Stuart).

Mr Graham Stuart: Will my right hon. Friend nail the misinformation, peddled not least by Opposition Front Benchers, about the increase in fees putting people from lower-income backgrounds off going to university? The truth is that the payments per month will be lower under the new system, that those who earn lower amounts will pay less, that the new system is more progressive and that Opposition Front Benchers, who cry crocodile tears for caring about those from the lowest incomes having access to a university, are scaremongering and providing misinformation. Will he please put them right?

Mr Willetts: That was an excellent intervention. After this debate, I hope that Members on both sides will agree to commit ourselves to visit, between now and the summer, the secondary schools and colleges in our constituencies and explain to them that not a single young person is going to have to pay up front for their higher education. They will repay only if they are earning more than £21,000 a year and that means that their monthly repayments under our proposals will be lower than under the system we inherited from the previous Government.

Dr Eilidh Whiteford (Banff and Buchan) (SNP) *rose—*

Mr Willetts: I will accept the hon. Lady's intervention, especially if she makes that commitment.

Dr Whiteford: Last month, the BBC published figures from the accountants Baker Tilly. They suggested that a student who borrowed £39,000 to complete their higher education would end up paying back something in the region of £83,000. What does the right hon. Gentleman make of those figures?

Mr Willetts: I am afraid that I do not recognise those specific figures. We are talking about a system whose powerful logic is simple—no student pays up front, a point that my hon. Friend the Member for Beverley and Holderness correctly made.

Graham Stringer (Blackley and Broughton) (Lab) *rose—*

Mr Willetts: I need to make some progress because this is not simply a matter of finances, important though they are. It is essential that the measures be accompanied by reform. Above all, that means a focus on the quality of the teaching experience for students. Many students, and their parents, come away from university not convinced that they had the teaching that they needed during their time in higher education. The third challenge, therefore—as well as saving money for the public finances and ensuring that proper financing gets into our universities—is to focus on improving the quality of the teaching experience. We do not achieve that by—

Angela Smith (Penistone and Stocksbridge) (Lab): Will the Minister give way?

Mr Willetts: I am responding to the point made by the hon. Member for Stoke-on-Trent Central (Tristram Hunt); it is an important stage in the argument. The money must be accompanied by reform that puts teaching up front and enables students, for the first time, to choose the course and university that they believe will best meet their needs. That is why the Secretary of State and I are absolutely committed to ensuring that it is easier for universities to escape from the shackles of the detailed quotas and restrictions set, university by university, in the system that we inherited from the previous Government. One of our highest priorities is to ensure that our reforms also improve the quality of the student experience. That will be at the heart of our White Paper.

Graham Stringer: Will the Minister explain how the quality of education will improve? Due to his miscalculations about the number of universities charging £9,000 and the structure of the students who will be going, there will be a huge deficit. That will lead to cuts in universities or in the number of students going to universities.

Mr Willetts: Let me deal briefly with that point. A fortnight ago, the Labour party was claiming that there was a £1 billion shortfall; last week, apparently, the shortfall was £450 million. We simply do not recognise those figures. We will see in autumn next year exactly what students are paying and how much they choose to borrow; they do not necessarily even need to borrow the full amount of fees that they face. That will be a decision for them. At that point, we will assess the financial situation that we face, but we see no reason to amend the broad estimate that we put before the House last autumn.

Angela Smith: Given what the Minister has just said, will he guarantee that there will be no cuts in quality or numbers in higher education?

Mr Willetts: We have a set of proposals that ensures that increasing resources will go to our universities, so, absolutely, I see no reason why quality should suffer. Indeed, I believe that as we liberalise the system in the way that the Secretary of State and I wish to, we will see improvements in the quality of the student experience. I do not see any need for a reduction in student numbers; on the figures that we have in front of us, I do not believe that that will be necessary.

I want to deal with another point made by Labour Members. There is so much confusion and misapprehension on their part that there is a large amount to sweep away.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Will the Minister give way?

Mr Willetts: I wanted to move on to the improvements that we have made to the Browne plan, but of course I give way to the shadow Minister.

Mr Thomas: Will the right hon. Gentleman distance himself from the Secretary of State's comments at the Higher Education Funding Council for England conference when he threatened universities with either more cuts to the teaching grant or further cuts to student numbers?

Mr Willetts: We will obviously have to keep a very close eye on the situation. When one looks behind the headline figure of the £9,000 fee, there are so many waivers and special arrangements that the average fee will be significantly lower than that. Given the evidence that has so far come through, we do not recognise the so-called figures for fiscal black holes that are being perpetrated by Labour Members. I suggest that they calm down and wait until the autumn of 2012 when we see what students are actually paying in fees when they arrive at their universities.

Mr Thomas: The right hon. Gentleman was asked a very straight question—does he, or does he not, agree with his Secretary of State, who clearly threatened universities at the HEFCE conference with either further cuts in teaching grant or further cuts in student numbers? Does he agree with him—yes or no?

Mr Willetts: I am always in agreement with the Secretary of State. The position that he was describing related to options that would be necessary if the financial position was very different from the one that we estimated last autumn. On the basis of the evidence that we have, we do not believe that that will be the case.

Margot James: Does my right hon. Friend agree that university costs should be looked at very closely, just as with every other kind of public sector institution? Lord Browne found that the average fee was £6,000 if one took into account efficiencies that universities could make in relation to what would be the break-even point compared with what they currently enjoy in terms of funding.

Mr Willetts: My hon. Friend is absolutely right. We look forward to the report that Ian Diamond is preparing on precisely how we can improve efficiency in our universities.

Mr Andrew Smith (Oxford East) (Lab): Will the Minister give way?

Mr Willetts: No, I am going to make some progress because Members in all parts of the House wish to speak and I have a lot more ground to cover.

We have not only taken on Lord Browne's proposals in the report commissioned by the previous Government as their way of reforming the finances of our education system, but tried to improve on those proposals. The crucial way in which we have done that is by improving the repayment terms for graduates. A very important feature of the new system is that instead of the repayment threshold of £15,000 that was left to us by the previous Government, we propose a threshold of £21,000. The only way in which people pay for higher education is as graduates repaying their loans, so the level of threshold and the amount of the repayment that they make is crucial. Under our scheme, a care worker graduating in 2016 with a £20,000 starting salary would repay nothing. Under Labour's £15,000 repayment threshold, that care worker would have been repaying £37.50 a month. Under our scheme, an accountant graduating in 2016 with a £25,000 starting salary would repay £30 a month. If the repayment threshold had remained at £15,000, that accountant would have been repaying £75 a month.

The crucial figure that matters for young people thinking about the cost of their higher education is how much they will have to repay. Under our scheme, their monthly repayments will be significantly lower. That is why the Secretary of State and I are confident that these reforms are the right way forward and are genuinely progressive. We are discharging our obligation to future generations in exactly the way the shadow Secretary of State set out at the beginning of his speech. That is the crucial challenge and we believe that our reforms rise to it.

That is not just my view or that of the Secretary of State, but the view of bodies that have scrutinised our financing proposals. The Institute for Fiscal Studies said that

"the Government's proposals are more progressive than the current system or that proposed by Lord Browne."

The OECD endorsed the coalition's policy:

"The increase in the tuition fee ceiling is reasonable and should pave the way for higher participation in tertiary education".

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Can the Minister quote any vice-chancellor of any reputable higher education institution in this country who has said that the Government's record in their first year of office has been good for higher education in this country?

Mr Willetts: I have been at many events with university vice-chancellors at which they have all accepted that, given the circumstances that we inherited and faced with the policy options of reducing teaching grant, reducing student numbers or implementing Lord Browne's proposed changes in student finance, we took the right decision. I am confident that we have improved on Lord Browne's proposals by making the repayment threshold more progressive.

Let me quote someone who is not a vice-chancellor, but who is perhaps still treated with a degree of respect by some Opposition Members, namely Lord Mandelson. The new postscript to his excellent memoirs, which I commend to Opposition Members, states:

"When the university fee debate came up before the Lords, for example, there was a large part of me that felt I should weigh in."

I am sure that there was. It goes on:

"It was I, after all, who had set up the Browne Review"—

the Labour party seems to have forgotten that—

"into what future changes were necessary to ensure proper funding for universities in the best and fairest way, for both them and their students. When I did so in November 2009 I assumed, as the

[Mr Willetts]

Treasury did, that the outcome would have to include a significant increase in tuition fees. I felt that they would certainly have to double in order to offset the deficit-reduction measures that we too would have implemented had we won the election. The alternative would be a disastrous contraction of higher education."

Those are the words of the previous Secretary of State, and I take them as an accurate account of what was in the minds of Labour Ministers when they set up the Browne review.

Andrew Bridgen: I remind the Minister of the words of Professor Steve Smith, the president of Universities UK, who said that the coalition Government's higher education policies

"will bring in the resource needed to allow students to go to university regardless of their financial circumstances, provide financial sustainability for universities, and ensure that we can maintain the UK's international competitiveness in terms of undergraduate education."

Mr Willetts: Absolutely. That is the view of Universities UK, and, as I have explained to the House, it holds that view because in the difficult circumstances that we inherited from the previous Government, we have taken the correct strategic decisions.

I have set out our approach to higher education. What was striking in the speech of the shadow Secretary of State was the complete absence of how he believes higher education should be financed in tough times. What was particularly noticeable was the absence of any reference to what we understand to be the preferred policy of his party leader, namely a graduate tax. We are still waiting to see the move to the graduate tax, which we understand is now the view of the shadow Secretary of State. Of course, the last Labour Government produced a helpful document on the subject entitled, "Why not a Pure Graduate Tax?", which sets out clearly some of the issues surrounding a graduate tax. We are still waiting to hear whether the shadow Secretary of State advocates it.

Of course, our proposals involve a capped graduate tax, which has a threshold of £21,000 and a rate of 9%, is linked to the university that one went to, and is extinguished when one has discharged the cost of one's higher education. That is the right way of delivering a graduate tax to pay for higher education. I would be very interested to hear from the shadow Secretary of State whether he believes that that system should be improved in some way. Does he prefer a model of graduate tax with, perhaps, a lower threshold and a lower rate?

Lilian Greenwood (Nottingham South) (Lab): Will the right hon. Gentleman give way?

Mr Willetts: No, I am going to make some progress on this important point.

Would the shadow Secretary of State prefer a model with a 3% tax for graduates? That is one possibility, but of course it would bring low earners into the burden of graduate tax, whereas they will be exempt from it under our proposals. It would have another significant defect, because whereas we can collect student fees from people across Europe, there is no way in which a graduate tax could be collected from a graduate who has been educated in Britain and then goes to live abroad.

Once again, the memoirs of Peter Mandelson are very clear on this point, and we now know where the Labour party's policy comes from. He writes:

"To be fair to Ed"—

he is referring to the current Labour leader"—

"from his days in the Treasury when we were first introducing the top-up-fees scheme in government, he shared Gordon's preference for an alternative graduate tax".

So it was Gordon who wanted a graduate tax—that is where this bold, new Labour idea comes from. The memoirs continue that the current Labour leader held that view

"even when our research concluded that it was simply unworkable."

That is what Peter Mandelson says. Labour's research showed the defects of a graduate tax, and we are still waiting to hear from the shadow Secretary of State what his policy is on such a tax.

The position is clear: the Government have a plan for financing higher education in tough times. We are financing it in a way that continues healthy support for our universities and enables us to save funding for the Exchequer at the same time. We are doing that without any cuts to student numbers or to the teaching resources going to universities, without any burden on students when they are at university and while improving the regime for graduate repayments after they have left university. That is why our plan is realistic, sober, reformist and progressive. We believe it is the right way forward, and in the absence of any constructive proposals from the Labour party, we remain convinced that ours is the correct strategy.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. This is a popular debate, and an eight-minute limit has been put on Back-Bench speeches, with the usual two-minute injury time allowance for interventions.

5.12 pm

Lilian Greenwood (Nottingham South) (Lab): I am grateful for the opportunity to speak in today's debate, as I am very worried about the Government's plans for higher education and their impact on many of my constituents and the city I represent.

I was deeply concerned when the Government announced their intention to raise the cap on fees, and like every Opposition Member I voted against that rise. I did so not just because of my pledge during the general election campaign but because I felt that the Government were rushing through their plans without proper thought and consultation. Like many Members, I felt that fees of £6,000, £7,000 or £8,000 would deter many bright and able students from low and middle-income families from applying to university, or from applying to the university or course that would best suit them. As university after university has announced its intention to charge fees of £9,000, my concern has only deepened. Far from being the exception that the Prime Minister promised, £9,000 fees are becoming the norm. Why? It is because universities have to fill the huge hole left by the cut in the teaching grant.

Mr Graham Stuart: Will the hon. Lady confirm for the benefit of her constituents that the monthly payment that each of them will have to make will be lower under the new system than it was under the previous system?

The monthly payment will be lower at all times. The bad news is that people will have to pay for longer, but the payments will be more affordable and people will have to pay only when they are earning £21,000. Her constituents need to hear that so that they are not put off. I hope that she agrees.

Lilian Greenwood: The concern that many of my constituents express is that they will have to pay back at least three times more than they would if they were a student now or had been recently.

Stella Creasy (Walthamstow) (Lab/Co-op): One difficulty is that we do not know the real rate of interest that will be charged. When we debated the Education Bill, Opposition Members proposed measures that would enable us to find out what those interest rates would be, but Government Members, including the hon. Member for Beverley and Holderness (Mr Stuart), voted against such a process, so we simply cannot tell how much the bills will be for our constituents.

Lilian Greenwood: My hon. Friend is absolutely right. The fact is that many of my constituents who are considering going to university are terrified at the prospect of paying back debts of £30,000 or £40,000. That is about not just how much they have to pay, but how long they have to pay for. I am sorry that the Minister would not take my intervention, but under a graduate tax system, surely those who earn more would pay more.

Nick de Bois: Will the hon. Lady give way?

Lilian Greenwood: No, not at the moment. Under the Minister's scheme, those who earn the most will pay less, because they can pay their loans off quickly, before they have substantial amounts of interest to pay on top.

Sir Martin Harris, the director of the organisation charged with improving access to higher education, says that there is a "real risk" that teenagers from low-income homes will feel unable to attend university, which makes me even more convinced that this Government's policies are not properly thought through.

Mr Graham Stuart: Will the hon. Lady give way?

Lilian Greenwood: No—I am not taking another intervention.

Unfortunately, my concerns were further confirmed when I recently met staff from Nottingham and Nottinghamshire Connexions services. Careers advisers were not only demoralised by cuts to their service when young people most need advice and guidance to help them to make difficult choices, but deeply concerned about the impact of Government policies on the teenagers whom they are committed to assist. They told me that fee increases are having a clear impact on many young people, and that many young people in Nottinghamshire feel that they can no longer afford to study for a degree.

The problem is heightened by the increase in youth unemployment. Young people are worried not only that they will rack up debts of £30,000 or £40,000, but that they may not even be able to secure a job at the end of it. It was particularly sad to hear a member of staff of the Aimhigher campaign, which supports young people from disadvantaged backgrounds who have the potential to go on to higher education, tell me that it has become increasingly difficult to convince such young people that university is for them.

Young people and their parents frequently bring this issue up on the doorstep. On Monday afternoon, a constituent asked me how he could afford to send his children to university.

Andrew Bridgen: Will the hon. Lady give way?

Lilian Greenwood: No. I have already taken several interventions.

My constituent was in work and owned his own home, and his children would not qualify for bursaries. He understood the importance of learning as a worthwhile investment in their future, but like many middle-income parents he felt that higher education was becoming out of reach for his children. The Government talk a great deal about widening access and ensuring that more young people from lower-income families go to our top universities, and about improving the chances of those in state schools, which are admirable aspirations, but they have done nothing to ensure that those things happen.

I fear not only the impact that the fees increase will have on our young people from low and middle-income families, but the impact that those policies will have on Nottingham. As many in the House will know, Nottingham is home to two excellent universities that attract students from all over the country, and indeed the world. The university of Nottingham and Nottingham Trent university make a huge contribution to our city and are vital to our local economy. Our city's most successful businesses tell me that one of the main reasons for locating in Nottingham is the availability of highly educated young people. Although residents may on occasion wish that there were fewer students in the local neighbourhood, they also know that our universities are vital to the city's economy and future financial success.

Last week, I spoke to a senior member of staff of Nottingham Trent university. She expressed concern that the increase in fees represents a threat to our ability to attract the brightest and best students to Nottingham, and reported that many young people and their families are considering studying close to home because they feel that they cannot afford the costs of living away on top of fees.

Anna Soubry (Broxtowe) (Con): Has the hon. Lady met the vice-chancellor of Nottingham university? If she has, will she confirm that he supports the Government's policy?

Lilian Greenwood: I have met him, and he is in favour of an increase in fees, but unfortunately the people of Nottingham, and prospective students, do not agree with him, and I am rather more concerned about representing them.

I was speaking about a senior member of staff at Nottingham Trent university who said that many young people and their families are considering studying closer to home. They are limiting their choice of university for financial rather than educational reasons, which has implications not only for individual students who feel unable to choose the university that is right for them but for the universities, particularly those in areas of high

[Lilian Greenwood]

supply. The east midlands is a net importer of students, and therefore might expect to suffer disproportionately if more students choose to study close to home. What analysis have the Government made of this problem, what discussions have they had with local enterprise partnerships on its impact, and how do Ministers expect any reduction in the number of students coming to the east midlands to affect local and regional economic growth?

It is increasingly clear that in their rush to secure a deeply unpopular rise in fees as soon as possible after the election and before the next one, Ministers failed to come up with a coherent plan for higher education. Six months after the fee rise, we still have no higher education White Paper. The Department's spending plans, based on average fees of £7,500, are in disarray, and measures sold to the electorate as necessary to save money are likely to cost the same or more. On top of 80% cuts in teaching grants, universities now face the threat of further cuts in grants or student numbers. The impact on local economic growth is uncertain, and young people and their families are paying the price of this Government's incompetence. It is no wonder they feel so let down by the Business Secretary and his colleagues. I have no doubt that we will see quite how let down they feel when next week's election results deliver the verdict on 12 months of the miserable compromise that is the coalition Government.

5.22 pm

Mr Rob Wilson (Reading East) (Con): It is a great pleasure to follow the hon. Member for Nottingham South (Lilian Greenwood), who spoke passionately in defence of students in her constituency. I do not intend to speak for long—I hope to keep to five or six minutes.

I make no apology for continuing to support and vote for the policies of the Government, because I am in no doubt that the medium and long-term strengths of our higher education sector will be substantially improved by the measures we have taken so far—and, I hope, will continue to take. It is true, however, that over time we will need to make further changes in some areas. Nevertheless, the Opposition and the shadow Secretary of State have got this one wrong. As Lord Mandelson has shown, even many members of the Labour party believe that mistakes are being made. In particular, the analysis of the role of the Office for Fair Access is wrong. But I will come to that later.

My first observation concerns student numbers. One of the fundamental strengths of the new system is that it empowers students by making money follow their choices, so that universities are incentivised to raise the quality of their courses and of the student experience in order to attract students and generate income. Professor David Eastwood, vice-chancellor of the university of Birmingham and a member of the Browne review, recently emphasised that the

"key policy imperative is to say that numbers will follow informed student choice".

He has argued that expanding higher education places to meet demand would force down fees at less popular universities and cost the taxpayer less. I believe that he is probably right.

Mr Denham: The hon. Gentleman makes an important point, but does he accept that the Government have not told us how they intend to allocate student numbers—or indeed whether we will have a model in which the money follows the student or whether numbers will be centrally allocated, as they are at the moment? The Opposition called for that information before December, so does he share my regret that Ministers have completely failed to answer that question? Indeed, the lack of an answer means that we do not know whether the hon. Gentleman's point is valid or not.

Mr Wilson: I thank the right hon. Gentleman for making that point, because there are certainly questions still to be answered, which is something I will come to.

I am concerned that the restrictions on student numbers will mean that we fail to realise the full benefits of competition in the higher education sector, which would have encouraged universities to achieve greater efficiency and offer more value for money. As a recent report by Tim Leunig for the think-tank CentreForum put it,

"because government restricts the number of students that each university can take, this is not real competition"—

and indeed, it is not. I am sure that my right hon. Friend the Minister will agree that the Government must devise a system in which universities and courses that are popular and economically important can expand, if necessary at the expense of unpopular courses and institutions. Does he therefore share my concern that capping student numbers will threaten one of the key benefits offered by the Government's reforms? What further action does he propose to take to ensure that courses that students want to take, at a price that they want to pay, can expand at the expense of courses that they do not want to take, at prices that they do not want to pay? In these difficult times the Treasury is keen not to spend more on subsidies for students than it absolutely has to, which provides the Secretary of State and the Minister with a big challenge if they want real competition in the higher education sector. If the Minister cannot convince the Treasury that removing the cap on student numbers will reduce overall HE costs, there will be no genuine market in HE.

However, I hope that the Government are thinking creatively about seeking micro-solutions to the problem. In particular, I would recommend that they look at three areas that are perhaps worthy of further consideration. The first is how we encourage private sector institutions to enter the HE sector and offer degree courses. There is no reason why they should not be allowed to enter the sector and overcome any real or perceived barriers to entry, which can easily be removed. Secondly, the further education sector needs to be encouraged to offer more degree and higher education courses. The changes that we have made in the HE sector offer huge opportunities for FE colleges to offer high quality, affordable, specialist courses. Once again, we can look across the Atlantic at what is happening in the US community college system as an example of the model that we need to strive to follow in this country.

Mr Graham Stuart: My hon. Friend is making a powerful speech, the content of which I agree with. Does he agree that many FE colleges are now delivering the quality that should enable them to confer degrees, rather than being dependent on universities, which in

times of financial uncertainty tend to reduce what they allow FE colleges to do? We need to give them freedom if they are to compete properly in the market.

Mr Wilson: Indeed I do agree with that. There are some fabulous FE colleges that could easily deliver high quality higher education degrees.

Thirdly, if we are to have a Treasury-imposed affordability limit on student numbers, we need to think more creatively about how we tease the best out of a more limited market system. As I have said, we need to encourage the best high-quality, sought-after courses that students actually want to take. We have to design a system that allows good universities with good courses to expand, and poorly performing universities with poor quality courses to decline, or at least take action to improve their offering.

Mr Willetts: My hon. Friend is focusing on the crucial issues of how we get more competition and choice into the system. I assure him that these are absolutely the issues that we will focus on in the White Paper.

Mr Wilson: I am grateful to my right hon. Friend for that reassurance.

Let me turn quickly to my other point about the Office for Fair Access. As Professor Eastwood rightly argued, more higher education places should mean more social mobility. Although I welcome any constructive suggestion to increase social mobility and opportunities in this country, I am concerned that a heavy-handed attempt to do so would risk another cornerstone of our university system, which is academic freedom.

In a commendable feature of the Higher Education Act 2004, OFFA was given a legal duty

"to protect academic freedom including, in particular, the freedom of institutions...to determine the criteria for the admission of students and apply those criteria in particular cases."

The first guidance letter issued by the Labour Secretary of State in October 2004 confirmed that the Government's priority was financial support for the poorest students, and noted that

"institutions that generally attract a narrower range of students may want to put more money into outreach activity to raise aspirations".

The guidance also made it clear that institutions' admissions policies and procedures were outside OFFA's remit.

This Government's new guidance to the director of fair access is much more aggressive, and I believe that it has clear and serious implications for universities' admissions policies. It instructs OFFA that it

"will want to ensure that each institution is making sustained and meaningful progress towards a more balanced and representative student body, reflected year on year in its own benchmarks, measures and targets."

Under the February 2011 guidance letter, if an institution is deemed to have seriously or wilfully breached its access agreement, OFFA can decide not to approve or renew the agreement. That would remove the institution's right to charge its students above a basic fee level. I understand that a fine of up to £500,000 is also available.

The message to universities, via OFFA, appears to be that unless they make progress each year towards achieving a "more balanced and representative" student body, they can expect OFFA to set much more onerous obligations and require them to devote more of their resources to outreach and financial support. In addition, they could be fined. So, while the Opposition call for new powers for OFFA, will the Minister confirm that the Government remain committed to protecting the academic freedom of universities, and that they have no plans to interfere with university admissions policies through access agreements?

Mr Willetts: I can give that assurance. We have no plans to change the legal framework guaranteeing the freedom of universities to run their own admissions procedures.

Mr Wilson: I thank my right hon. Friend for that assurance, but the legal framework is slightly different from the access agreement. I do not have time to go into that now, however.

I agree with the Russell group when it argues that too few poorer pupils are getting the right grades and that the achievement gap according to socio-economic background is getting even wider. It also argues that the most effective way to get low income students into the best universities is to help them to improve their academic performance at an early stage. It is in the schools that we should be looking to change things, not in the universities. As I have said, I am passionately committed to raising aspirations and spreading opportunities more widely in our society, but it would be far better to tackle the real cause of unfair access to higher education—too few poorer children achieving the right grades at school—than to bring the Government into conflict with the legal duty to protect university independence and academic freedom.

5.33 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I welcome the fact that the Minister admitted that these proposals have been driven by the need to cut the public sector deficit, rather than by any wider educational considerations. Borrowing to give grants to universities counts as public borrowing, whereas borrowing to make loans to students does not, because that is offset, at least in part, by an income stream. This is an accountancy smoke and mirrors exercise, on which the Minister has based one of the most seismic changes in educational funding imaginable. At the end of the day, if the figures are wrong, it will still be the taxpayer who foots the bill. If the loan obligation is higher than expected, that will present problems. If the income, in return, is lower than expected, that will present additional problems. On the basis of the evidence that we have seen so far, that is the situation that is emerging.

Mr Andrew Smith: Was my hon. Friend struck, as I was, by the failure of the Minister, who declined to take my interventions on the point, to address the issue put to him by our right hon. Friend the Member for Southampton, Itchen (Mr Denham)—that at the Public Accounts Committee, his own permanent secretary had said that at the current level of fees, universities faced a cash funding gap, which could be plugged only by cutting the teaching grant further or by cutting numbers? Is not that the mess they have left us in?

Mr Bailey: Yes, my right hon. Friend anticipates one of my later points. Both the Higher Education Policy Institute and, by implication, the Office for Budget Responsibility have recognised that issue.

Let me make it quite clear that from my personal perspective I have always believed that graduates should make a contribution to their education. There is a legitimate debate—it should have been had before these proposals were introduced—about the appropriate balance of benefit between an individual and the country's economy and about what the appropriate obligation for payment should be between the individual and the state. That has to take place, obviously, within the constraints of affordability.

Andrew Bridgen: The hon. Gentleman comments on the allocation of payments and the contribution that graduates should make to their education, but was that not the entire function and purpose of the Browne report, which has been taken into account?

Mr Bailey: Yes, it certainly was and I was just coming to that. We should have had a White Paper, followed by a full debate, which would have enabled the Government to put forward their proposals and the Opposition and others to probe them. A range of educational institutions - there are an enormous number of them—would have been able to contribute their expertise. What we have had, however, is this seismic shift in Government funding, carried out without adequate research and debate.

I spent 10 years on the Government Benches listening to lectures from Conservative Members about the dangers of hasty legislation and the unintended consequences that almost inevitably arise from it. If ever there was a case in point, I honestly think this is it. Hasty legislation, or hasty regulation in this case, is usually bad legislation, or regulation.

The lack of research and work done highlights a number of issues. The first is the setting of the fee levels. The Minister's hopelessly optimistic estimates, on which the financial model was predicated, have been demonstrated as completely incorrect. The repayment implications are considerable. A whole range of expert research has been done to demonstrate that the income stream on which the Government predicated their financial model will not be met. There will therefore be a long-term financial liability, possibly an expanding one, that the Government will have to meet.

Another issue that could and should have been explored far more comprehensively if we had had a White Paper is of course the role of the Office for Fair Access. When Ministers were pressed on the setting of the level of tuition fees, they seemed to ascribe to OFFA powers that were completely beyond it, as my right hon. Friend the Member for Southampton, Itchen (Mr Denham) said in his opening remarks. The fact remains that OFFA is an organisation of four people, to whom responsibility was attributed by the Deputy Prime Minister for setting the tuition fee levels of all universities. That is totally beyond their resources, and they could not do it anyway, because they do not have the legislative basis to do so. This could and would have been teased out in a full and open debate of a White Paper, but by virtue of the Government's actions it has been precluded.

The outcome is that the figures in the financial model do not appear to stack up. I mentioned the potential long-term financial implications earlier. As the Minister has acknowledged, the options are to cut funding for universities further and to reduce student numbers. I believe that if tuition fees averaged £8,000 per annum, it would be necessary to reduce the number of students going to university by 17,000 in order to stay within the model. There is actually a third option: the Government could change graduates' repayment conditions. I think that that would open another can of worms, and would provide the basis for further research to assess the possible outcome.

Mr Graham Stuart: Will the hon. Gentleman give way?

Mr Bailey: No, I will not give way again.

A reduction in student numbers is inevitable, either because the Government decide to ration them or because of the deterrent effect of the higher fees on student recruitment. I should like the Government to make it clear whether, if the figures indeed do not stack up and the average fees exceed £7,500, they will limit student numbers. I do not know the answer and I am not sure that the Government do, but I should welcome their opinion none the less.

I should also welcome some sort of statement on when we will see the White Paper so that we can debate the issues further. It was originally to be published in January, we were then assured that it would be published in June, and I understand that in subsequent speeches to the civil service the Minister has referred to the summer. It is a bit like Billy Bunter's postal order. I pressed the Secretary of State on the matter in the Select Committee this morning, and even then he would not give a commitment that the White Paper would be published in June. What I should like him to do today is tell us when it will be published, and whether it will deal with questions raised not just by me but by a range of Members about the funding implications of the current proposals.

Other countries recognise the value of higher education and the number of graduates who make an economic contribution. Other countries, even those that have suffered from the same sort of financial problems that we have experienced during the recession and are subject to the same sort of financial constraints, are investing more in higher education. The long-term implication of not getting this right and reducing the number of graduates is very serious indeed. On the basis of the picture that is emerging at the moment, I think that we are in danger of having fewer graduates, of damaging our economic growth, and of adopting a financial model that will make our public sector deficit far worse in the long term.

5.43 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I am grateful for the opportunity to speak in what is a timely debate, four and a half months or so after the House took a decision on the future financing structure for universities. As the House knows, it was not a decision with which I, or the majority of my parliamentary party colleagues, agreed. It was proposed by the Government after negotiation between the two coalition

parties, and after they had read the Browne report commissioned by the last Labour Government. But the House made that decision, and I believe that the issues to be addressed now are, as the hon. Member for Nottingham South (Lilian Greenwood) said, the issues that are in the minds of the students whom she represents—indeed, those whom we all represent—in the minds of their families, and in the minds of future students.

I want to make four brief comments. I want to talk about the future as opposed to the past, about the cost to future students, about whether the fees being announced by universities are justified, and about what we and they should do in the months between now and the time when the system begins to operate. First, I ask Labour Members and other colleagues on the Opposition Benches to change their rhetoric from today onwards, after they have had this debate, because it is not the amount of the fee that is going to determine the cost to the student. The key question for young people and their families is: what will it cost me if I go to university? The new proposal has many improvements over the last and the present systems. First, as everybody has agreed, the monthly repayment will be less for everybody. Secondly, the starting point for repayment is higher: it is £21,000, not £15,000. Thirdly, for everybody who pays it will be a progressive system under which people pay more for the privilege of a university education according to their ability to pay more. It is therefore fundamentally different from a system—

Several hon. Members *rose—*

Simon Hughes: Labour Members should calm down for a second. It is fundamentally different from a system under which we pay the same irrespective of our earnings.

Several hon. Members *rose—*

Simon Hughes: I will of course give way in a moment, although I am trying to be brief as many colleagues still want to speak.

Under the new system, the cost for those who earn £22,000 a year—which is just above the threshold—will be £90 per year or £7.50 a month; that will be the cost of their university education.

Mr Lammy *rose—*

Simon Hughes: If the right hon. Gentleman will forgive me, I shall give way in a moment.

Those who earn £25,000, which is just above the average wage, will have to pay back £360 a year, or £30 a month. Those who earn £41,000 a year—which is much more than the average wage, let alone the average graduate wage—will have to pay £150 a month. These sums will be deducted from their salaries, in the same way tax is deducted. Those who earn £71,000, which is more than a Back-Bench MP earns, will pay £375 a month.

The first and most important step is to get the message across that there are no up-front fees—no fees when students are at university, and no fees for part-time students at university. They will pay only when they have the money to pay. In that respect, it is therefore not a debt in the normal sense; rather, it is a repayable sum contingent on income. I shall now give way to the former higher education Minister.

Mr Lammy: First, let me say to the right hon. Gentleman that £375 a month is a lot of money to our constituents. Secondly, he knows that not a single Member of this House would accept the new terms if their mortgage company were to ring them up and say, "I'll treble your mortgage, but you'll pay a lower monthly sum." That is why students think it is patronising to suggest that this is a good deal.

Simon Hughes: The right hon. Gentleman and I have many concerns for the same sorts of people in our communities, and I respect what he has done in that regard, but most of our constituents do not earn £71,000 a year. They will not be earning that amount, and he and I do not earn that much as Back-Bench MPs.

Mr Lammy: They want to earn that much.

Simon Hughes: Yes, they may want to, and people in this country understand that if they earn more they will pay more to the state and pay more back into the system. That is fair Britain; it is not fair Britain if they pay the same amount for a service they have received irrespective of their earnings. Of course there are issues about perception—and they are big issues, which is why I did not vote for the policy—but I hope the right hon. Gentleman agrees that we now need to concentrate on the cost to the individual who will graduate in 2015 and later. If we start getting that message across, we will be helping young people to go to university, not hindering them, and our prime obligation now is to encourage, not reduce, access.

Mr Chuka Umunna (Streatham) (Lab): The right hon. Gentleman's constituency and mine share a local university: London South Bank university. May I ask him two questions? First, does he accept that the concerns expressed on this side of the House about the new regime and its deterrent effect on students are not, as it were, crocodile tears, but, rather, reflect real concerns that are felt not least in both of our constituencies? The worries about what this proposal will mean for students and their families have been raised by my constituents, and I am sure they have been raised by the right hon. Gentleman's too.

Secondly, does the right hon. Gentleman accept or buy into the principle that higher education should be a partnership between government and the individual? If so, how does he explain the 92% cut in the teaching grant, the 60% cut in the capital grant and the 50% in the innovation grant for London South Bank university from the Government?

Simon Hughes: That was a lot of questions and I shall try to answer them briefly. Of course I share a concern about perception, which is why I took on this job. By the time I have carried it out and given my final report to the Prime Minister and Deputy Prime Minister at the end of June, I hope—I have been working with Ministers to make sure this happens—that we will have the right messages coming out about the real cost in the future in a way that encourages people to go to university rather than discourages them.

On the hon. Gentleman's second issue, the Government have to take responsibility for the tough spending decisions, as they have done. There were other choices they could

[Simon Hughes]

have made, but if the choice was reducing the money going from the state to universities or reducing the money going to fund apprenticeships for people who do not go to university, I, on behalf of my constituents and his, believe that it may well be better to fund those who go to further education college and have apprenticeships, rather than spend the money on people who will be earning £71,000 a year.

Mr Thomas *rose—*

Simon Hughes: If the shadow Minister will excuse me, I will not give way for a moment.

My second point is what now is the issue for universities that have submitted to OFFA their case for wanting to go above £6,000 with any fee. There is an issue as to whether the Government were justified in saying that £9,000 would be the fee only in exceptional circumstances, as that appears, on the basis of the incomplete evidence, not to have been an accurate prediction. Some questions need to be asked, not least about the advice that Ministers were given about what the prediction should be, but there is also clearly something wrong with the universities' response. It is not just us saying that, because the principal of Queen Mary college, a part of the university of London in the east end, said:

"I think we could say, based on the brief press releases, the possible implication or inference could be that £9,000 fees have not been based on any calculation of cost but on perception of status."

Universities should not be charging above what it costs them to deliver a course, but many appear to have forgotten that. They appear to be taking an opportunity which they should not be taking. The money is also there for one more thing, which is to make sure that access is improved as a part of widening participation, and universities will be watched to make sure that they are really delivering.

Mr Thomas: On that point—

Simon Hughes: I cannot give way at the moment, but let us see whether I can do so a little later.

I hope that next year when future OFFA guidance is given by the Secretary of State that fee waivers will not be allowed and indeed will be excluded. I do not think it is logical to state, "You don't have to pay fees up front or when you are there" and then to say, "But actually we are going to give you a mechanism for you not paying the fees at all." If we are really going to support students from poor families, the money should go towards the accommodation and living costs, which is where the real bill will apply and where the credit card debts will accrue. I hope that we will not be trying to pretend that reducing fees is the most useful thing for students who may not have to pay them or much of them at all.

Thirdly, I hope that Sir Martin Harris and OFFA will be extremely rigorous. The hon. Member for Reading East (Mr Wilson) made the point that powers are now in place and OFFA is able to make sure that each institution has to make sustained and meaningful progress, year on year, on its own benchmarks, measures and targets. OFFA is entitled to say to universities that they cannot have fees above £6,000 and I hope that it will be robust. If widening participation processes are not in place, I hope that OFFA will say so, and some universities may have to be told that they cannot go above the limit. I wish to make two final points and if I still have some time remaining, I will give way.

The Russell group, in particular, must do much better. It did not improve on widening participation under Labour and it must change its interview and recruitment process. At the moment, those universities are being far too subjective, particularly Oxbridge. Harvard does not have the people who are going to do the teaching doing the recruiting; it has selection on a needs-blind basis and it is one of the best universities in the world—other places are the same. The Russell group has no excuse now for not changing its process of recruitment, and if it does not do better I sincerely hope that the Government will make conditions that will require it to do so in future.

Finally, we need much better requirements on universities to give satisfaction to students. That should be written into the system in future and should be part of the preconditions for higher fees to be charged.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. In order to get greater participation, the time limit is now being reduced to six minutes.

5.55 pm

Paul Blomfield (Sheffield Central) (Lab): It is illuminating to follow the right hon. Member for Bermondsey and Old Southwark (Simon Hughes). His transformation from critic to passionate advocate is part of the extraordinary nature of the road that the Government have been travelling along with this policy. It is almost surreal.

As a new Member almost a year ago, I expected that the Government would put forward policies with which I disagreed, but I had expected that they would at least be carefully considered, carefully evaluated, thoughtful and mindful of their impact. That was not so. The Minister for Universities and Science said earlier that the Government have a plan, but it seems that that plan is increasingly shaped not by Ministers but by events that they do not control and, at many levels, do not understand. Broken promises, conflicting statements and policy shifts: only when the dust settles will we find out the plan, with the publication of the repeatedly delayed White Paper.

Assurances were given to the House when we debated the Government's plans back on 9 December, but those assurances have proved worthless. Indeed, had the House known then what we know now, who is to say, given the discomfort of some of those on the Government Benches at that time, what the outcome would have been? I recall the right hon. Member for Bermondsey and Old Southwark, in particular, seeking reassurance that £9,000 fees would be exceptional. Let me remind him what the Business Secretary said. He gave the right hon. Gentleman a clear pledge—huh, a Liberal Democrat pledge—that he would not allow the

"migration of all universities to the top of the range."—[*Official Report*, 9 December 2010; Vol. 520, c. 547.]

Consistently, the Prime Minister and other Ministers gave assurances that £9,000 fees would be exceptional. So where are we? We have seen precisely the migration that the Secretary of State said that he would not allow. Far from being the exception, £9,000 fees are the norm.

We were told at one stage that fees would average £7,000, then that they were calculated at £7,500, then that they might average £8,000. Now we find that the average fee is likely to be just £360 short of £9,000, at the very top end of the range. It did not have to be like this, however. The situation became inevitable because the Government decided to cut the undergraduate teaching grant by 80% without considering the impact or listening to those who knew what it was likely to be. From the outset, vice-chancellors were clear, including many of those who had been browbeaten into supporting the Government's proposals, that fees of about £8,000 would be needed for their institutions simply to stand still.

Mr Lammy: Does my hon. Friend agree that the 80% cut and effective withdrawal of the state from higher education and the funding of arts, humanities and social sciences—there is no other country in the developed world that has made that kind of departure in higher education—will have catastrophic effects in the future?

Paul Blomfield: I completely agree. Back in December, the Minister for Universities and Science made the point that this was not about deficit reduction, as my hon. Friend the Member for Edinburgh East (Sheila Gilmore) reminded us earlier, but about changing the shape of our system. We stand only with Romania among OECD countries in cutting higher education, and we should be ashamed of that.

As universities have looked more closely at the figures, university councils and governing bodies have exercised the responsibility that they have a duty to exercise by setting the fees that their institutions need. It appears that many in government expected universities to fall into line with their picture of them, with Oxbridge setting fees at £9,000 and other universities ranking themselves where they fitted into the system. But those in government did not understand that university governing bodies would recognise their responsibilities to their students and the communities they serve and would set the fees that they need.

What about widening participation? I stress that this is not simply about Oxbridge. We should credit universities across the sector with the achievements on widening participation that my right hon. Friend the shadow Secretary of State has mentioned. Back in February the Deputy Prime Minister pledged in a BBC interview that Oxford and Cambridge would be given permission to charge £9,000 fees only

> "if they can prove that they can dramatically increase the number of people from poorer and disadvantaged backgrounds"

who attend. In the past few days, it has become clear that Cambridge is not in a position, or is not intending, significantly to increase access for poorer students. What are the Government going to do about that? Will they tell Cambridge that it cannot have its £9,000 fees or will they tell the Deputy Prime Minister that he is going to have to confess to another broken promise?

What about the involvement of the private sector? The Minister for Universities and Science confirmed to *The Times* on Monday that, out of the crisis he is creating for the higher education sector, he expects there to be a bigger role for private sector providers. He has already prepared the ground by awarding university college status to BPP, which is part of the Apollo Group, which is currently being investigated by the United States Higher Learning Commission for deceiving prospective students. Where is the accountability for private sector higher education institutions? They do not face the same requirements on quality, access and numbers, and on the Government's intentions in relation to the private sector we have had nothing but silence.

In December, the Business Secretary was quoted as saying of the Government:

> "There is a kind of Maoist revolution happening in lots of areas like the health service, local government, reform, all this kind of stuff, which is in danger of getting out of control."

What he failed to say was that the greatest chaos was unfolding in the area for which he is responsible.

6.3 pm

Andrew Bridgen (North West Leicestershire) (Con): The future funding of higher education was one of the immediate issues, like that of the budget deficit, that had to be addressed after the months and years of drift at what I can only describe as the fag end of the previous Labour Administration. If we had not addressed it we would have risked reaching a point of decline in further education from which we would have been unable to climb back. Hon. Members should have no doubt that doing nothing was certainly not an option. The previous Government recognised that, which is why they commissioned the Browne review in November 2009. The review's remit was to investigate the balance of contributions to universities by taxpayers, students, graduates and employers and to consider how much students should be charged for attending university.

If our universities are to compete in the global economy, they need to be well funded. With a huge budget deficit, one cannot argue that when other Departments are facing cuts, the further education budget could be in any way immune. However, the increase in tuition fees proposed by the coalition Government does not, as the shadow Secretary of State has claimed, signal a wholesale withdrawal of state support for higher education. Under the current system, higher education is funded 40% by the student and 60% by the state, and under the new regime it will be funded 60% by the student and 40% by the state. That is far from the wholesale withdrawal of state funding. The fact that fees are to be capped means that there will be no up-front payments for students. No one will pay anything back until they are earning at least £21,000.

Tristram Hunt: Will the hon. Gentleman confirm that that £21,000 figure is at 2016 money, so in current terms the figure is £15,900? Once someone earns more than £15,900, they begin to pay back.

Andrew Bridgen: I would need to check the hon. Gentleman's figures, but the sum is considerably more than the current level. The bottom 20% of earners will pay back considerably less in total, and those earning less than £25,000 will pay back less than £1 per day for their university education. That is a progressive repayment system. The Government are working on ways to help

[Andrew Bridgen]

students from the most economically disadvantaged backgrounds by reducing the fees that they will have to pay back.

In opposition to this, we have the puffed-up inaction of the Labour party and the support given by the Leader of the Opposition and the shadow Chancellor to the idea of a graduate tax, which is not a solution to higher education funding. It would provide no guarantee that universities would receive the additional funding raised. There is no mechanism for former students to repay early, and it would not allow any differentiation between a student from a lower income background and one from a higher income background.

Margot James: Does my hon. Friend think that is why so many senior members of the last Labour Government disagreed with a graduate tax, including Alan Johnson, Lord Adonis, the former Prime Minister, Mr Blair and Lord Mandelson, as quoted by the Secretary of State?

Andrew Bridgen: My hon. Friend makes an excellent point. The Opposition are split on the matter for obvious reasons. A graduate tax is not the solution. A considerable number of graduates would pay substantially more than the cost of their course. In addition, there would be a large funding gap in the short term. The Browne review estimates that if all new students from 2012 paid a 3% graduate tax which would start at £8,000, not £21,0000, the tax would not provide sufficient revenue to fund higher education until 2041-42.

With the reckless spending habits displayed by the previous Government, universities would have much to fear if they had to rely on a graduate tax, which would inevitably fail to raise sufficient money, in contrast to the up-front and stable tuition fee income, which will allow universities to spend money as they see fit, rather than being subjected to constant Government interference.

The policies of the previous Government discouraged part-time students from studying, as they are expected to pay tuition fees up front and had no access to student loans. The fact that part-time students will have equal access to student loans will give more opportunity to those who may wish to study later in life, and will give universities a more balanced age range of students. Hon. Members should be aware that more than 250,000 students are studying at the Open university, and they will all be better off under the present Government's policies. Given the need to retrain in a rapidly changing world, I welcome this.

The changes being bought in by the coalition Government will result in a higher standard of teaching being maintained, a higher completion rate of degree courses as a result of an informed and considered decision-making process, and students from poorer backgrounds being given a better opportunity to make the right decisions. This can only help universities by having students on the right courses.

We should also consider what the Opposition would call the ideological argument—whether universities should be dependent on the Government for their finance. The Browne review argues that a graduate tax would weaken the independence of universities, which would become entirely dependent on the Government for their funding. It argues that its own proposals would force universities to improve standards to compete for students. Under the coalition policies, the relationship of universities with students would rightly become more important than their relationship with Government.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I fought against a market system under our last Government. We agreed a reasonable compromise, but not without a fight. On the Opposition Benches there was no fight. We knew where the Liberals used to stand. Can the hon. Gentleman tell the House where his party's manifesto mentioned a trebling of tuition fees and an 80% cut to teaching grants to universities?

Andrew Bridgen: The policies are fair. There is increased fairness, increased opportunity and stability of income, and it is my firm belief that the coalition's policies will allow our universities to prosper.

I am a graduate, and I had a full grant in my day, but in those days 4% of the school-leaving population went to university; last year, the figure was 43%. That is a considerably different proposition, and I remind the hon. Gentleman that in my constituency 84% of people are not graduates. An average graduate will over his lifetime earn in excess of £100,000 more than a non-graduate, so, if we are talking about fairness, is it fair that my non-graduate taxpayers should subsidise the earnings of those who have had the benefit of a university education? They will have that benefit not for the 30 years that they might pay back their student fees, but for all their working life, and I hope the hon. Gentleman remembers that.

To those who say that the system will not work, I say "Look at America", where for decades the fees system has resulted in the country having eight of the world's top 10 universities. If Oxford and Cambridge universities are to remain in the top 10 and other UK universities are to have any chance of breaking into the top 10, we need that stability of funding.

The increased tuition fees will create an expectation and demand for quality teaching among students, and with the proposed changes to A-level marking, which I support, students will apply with actual rather than predicted grades, helping state students to go to the best universities, reducing the drop-out rate and ensuring better results for students all round.

Fairness, opportunity, quality and stability are the hallmarks of this coalition policy on higher education funding, and these tough long-term decisions will secure the future of our nation's universities, our graduates and our undergraduates.

6.11 pm

Roberta Blackman-Woods (City of Durham) (Lab): The Government are purposefully and quite unprecedentedly shifting the burden of the costs of university tuition from the public purse on to the shoulders of individual graduates, moving away from the assumption that both society and the student should bear the costs of university education. It is notable that the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), who is not in his place, simply refused to engage with that point when he spoke earlier.

The Business Secretary announced to Members in Parliament that a fee cap of somewhere between £6,000 and £9,000 would be introduced, and that fees would be £9,000 only in exceptional circumstances—that £9,000 would be an exception, not the rule. The announcement was much repeated elsewhere, but we know that, of those universities that had made their plans public by last week, the average fees will be £8,678.36—so just marginally less than that £9,000 figure.

We also have to bury the myth that students will pay less under the Government's proposals. It is true that monthly outgoings, in some circumstances and for some students, might be less, but graduates will pay back their loans for much longer and at an interest rate that has not been fully determined. This is despite the fact that the independent Office for Budget Responsibility said in November and reiterated more recently that increasing tuition fees and funding student loans in 2015-16 will require the Government to borrow £10.7 billion, compared with the £4.1 billion that they borrowed in 2010-11, a point that was excellently made by my right hon. Friend the Member for Oxford East (Mr Smith).

In the context of such sharply rising fees, it is worth looking at some international comparisons. What is happening elsewhere in higher education? A recent article in *The Economist* on American fees reported that annual tuition and fees averaged £1,639 at two-year colleges, £4,595 at public four-year colleges for in-state students and £7,246 at public four-year schools for out-of-state students—all substantially less than the fees proposed for students in this country.

The situation gets worse if we look at Canada.

Dr Whiteford: I remind the hon. Lady that she does not have to look so far from home to find students who do not have to pay fees, because education is an investment in their future.

Roberta Blackman-Woods: Indeed. The hon. Lady makes an excellent point; we should always refer to what is happening in the devolved Administrations as well.

In 2007-08, the fees in the Canadian system were £2,866 and in Australia they were £2,600. What has been proposed for this country is absolutely out of line with our competitor countries across the board. According to quite a conservative estimate, the debt that a student will accrue, if they have to pay the £9,000 maximum and then accommodation and living expenses, could amount to about £48,000. If they then went on to do a master's and a PhD, the student could come out with a debt of £70,000-plus. That is extraordinary.

Mr Lammy: On that excellent point, is my hon. Friend as concerned as I am that the plans will lead to catastrophically low levels of UK students deciding to go on to postgraduate study? Is she concerned that our university sector is actively recruiting abroad—notwithstanding the visa requirements imposed on it—and that we will therefore educate international students but deny that to students from this country?

Roberta Blackman-Woods: Indeed. My right hon. Friend has made a number of excellent points. It is interesting that we have heard nothing from the Government parties and nothing from the Minister about the impact of the proposals on postgraduate education in this country. The House will have to return to that issue in due course.

Graduates could be incurring extraordinarily high debts. The Government simply have no electoral mandate to do what they have done; it was not in any of the manifestos or in the coalition agreement. The costs are being pushed on to students because of the massive 80% cut being made to the university teaching grant. That does not fall uniformly across all universities; it hits hardest the universities with high numbers of students studying arts-based subjects. We simply do not know what the impact will be on the longer-term career aspirations of our students, but we need to continue to develop jobs in the creative industries. That is important for my region of the north-east, but it is also important across the board.

I am also really concerned that the Government do not seem to be paying any attention whatever to the possible deterrent effect of the proposals. There is an increasing constellation of evidence showing that an increase in tuition fees—particularly to the levels proposed—puts off people from applying to university. An Ipsos MORI survey last year of 2,700 11 to 16-year-olds showed that even marginal increases in tuition fees had a significant deterrent effect on participation among young people. Some 17% of the young people who responded said that they were unlikely to go to university if tuition fees increased to £5,000, with 46% saying that that they would not go if fees were increased to £10,000 a year. If the Government dispute those findings, they need to come up with alternative findings of their own. They have simply not commissioned research into the issue.

The Government say that they are remedying the situation with the national scholarship programme and tuition fee waivers, but we know from work that million+ has carried out on the national scholarship programme so far that it is over complex and that students simply do not know what will be available to them. The information about the programme is not available in an easily accessible format. That could lead to a postcode lottery.

We know, of course, that all these changes are part of a wider trend, with the scrapping of the education maintenance allowance and the future jobs fund, which helped to get young people into jobs. The Government are deliberately engineering a situation where the life opportunities of young people will be increasingly worse than those of their parents, and that is simply a disgrace.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. The wind-ups are going to commence at 6.40 pm so we have only 20 minutes left. I still have 11 people on my list, so can we please show great time restraint in speeches and interventions?

6.20 pm

Lorely Burt (Solihull) (LD): I have been listening carefully to the debate so far, and the remarks made by Opposition colleagues make me feel as though I have been transported into some sort of alternative reality. This is a reality where the Labour Government did not introduce up-front tuition fees in the first place, one year after Tony Blair had promised not to in 1997; where they did not introduce top-up fees two years after they had promised not to in the 2001 Labour manifesto;

[Lorely Burt]

where they did not go into the last election having commissioned the Browne review; and where Lord Mandelson did not say, this very March, that had Labour still been in government it would have needed to double tuition fees, at least. So we will not be taking any lessons from Labour Members this afternoon.

Now I have got that off my chest, it is fair to say that the motion poses some important questions, and it is fair that they should be properly addressed. Let me start with the £9,000-a-year exceptional student tuition fees. At the moment, universities are publishing their maximum fee, not their average fee. Institutions with a "sticker" price of £9,000 will have a significantly lower average fee because of fee waivers. At Oxford, for example, some first-year students will pay only £3,500—about the same as now. At Cambridge, all students from households earning under £25,000 will pay £6,000. At Warwick, students whose family income falls below £25,000 will receive a package of up to £4,500, and their two-plus-two degrees and part-time degrees will have a fee of £6,000, which may be further reduced by an additional fee waiver.

Paul Farrelly: I do not want to make party political points about broken promises, and I shall not, even when those promises were being written while people were planning to break them, because that amounts to hypocrisy and the Deputy Speaker would rule me out of order. However, I have one question. If the Government's policy is to allow universities to charge the top amount of fees only in exceptional circumstances, is it not incumbent on the Government, the Business Secretary, the leader of the Liberal Democrats and the deputy leader of the Liberal Democrats to define, in percentage terms, what counts as exceptional and therefore what percentage of applications charged the £9,000 fee will be refused?

Lorely Burt: I was trying to be helpful to the hon. Gentleman by explaining some of the examples of how average fees will be lower than that figure.

The motion tries to commit the Government to guaranteeing that there will be no fall in the number of university places. This is another bit of collective amnesia. Labour Members cut places; they promised additional places and then cut the numbers. In 2009, the shadow Secretary of State, who was then Secretary of State for Innovation, Universities and Skills, put a 10,000 cap on the expansion of places, leaving 140,000 A-level students chasing just 10,000 unfilled places at the UK's universities. That is 14 anxious students for every unfilled place available through clearing and 130,000 willing and able students without a place. They encouraged thousands of hopeful students to apply for university and then slammed the door in their face when they got there. In 2010, they did it again, leaving 150,000 people without a university place, some of whom had six A-levels at grade A. In 2009, they cut the budget of the Department for Business, Innovation and Skills by £1.9 billion, and in 2010, they cut the universities budget by £500 million.

If I may, I will read a quotation from a debate in the other place:

"The Government have made it clear that higher education needs to shoulder its fair share of the burden of reductions in public spending".—[*Official Report, House of Lords*, 21 January 2010; Vol. 716, c. 1101.]

Those were the words of Lord Mandelson in January 2010, when he was Secretary of State for Business, Innovation and Skills. In the same debate, he said that student numbers should be dictated by what is affordable with the resources available. The numbers should not be dictated by a central Government diktat, which says that 50% of young people should go to university. Labour set that target, but quickly realised that it did not know how to pay for it. It was left with a financial black hole and was forced to slash student places to fill it, leaving thousands of students in the lurch. Surely the right number is the number at which every student who has the desire and capability to benefit from university can go. Despite the previous Government's undoubtedly strenuous efforts, the number of students from poorer backgrounds did not increase proportionately. That is Labour's legacy on universities.

It is no secret that had the Liberal Democrats won the general election, we would have done things differently. However, I am proud of the coalition agreement, which incorporated two thirds of our manifesto pledges. Sadly, our tuition fees policy fell into the group of manifesto pledges that remain unfulfilled. Working in coalition has its challenges, believe me, but it also has its rewards. One of the rewards was negotiating with Conservative colleagues to make the system that we have ended up with more progressive than the Labour system we inherited. That is not only my view, but that of the Institute for Fiscal Studies. There are no up-front fees for students, graduates will start to pay only when they can afford to, and there will be lower lifetime contributions for the poorest quarter of students compared with the system that Labour left behind. There will also be more support for the Cinderellas of the HE and FE systems, part-time students, who had previously been shunned by a system geared towards full-time students.

In conclusion, it is hard to predict what will happen, given that universities are yet to announce many of the measures such as bursaries and waivers. I have concerns about the number of places and their uptake. As the Minister said earlier, that will be reviewed in autumn 2011 and I greatly hope that the steps we have taken will be vindicated.

6.27 pm

Tristram Hunt (Stoke-on-Trent Central) (Lab): First, I declare my interest as a part-time lecturer at Queen Mary, university of London. I therefore take a keen interest in universities and know slightly more about their workings than some Government Members who have contributed.

I am privileged to represent Stoke-on-Trent Central, in which Staffordshire university sits and many students from Keele university reside. In the university libraries of those great universities sits a book by Tony Travers and Andrew Adonis called "Failure in British Government: The Politics of the Poll Tax". That wonderful text tells one how not to make Government policy from beginning to end. I am going to write to Andrew Adonis and Tony Travers to suggest a second volume on the introduction of the tuition fee fiasco that we see before us.

Mr Gyimah: When the hon. Gentleman speaks to Andrew Adonis, he should also discuss the graduate tax with him, which he looked at in detail and dismissed when Labour was in government, and which is now Labour policy.

Tristram Hunt: I thank the hon. Gentleman for that intervention. I am happy to look at that. Personally, I am no fan of the graduate tax.

I, too, am new here, but as I understand it, what happens in this place and in government is that people come up with ideas and then there is a Green Paper, a White Paper, some debate, a decision, and then a policy enactment. What we have here is the imposition of an arbitrary fee level, followed by the scurrying around for a justification, which we have seen over recent months, to make the figures add up.

The Government's policy is driven by ideology. It is the ghost of Keith Joseph coming back to life. It is neo-liberalism rather than Liberal Democrat politics. However, let us be generous for a minute and argue, as the confused Minister for Universities and Science tried to, that some of it is driven by a desire for deficit reduction. We will leave aside for a second the fact that for every £1 million invested in universities £2.5 million comes back, and we will leave aside the fact, mentioned by my hon. Friend the Member for Sheffield Central (Paul Blomfield), that the only other country deciding to slash spending on universities and science during the recession is Romania. Clearly Ministers are using the Romanian model, when we thought they were interested in a knowledge-driven economy.

If deficit reduction is the strategy, why do the sums not add up? Why will the Government's plans cost more, not less, over the coming years? Because the Government have got their sums wrong and do not understand how universities work. They thought fees would be £6,000 or £6,500, but why would universities charge that amount when it costs them £10,000, £11,000 or £12,000 to educate someone? At the university of Cambridge, it costs £14,000 to educate an undergraduate. Why on earth would it not charge £9,000 to recoup some of that cost? The incompetence of Ministers has been absolutely breathtaking, and the suggestion of the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) that the problem was advice from civil servants was, I thought, rather grotesque.

And what fees they are! Nine thousand pounds. Every decent university will go for the top rate, so we will go from having some of the lowest fees to having some of the very highest. That represents an ideological decision to withdraw the state from higher education. Only that can explain the decision to cut 80% of the higher education teaching grant. The headline fees will put students off, and for all the guff that we heard about special provisions, when people see the figure of £9,000, it will be very hard to convince them.

Jeremy Corbyn: My hon. Friend must be aware, as I and many others are, that the cuts are wholly disproportionate. We are destroying humanities, arts and language courses all over the country, and we are denying the opportunity of education to many working-class youngsters, because the cuts are in favour of vocational courses rather than pure academic ones. Does he believe that that is selling the whole country short?

Tristram Hunt: I absolutely agree with my hon. Friend. The Government's attack on humanities has been grotesque from the beginning. Their intervention to try to make the Arts and Humanities Research Council fund big society research could not have been more laughable. There will be an effect on history, French and humanities courses.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Design, as well.

Tristram Hunt: And on design courses.

I will wrap up so that some of my colleagues can deliver the coup de grâce to these terrible proposals. I end with a point that Government Members clearly have not got their heads around. The figure that people will only pay when they earn more than £21,000 is based on 2016 values. At today's values, the figure is £15,900. In future, let us have a debate about people beginning to pay back their fees when they are earning that much.

Universities always suffer under Tory Governments. They did in the 1980s and they are again now. The Minister for Universities and Science is like a recherché Keith Joseph, and we need to finish off these terrible proposals.

6.33 pm

Mr Marcus Jones (Nuneaton) (Con): It is always an honour to follow the hon. Member for Stoke-on-Trent Central (Tristram Hunt), even though his arithmetic and his assessment of inflation seem like those of the Labour party of the late 1970s.

Quite often during Opposition day debates, purely partisan posturing overtakes thoughtful and reasoned debate. People put partisan politics before making decisions for the right reasons, even if such decisions have to be taken with a heavy heart. I would not say that I am disappointed by the level of party politics that we have heard, particularly from the Opposition Benches, but I am more than disappointed by the way in which the Opposition have put their points.

Once again, the Opposition have given us no ideas and shown no vision on higher education. They have not acknowledged that Labour introduced tuition fees and increased them on more than one occasion when it was in government. They have also not acknowledged that they instigated the Browne review. Lord Mandelson, the former Business Secretary, now says that when the previous Government instigated the review in 2009, he assumed, as the Treasury did, that the outcome would have to include a significant further increase in tuition fees. Whether that was Labour party policy at the time, you have to acknowledge that the Labour party gave the Browne review its terms of reference—[Hon. Members: "You?"] Sorry, Mr Speaker.

The Labour party no longer acknowledges that it flirted with the graduate tax—Labour Members seem to be in denial. Only one thing is clear: they have no plan for higher education.

Paul Farrelly: Will the hon. Gentleman give way?

Mr Jones: I will not because I want to give other hon. Members an opportunity.

The motion makes important points about fees and how they will be implemented, and I hope the Minister comments on the timetable and on how quickly students and their parents can find out what the true level of fees will be. That is important because a small number of parents and students go to their constituency MPs to

[Mr Marcus Jones]

ask for that information so that they can plan for the future. I understand why the Government want to get things right, but the uncertainty does not help.

However, Labour's constant politics of fear helps no one. Rather than supporting our young people by engaging in the debate and trying to get things right, Labour Members maintain the party line—a misleading line that fills our young people with fear and dread, putting them on the back foot before they even learn the facts, crushing and stifling aspiration, and certainly not encouraging it.

Aspiration is important, but it needs to be realistic. The most capable, regardless of their background, should have the opportunity to attend university. Under the new system, the Government will help to achieve that for young people. There will be lower repayments for student debts than under the current system, and most of those from underprivileged backgrounds will have the opportunity to get into higher education.

Warwick university—one of my local universities—says that all students whose parents have an income of £25,000 or less will receive a package of up to £4,500 a year to assist with their studies. We must also acknowledge that the Government's policy involves no up-front fees, and that students will not start paying until they are graduates earning £21,000 a year, rather than the £15,000 a year under the current system. As Labour Members know, monthly payments will also be lower.

That is not to say that the current system or the system that the Government propose are ideal. Young people will leave university with debt, and nobody in the House would wish that on a young person. However, we must be realistic. For many young people, taking on that debt is the path to a career—a good and proper career in which they make a substantial living. We know that young people who go to university earn on average £100,000 more over their career than young people who do not.

That is not to say that university is a success for all. It is not, and many come out of our universities unable to gain employment for many years. Many certainly do not enjoy the glittering careers that they thought they would have when they initially went to university. I know that because I used to work for a firm of lawyers that received hundreds of thousands of applications for training contracts every year—applications for jobs that just did not exist. That is not acknowledged by the Labour party.

To sum up, the proposed new system is not perfect or ideal, but it is a move in the right direction. Social mobility stalled under Labour, but it will begin to improve once again with the measures put in place by this coalition Government.

6.39 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): As ever, we have had an interesting and fascinating debate, with many excellent contributions, although I fear that I will not be able to do justice to them all.

As my right hon. Friend the Member for Southampton, Itchen (Mr Denham) said at the outset, the Prime Minister promised us that tuition fees of £9,000 would be the exception, not the rule. Not only Oxford and Cambridge, but Oxford Brookes, Lincoln, Leicester, the university of East London, Aston, Hull, Essex, Newcastle, Bradford and many, many more are set to charge the full £9,000 in tuition fees. Then there are all those that will charge close to—albeit not quite—the maximum. Kingston university, which the Secretary of State will know well, is charging £8,500. Northumbria, Teesside and Portsmouth are all set to charge £8,500 as well. As my hon. Friends the Members for Nottingham South (Lilian Greenwood), for Sheffield Central (Paul Blomfield) and for City of Durham (Roberta Blackman-Woods) underlined in their excellent contributions, the Prime Minister got it wrong. Fees of £9,000 are not the exception; they are the reality that a huge number of the brightest and best of the next generation will face.

Even before the tuition fees vote, however, independent experts such as the Higher Education Policy Institute were arguing that fees of £9,000 would soon become the norm, not the exception. So the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) is wrong to say that Ministers were not warned what would happen. Surprisingly we had no explanation from the Government Front-Bench team of why £9,000 fees will not after all be the exception. Is not the truth that Ministers have lost control of higher education policy, and that instead of a clarity of vision and purpose for the future of our universities, there is confusion?

The Secretary of State has put off and put off and put off again the White Paper on the future of higher education, as my hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt) made clear. That lack of clarity has left the Department responsible for business and universities being pushed around in Whitehall. We have had the overseas students debacle, as Ministers publicly argued across Whitehall, in the media and in the House about the level of new restrictions on overseas students. University vice-chancellor after vice-chancellor has pointed out the damage done already to Britain's reputation as a result; and many are still worried about how having 80,000 fewer overseas students—a cut of 20%—will hit their institutions in the long run, given all the benefits that the extra income brings.

Then we have the Department for Education launching a major review of the future of teacher training—never mind the high Ofsted ratings for the quality of that teacher training! Is it not the truth that Ministers have been warned that up to 25% of income for some of Britain's universities is now at risk as a result of this review? Is there any sign of Ministers from the Departments for Business, Innovation and Skills and for Education getting together to resolve the uncertainties that universities face in this area? No, none at all!

The Department of Health is all set to axe strategic health authorities. They are the very bodies that negotiate with universities over the number of nurses, midwives and radiographers—and all the other vital health professionals who need university training—who are to be trained. Some universities receive approximately 25% of their total income from NHS-funded health professional courses, and others are already expecting cuts in the number of funded student places in this area of about 10% to 15%. Is it any wonder, then, that there is considerable financial uncertainty facing universities in the short and long term in this area as well?

Stella Creasy: Does my hon. Friend also think that there is considerable uncertainty for students such as Nancy Quilliam, from Walthamstow, who has deferred entry? She is being asked to pick a university by next Thursday, but she cannot find out how much she will be charged—she has no certainty about the rate of fees—so risks incurring a further £9,000 of debt. Is that not another level of uncertainty that the system has created for students across the country?

Mr Thomas: My hon. Friend is absolutely right that our students or would-be students face huge uncertainty about the fees that they will incur. Perhaps if the Government had published the White Paper that they promised to publish even early this year, her constituents might have had just a little bit of certainty. Is not the truth that Ministers in the Department for Business, Innovation and Skills have failed to stop other parts of Government creating huge uncertainty for Britain's universities, thereby creating incentives for fees to be higher rather than lower?

Paul Farrelly: When the Government say that universities will be allowed to charge fees of £9,000 only in exceptional circumstances, is it not incumbent on them not only to say what control they will exert to turn down the 40% to 50% that will want to charge £9,000 anyway, but to tell the House how they will square the circle and make up the funding that universities will otherwise lose?

Mr Thomas: You would think that it was indeed incumbent on Ministers to do that, Mr Speaker, but so far they have not done so. Ministers need to publish the White Paper to give us some certainty. Thus far, it does not look as though they intend to do that any time soon.

There is also continuing uncertainty about how the remaining teaching grant will be allocated, if indeed some universities get any at all. As Opposition Members have made clear, it is the huge cut to university teaching funds and to capital that continues to drive fees higher. Surrey university's vice-chancellor, Professor Christopher Snowden, has said that his university's plans to charge £9,000 reflected the financial uncertainties for English universities and the substantial cuts that the Government have made to grants for teaching and building refurbishment. The university of Sheffield Hallam, which the Deputy Prime Minister may know something about, has said:

> "The new fee will compensate for the government's 80% cut in our teaching grant and the significant cuts in capital funding."

The Government based their financial plans on average fees of £7,500. In the face of such uncertainty, it should come as no surprise that many expect average fees to be somewhat higher. Indeed, as I made clear in my interventions, the Secretary of State has confirmed that the Government are considering either a cut in student numbers or an even greater cut in the teaching grant as tools to plug the funding gap. Either he was scaremongering or the threat was real. Because the Government have lost control of higher education policy, if we take the Secretary of State at his word, then on top of an almost 80% cut in university teaching funds and a 20,000 cut in student places already, we face the prospect of our universities being starved of even more income, or more of the brightest and best of the next generation being denied the chance to better themselves through a place at university.

Frankly, watching Ministers on tuition fees has become increasingly like watching a bad episode of "Only Fools and Horses", with Front Benchers desperately trying to sell any old line on tuition fees to people whom they clearly think are gullible punters. The right hon. Member for Havant (Mr Willetts)? The Department's very own Rodney Trotter. Grumpy old Uncle Albert, with his best years behind him? Who else but the Secretary of State? And Derek "Del Boy" Trotter? It has to be the Deputy Prime Minister: never selling the real McCoy, never telling the whole truth—inadvertently, of course—a dodgy promise here, there and everywhere, and all his best deals done down the Nag's Head with Boycie the spiv. Talking of whom, where is the Prime Minister for this debate?

"I'm sorry, we rushed into this and we got it wrong"—I paraphrase the Secretary of State for forests. "We're going to have a pause, listen to people's concerns and make changes"—the Secretary of State for Health, never mind the fact that his mea culpa is just an advertising gimmick. Either his lines or those of the right hon. Member for Meriden (Mrs Spelman) would have been a more appropriate starting point for the Minister this afternoon. He should have said, "I'm sorry, better access to university looks unlikely, despite our great promises." He should have said, "I'm sorry, we thought OFFA could control fee levels. We were wrong." And he certainly should have said, "I'm sorry that we were so spectacularly wrong when we claimed that only a few universities would charge the full £9,000."

This is a policy in need of a radical overhaul. Trebling tuition fees was never fair. It was not necessary and neither is it sustainable. I commend our motion to the House.

6.49 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The Labour Government's unhappy, unwelcome bequest was an immense financial black hole. Then, as now, Labour was characterised by chaos. Better-informed Members will know that, according to some advocates of chaos theory, black holes are a portal to a parallel universe—an alternative reality, as my hon. Friend the Member for Solihull (Lorely Burt) described it. Perhaps there is a parallel universe in which Labour won the election. Does anyone here truly believe that if it had done so, it would be prosecuting the case it has been making today? After all, Labour was the party that introduced variable tuition fees, established the Browne review and laid down the criteria by which Browne considered these matters.

This is not science fiction; it is hard fact. When Labour was in office, it defended the very principles it has attacked today. As the Minister for Universities and Science, my right hon. Friend the Member for Havant (Mr Willetts) pointed out, Lord Mandelson hinted at a tuition fee rise five months before the Browne review was launched, telling vice-chancellors that excellence in higher education was "not cheap" and that the country had to

> "face up to the challenge of paying for excellence".

Andrew Bridgen: What are the Minister's views on the viability or otherwise of a graduate tax as a solution to higher education funding, as proposed by the Opposition?

Mr Hayes: My hon. Friend the Member for Havant referred to an interesting document that Labour has produced, "Why not a Pure Graduate Tax?", which concludes:

> "We have been unable to identify any other country with a graduate tax system along the lines described that could serve as an exemplar for how a pure graduate tax might work."

I have good news! Experts in Labour central office have now found one. Ethiopia has a graduate tax, but it is thinking of ditching it, just as Labour has decided to take the idea on board.

As for the charge that variable fees will deter working-class students, we heard the hon. Member for Stoke-on-Trent Central (Tristram Hunt) speak with authority on the subject. I know that he is a close student of working-class culture—*[Laughter.]* I said merely that he was a student; he does study it. He and the hon. Member for Nottingham South (Lilian Greenwood) told us that fees would deter working-class students. When the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) was a Minister, he introduced variable fees, saying:

> "I reject the notion that working-class kids are more debt averse than youngsters from other backgrounds. I just reject it completely, absolutely completely."

That was his view of the effect that variable fees would have on the participation of working-class students.

Luciana Berger: Has the Minister seen the research published today by High Fliers, which shows that 51% of existing final-year undergraduates said that they would not have gone to university if their tuition fees had been three times as high as they are now?

Mr Hayes: I would be the first to acknowledge that I have not seen that research, but I would be more than happy to look at it. I am a straightforward politician, as the hon. Lady knows, and I have to say to her that when fees were first introduced, I was one of the doubters. I wondered whether they would have the effect that has been articulated again today. However, the evidence is that they have not done so. They have not affected applications in the way that was predicted by some people, and she is on dangerous ground if she thinks that they will have that effect this time round.

It does not seem credible for the Opposition to prosecute the argument that students will be deterred from applying to university and that there will therefore not be enough of them, and simultaneously to argue that there will be too many applications and that the universities will be unable to fund sufficient places to meet the demand. The Opposition seem to be running two horses, neither of which is likely to reach the winning post.

Nic Dakin (Scunthorpe) (Lab) *rose—*

Mr Hayes: I shall give way to the hon. Gentleman, who is a great expert on these matters.

Nic Dakin: The Minister says he was a doubter in the past. Is he surprised that so many universities are now setting fees of £8,500 and £9,000? If such fees create a gap, how will the problem be solved? Will it be solved by cutting student numbers or by cutting university income?

Mr Hayes: I am sure that the hon. Gentleman understands that the headline fees that are being published are not the same as the amount that students will pay in all cases; neither are they the same as the amount that the Government will fund. We know that fee waivers and bursaries, for example, have a real impact on the figures. The figures that are being published are maximum figures, not average figures. That point has been made by Members on this side of the House, although it does not seem to have been grasped, for the most part, by Opposition Members.

Sheila Gilmore *rose—*

Paul Farrelly *rose—*

Mr Hayes: I will not give way again, as time is short.

The previous Government defended both the extra independence variable fees gives institutions and the principle that universities should justify the fees they charge. That is why this debate on the future of higher education is, above all, about three things. First, it is about securing a settlement to fund higher education that is sustainable. The right hon. Member for Tottenham (Mr Lammy) is right: the deficit was not the context when Browne began, but it certainly was the context when Browne reported. The previous Government recognised that we had strategically to rethink university funding to give them sufficient funds to compete with the best. That was acknowledged by the right hon. Gentleman when was the Minister and it is acknowledged by Conservative Members.

I think it would serve the Labour party if that was acknowledged once again. It was hesitatingly and falteringly acknowledged by the shadow Secretary of State, but he has to answer this question: if the reduction in BIS spending on higher education had been of the order he suggested—around 8% to 10%—where would the cuts have fallen? Would basic skills have taken the hit; would it have been adult and community learning; would it have been apprenticeships; or would it have been further education? Let us face it, we cannot have it all ways—yet too often the shadow Secretary of State tries to do just that.

Mr Denham: The answer is, of course, that the BIS team, including the hon. Gentleman, conceded this huge cut in higher education and offered it up to the Treasury. It is not a matter of choosing one cut or another. A BIS team of any credibility or influence would simply have said that an 80% cut in higher education teaching is unsustainable, unnecessary and unfair. It is the failure of the ministerial team to deliver that is at the centre of this debate.

Mr Hayes: The hon. Gentleman's predecessor, the noble Lord Mandelson, was first to the table when it came to volunteering to cut in his Departments. He took more hits when he was in BIS than any other Secretary of State. It is not credible for the right hon. Gentleman to claim that, had Labour been elected, it would not have faced exactly the same challenges or, indeed, not have employed exactly the same approach to deal with them.

The second big issue is whether this system is progressive. The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) made the point very clearly: there are no up-front fees; no repayments until someone

is earning £21,000; and debts are written off after 30 years. This is a more progressive, fairer system than the one we inherited. Frankly, no one can honestly deny that. Indeed, it has not been denied, even by Labour Members. A graduate on a starting salary of £25,000 will repay around £30 a month under the new system and we know that graduates typically earn about £100,000 more than non-graduates over an earning lifetime.

The third key point is access. No one is a greater champion of widening access to higher education than I am—with the possible exceptions of my right hon. Friends the Minister for Universities and Science and the Secretary of State for Business, Innovation and Skills. Widening access, however, is not just about fees. It is about the patterns and rhythms of higher education study matching the patterns and rhythms of more kinds of lives. That is why the changes to part-time provision are so important and why the White Paper—for the record, it was published in June—explains how we will look to provide more higher education in further education colleges, look at more modular courses, more distance learning and more part-time provision. That is exactly the way to get more under-represented groups into higher education.

Today, we have heard from the Opposition a critique of a policy that is very close to what they might well have had to adopt in similar circumstances had they been in government. What we have not heard, however, is their alternative. I believe it ill befits an Opposition to table a motion when they have no real alternatives—

Mr Alan Campbell *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 197, Noes 304.

Division No. 260] **[6.59 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Doran, Mr Frank
Dowd, Jim
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Onwurah, Chi
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Lindsay
Ruddock, rh Joan
Sarwar, Anas
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike

Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Phil Wilson and
Angela Smith

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Bebb, Guto
Beith, rh Sir Alan
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Osborne, rh Mr George
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Raab, Mr Dominic
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John

Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and
Mr Shailesh Vara

Question accordingly negatived.

Section 5 of the European Communities (Amendment) Act 1993

7.13 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I beg to move,

That this House takes note with approval of the Government's assessment as set out in the Budget Report, combined with the Office for Budget Responsibility's Economic and Fiscal Outlook, which forms the basis of the UK's Convergence Programme, for the purposes of section 5 of the European Communities (Amendment) Act 1993.

As we look at the economic history of the past decade, we see clearly that economic imbalances create the conditions for recession, and even growth fuelled by imbalances can prove illusory. This Government's economic programme tackles the imbalances built up under the previous Government, which triggered the deepest recession since the 1930s. As the Chancellor set out in his Budget and as is set out in the convergence programme document before us, growth in the United Kingdom under the previous Government was fuelled by debt. Imbalances arose from the UK's overreliance on the south-east and the financial services sector, from high levels of Government debt and an over-inflated housing market. The OECD said of the UK that these imbalances

"exacerbated the downturn during the global recession and contributed to a more pronounced fall in GDP, a larger fiscal deficit and higher inflation than in most of the OECD".

That is the legacy we inherited from the Labour party, which we need to tackle.

As we look across Europe and beyond, we see that we have had to learn the hard way that in an open, global marketplace, no economy exists in isolation: imbalances in individual countries can cause instability on a regional and global basis; the failures of economic policy in one country can be quickly exported to other nations; and unsustainable levels of debt, asset bubbles and uncontrolled deficits can destabilise whole regions through contagion, as we have seen in recent years. In the light of the global and economic crisis, there is increased emphasis on economic surveillance to identify imbalances and take action to deal with them.

Existing surveillance by the International Monetary Fund and the OECD has taken on renewed importance. The IMF has recognised the need to focus on multilateral surveillance and monitoring spill-over effects and systemic risks, and the OECD has recognised the importance of labour markets, housing markets and current account imbalances for strong and sustainable growth. Furthermore, the G20 is looking at countries with large and persistent imbalances to ensure that growth is strong, sustainable and balanced across the world.

In Europe, work to address this has been done through the stability and growth pact. The pact has been around for many years, but in more than a decade of monetary union the sanctions it contains have never been used. The recent proposals to strengthen the stability and growth pact aim to make it more effective. The changes recognise that maintaining economic stability is not just about deficits. Just as the OECD and the IMF are refreshing their approach to macro-economic surveillance, so too is the European Union as it considers a scoreboard of indicators such as labour market flexibility, current account balances and unemployment to ensure that we are alert to risks across Europe.

Kelvin Hopkins (Luton North) (Lab): The Minister talks about imbalances. We always talk about financial imbalances, but the real imbalances in the European Union are the massive imbalances in trade. Germany has looked after its manufacturing and we have neglected ours under several Governments over the past 30 years. We at least are able to depreciate our currency and to address that to an extent, but there has still been a complete failure by successive Governments to do anything to counter the collapse of manufacturing that began in 1979 when we lost a fifth of it following the election of a Conservative Government.

Mr Hoban: The hon. Gentleman makes an important point. Under the previous Government, we saw a further deterioration in manufacturing and an overreliance on the financial services sector, creating some of the imbalances that led to the deepest recession since the 1930s. Part of the challenge faced by the Government is how to tackle those imbalances and move to a more broadly based economy, and I shall touch on that later in my speech.

We must remember that sustainable economic growth across Europe is vital to the success of the British economy. Having the right warning mechanisms in place, underpinned by sound data, will help to identify future economic crises that could harm the UK economy. Even though we are not part of the single currency and will not be joining it in the lifetime of this Parliament, we cannot consign ourselves to be bystanders in the debate.

Mr William Cash (Stone) (Con): I noticed the Minister use the expression "we will not be joining the single currency in the lifetime of this Parliament". I thought there was a clear commitment that we were never going to join the single currency.

Mr Hoban: As I am sure my hon. Friend is aware, I am following what is set out in the coalition agreement. Like him, I do not anticipate that we would seek to join the euro.

Tonight's debate is a consequence of the stability and growth pact. Since 1999, as a result of the pact, the Government have reported to the Commission on the UK's economic and budgetary position and our main economic policy measures. I want to reassure the House, however, that the UK is not subject to sanctions under the stability and growth pact—the Treaty is clear that they apply only to euro area countries. The EU can make recommendations as regards our budget, as can other international organisations such as the OECD and the IMF, but, crucially, we are under no obligation to take action and we are not subject to any sanctions by virtue of our opt-out. Any recommendations made will remain just that—recommendations.

Mr James Clappison (Hertsmere) (Con): My hon. Friend is making a very persuasive case, but on the question of sanctions, may I take it from what he has just said that he is ruling out Britain's being subject to the economic imbalances procedure set out in the Van Rompuy report?

Mr Hoban: We are not subject to sanctions as a consequence of our opt-out from the single currency. I made that point when we had a debate last year on economic governance, and it continues to be the case now.

The information we are supplying to the Commission in the convergence programme document that we are debating tonight is the first to be provided under the new European semester arrangements. People were concerned that the Commission would receive information before Parliament, but the information provided to the Commission in the document is already public and much of it was provided when the Chancellor made his Budget statement in March.

Mr David Nuttall (Bury North) (Con): Will the Minister confirm that all the information in the convergence programme document is in the public domain and available to anyone outside the House who wants to gain access to it without the document's publication?

Mr Hoban: Indeed. If my hon. Friend has studied this carefully, as I am sure he has, he will recognise that large chunks of it are familiar from the Red Book. Of course, chapters 6 onwards are taken from the Office for Budget Responsibility's economic and fiscal outlook. This information is in the public domain and Parliament has had sight of it before its presentation to the European Commission.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Will the Minister remind me exactly why we have to produce all this information for the European Union? I have not read it in enormous detail but it seems that Parliament is telling teacher or the boss why we have done what has been done. That places the House of Commons very much in the position of being subordinate to the European Union.

Mr Hoban: I do not agree that Parliament has been placed in a subordinate position. We are passing this information to the European Union having already made it available to the House, particularly during my right hon. Friend the Chancellor's Budget speech, and there is no requirement on us to accept any recommendations that the Commission might make as a consequence of having read the information. We are in a very different situation to those member states that will provide their convergence programmes at the same time as the UK, but before their Budgets rather than after them.

Martin Horwood (Cheltenham) (LD): Does the Minister agree that all European economies have a shared interest in there being proper economic governance in all other European economies? Britain therefore clearly has an interest in proper economic management within the eurozone. Indeed, will he go further and welcome the recommendations of the European Parliament's Economic and Monetary Affairs Committee, which pressed for even stronger sanctions against those countries that do not manage their public finances as well as this Government are doing?

Mr Hoban: Of course, sanctions are a matter for the eurozone countries. They do not apply to us, as we are outside the eurozone thanks to the opt-out secured under the Maastricht treaty and reiterated in the Lisbon treaty, so that point is not relevant to tonight's debate. We have ensured, through our opt-outs and our commitment not to join the euro—this addresses the point raised by the hon. Member for Glasgow South West (Mr Davidson)—that Parliament remains sovereign.

The Commission has endorsed the UK's domestic consolidation plan, which is laid out in the convergence programme. As a result of the measures the Government have taken, the path set for fiscal policy means that the UK is on course to meet the Commission's recommendations and deadline for dealing with our excessive deficit. We are not doing this to get a gold star—to use the language of the hon. Member for Glasgow South West's analogy—from Brussels; we are doing it for the UK's economic health. The plan will tackle our record deficit, with expenditure falling as a share of income in every year of this Parliament and national debt falling as a proportion of gross domestic product by 2014-15.

For those in opposition who question this approach and who would condemn Britain to years of unaffordable and wasteful expenditure, let us look at the facts. In Britain we have a higher budget deficit than both Portugal and Greece. Last year, we also had a similar level of national debt to Ireland, but our market interest rates are a fraction of those countries' rates. Greece's currently stand at more than 14% and Portugal's at more than 9%, while Ireland's is approaching 10%. Britain's market interest rates have fallen to 3.6%, our triple A credit rating has been secured and we have avoided the sovereign debt storm that has engulfed our continent. That is a direct result of the decisive action that we have taken.

Claire Perry (Devizes) (Con): Does the Minister agree that it is not only the absolute value of interest rates that is important but the spread over countries such as Germany? Indeed, the spread over German bunds for UK sovereigns has dropped by almost two thirds since the election, confirming the validation of this fiscal convergence programme.

Mr Hoban: My hon. Friend makes an important point. Interest rates are low and the spread is narrowing. That is a huge benefit to the British economy. It ensures that mortgage rates for families are kept low and it helps to encourage the economy by reducing the costs faced by businesses that borrow. There is a significant benefit to this country as a consequence of the firm action that we have taken. These actions have shown the world that Britain's future is now in safe hands, and that this is a Government who know how to manage their finances and who have a credible plan that is delivering stability, certainty and growth.

The independent Office for Budgetary Responsibility has forecast growth in each and every year of this Parliament, with growth of 1.7% forecast for 2011. This is in spite of the rise in world commodity prices and higher than expected inflation. The OBR points out that this effect

"creates scope for slightly stronger growth in later years"

than previously forecast. So although it expects real GDP growth of 2.5% next year, it forecasts that it will then rise to 2.9% in 2013, 2.9% again in 2014 and 2.8% in 2015.

The European Commission last month published its own economic forecasts. These show that the UK will grow more strongly in the coming year than Spain, Italy, France, the average for the eurozone, and the average for the EU.

Chris Leslie (Nottingham East) (Lab/Co-op): Can the Minister remind the House what the OBR predicted the growth rate would be for the first quarter of 2011? I think it is on page 54 of the convergence programme.

Mr Hoban: I am rather surprised that the hon. Gentleman has not congratulated the Government on taking the tough action that put the recovery on track and made sure that we have lower interest rates than Greece, Ireland and Portugal. That is a consequence of the actions that we have taken—actions that the Opposition would not take. We are tackling the legacy that they left. The problem is that the scale of the legacy is huge. That makes the recovery challenging. Today's figures demonstrate that we are making good progress on that.

To support the economy and to continue the growth in the private sector, my right hon. Friend the Chancellor set out a new economic strategy as part of this year's Budget. The strategy has four ambitions at its heart—that Britain will have the most competitive tax system in the G20; that it will be the best place in Europe to start, finance and grow a business; that it will be a more balanced economy, by encouraging exports and investment; and that it will have a more educated work force that is the most flexible in Europe. In pursuit of these objectives, we have announced further cuts to corporation tax, taking it down to 26% this year and 23% by the end of this Parliament.

This is alongside our decision to introduce a highly competitive tax rate on profits derived from patents and our fundamental reform of the complex rules for controlled foreign companies, making them much more territorial and making the UK a much more attractive place for businesses to locate, ensuring that we have a far more attractive tax system than either Germany or France.

This year's Budget also deals directly with the challenge of education and youth unemployment, which has been rising steadily for the past seven years. Instead of 20,000 young people benefiting from our new work experience scheme, as we originally planned, we will increase that number fivefold to 100,000 places over the next two years. Although in Austria and Germany one in four employers offers apprenticeships, in England fewer than one in 10 does so. That must change.

That is why last year my hon. Friend the Minister for Further Education, Skills and Lifelong Learning published a skills strategy and confirmed the largest ever expansion in adult apprenticeships. At the Budget we committed to funding another 40,000 apprenticeships for young unemployed people. That brings a total of 250,000 more apprenticeships over the next four years, as a result of this Government's policies. This will help to ensure that all parts of the country have access to a better educated work force.

This year's Budget will help to create a more balanced economy, tackling the imbalances of the past that undermined the economy and led to the longest and deepest recession since the war. This year's Budget gives support to the private sector and hope to those looking for work, and will stimulate job creation across Britain.

Mr Cash: One word that the Minister has not mentioned is "deregulation". In view of the fact that 4% of GDP is lost as a result of European regulation, does he agree that we need to override European regulation, such as

[Mr Cash]

the working time directive, when it has the effect of increasing unemployment and preventing businesses from growing?

Mr Hoban: My hon. Friend makes an important point about the burden of regulation on business, and that is why in the Budget my right hon. Friend the Chancellor set out our plans for a moratorium on new regulations for micro-businesses and for start-ups, why the Prime Minister, along with several other European leaders, called for plans to cut the burden of European red tape, and why the Prime Minister has also required José Barroso, the President of the European Commission, to deliver on his commitment to reduce the cost of red tape for business by 25%.

We need to work on those issues to tackle regulation that hampers growth not just here in the UK but throughout Europe, because regulation is a Europe-wide issue. We need to tackle and reduce that burden if the eurozone is to grow at the levels that we expect to see in Asia and in the far east.

As I said to my hon. Friend, this Budget tackles regulation and introduces a moratorium, and that is why it stands firm on our plan for recovery. It is good for business, it is good for growth, and with the approval of the House it will form the basis of the information that we provide to the European Commission. I commend this motion to the House.

7.30 pm

Chris Leslie (Nottingham East) (Lab/Co-op): Many hon. Members might wonder why we are having this debate tonight. It is an incredibly important debate, but they might be forgiven for not having spotted the small print on, I think, page minus 2 under the ISBN number of the Red Book in probably seven or eight-point font, where it points out that the UK is required to submit to Brussels an annual convergence programme so that it can monitor our economic policy.

I am, however, grateful to the Financial Secretary for having written to me to draw attention to the debate this evening, the papers for which were published only at lunchtime yesterday. In fact, the motion appeared on the Order Paper only yesterday, too, and I am surprised about that, because in the parallel debate a year ago following the 2010 pre-Budget report, the hon. Member for South West Hertfordshire (Mr Gauke), now the Exchequer Secretary, then speaking from the Opposition Benches said:

> "It was also very difficult to locate the report. I obtained a copy last week, but it was not available in the Vote Office yesterday. This is a point that has been made many times before". —[*Official Report*, 10 February 2010; Vol. 505, c. 947.]

I am surprised that the Government have not really listened to their own Members when it comes to flagging up the importance of this particular debate, but, given that we have a motion asking the House to note "with approval" the Government's assessment of the economy, and to conform with the requirements laid down in the various European Union treaties, I am sure that it is pure coincidence that Ministers did not flag it up or put bells and whistles around it to draw its attention to many hon. Members.

Mr Cash *rose—*

Chris Leslie: But I am quite pleased that the hon. Gentleman keeps his eye on these developments.

Mr Cash: We certainly do our best on the European Scrutiny Committee, which included our making sure, by the way, that this debate took place on the Floor of the House by objecting to the motion to refer it to a Committee. I thought that we might just as well get it on the Order Paper.

Chris Leslie: I am very grateful for the hon. Gentleman's work on the European Scrutiny Committee. This is, as I say, an incredibly important debate, and more hon. Members ought to be aware of it.

Martin Horwood: I am not sure what greater publicity the hon. Gentleman wants other than a debate on the Floor of the House in the middle of a parliamentary week, but, if the implication behind his references to the obligation to report to the European Union is that we should not do so, is he suggesting that that shared obligation among all European economies should not apply to places such as Greece, Italy, Spain or Ireland? Would he be happy for those countries not to report the state of their economies?

Chris Leslie: I simply note at the outset that we are now engaging in a particular debate. Yes, I am glad that it is taking place on the Floor of the House, but we did not really know that it was going to be on the Floor of the House, in this particular form, with this set of papers and this particular motion, until 24 hours ago. It is curious that the Government, in their relationship with many hon. Members throughout the Chamber, have not made it clear that this is quite an important component of our obligations under European Union treaties. I know that Ministers are keen to abide by their obligations under such treaties, but I just point out that some Members might be less keen.

Mr Davidson: Given that this debate is so important, will my hon. Friend clarify whether the programme has already been sent to the European Union or if we will have to wait for the result of this debate before it is posted off second class?

Chris Leslie: I presume that the House has to agree the contents of the convergence programme before it can be posted to the European Commission. The hon. Member for Bury North (Mr Nuttall) implied that the Commission could probably glean all the information online, and there is a perfectly reasonable argument that the Commission should follow events in member state countries rather than expect these matters to be handed to it on a platter. I do not think that presenting the information is necessarily genuflecting in front of Brussels, but the obligation to do so is certainly a core component of the treaties. I simply point out that fact.

The point of the motion about which we need to be most wary is the noting "with approval" the Government's assessment of the economy, particularly given the Chancellor's and Treasury Ministers' lamentable failure to understand the need for economic growth. Page 13 of the convergence programme, which was published just 24 hours ago, says that the recovery is in line with previous recoveries. That, of course, is not the case.

In the recessions of the early '80s and '90s the economy had clawed back economic strength by this stage in the economic cycle. However, since this Government took office, the trajectory of recovery has stalled. We are already seeing that the information in the document, published just 24 hours ago, is becoming out of date.

Kelvin Hopkins: Is it not rather regrettable that we should have chosen to acquiesce in the Government's decision rather than call for a Division? I would be happy to vote against the document if we had the chance.

Chris Leslie: We have the opportunity to divide the House on this matter, although I think that it would be a deferred Division; obviously, that is a matter for Mr Speaker.

As we go through the details of the document, we see that there are problems in it. Page 17 says that the economy is forecast to grow by 1.7% in 2011—lower than the forecast in the June Budget. Is that forecast sustainable? The Government and the Office for Budget Responsibility revised down their forecasts for growth in June and revised down expectations in November. The OBR then revised down expectations for a third time after the March Budget.

The answer to the question that I asked the Minister earlier—what was the OBR's prediction for the first quarter of this calendar year—is 0.8%. Yet today the Office for National Statistics gave a rather comatose and limp growth rate of 0.5%. That comes on the heels of a growth rate in the fourth quarter of 2010 of minus 0.5%. Essentially, there has been a zero rate of growth—flat-lining—over the past six months.

As Stephanie Flanders, the BBC's economics editor, said, it is

"depressing to think that the economy is treading water...in a normal recovery we would expect to see a lot of momentum at this point".

Chris Giles, economics editor at the *Financial Times*, said that for there to have been any credible claim to a return of underlying growth, this quarter's figure should have been 0.7%. He went on:

"Add in one quarter of the growth expected in 2011—about another 0.5 per cent—and the figure necessary to show the economy growing at an average pace in the first quarter is at least 1.2 per cent.

Arguably, it should be even higher, at somewhere about 1.7 per cent, if the underlying stagnation in the fourth quarter of 2010 has been recovered in the first quarter of this year."

We are a long way from that, and that is a serious problem. Yet the Chancellor seems to think that we are on the right track; as somebody said today, if he thinks that, he needs to chuck away his satnav and get a new one.

The GDP growth figure of 0.5% for the first three months of this year merely replaces the loss of output in the snowbound fourth quarter of 2010 and suggests that the economy has no underlying momentum at all. The chief statistician at the ONS said today that we had been "on a plateau" for the past six months. Tony Dolphin, the chief economist at the Institute for Public Policy Research, says that a 0.5% fall followed by a 0.5% bounce-back is equivalent to two successive quarters of zero growth—

"as close as it is possible to come to a recession without actually being in one".

Yet the Prime Minister says that this is "good news"—those were his words as he trumpeted this resounding success at Prime Minister's Questions today. Even the Minister said, a matter of minutes ago, that it is good progress. I am afraid to say, however, that the document we are being asked to approve is already out of date, even though it was published only 24 hours ago. It is a bit of dead parrot. It is no more, it has ceased to be, it has expired; it is an ex-convergence programme.

It is not good enough if the Minister cannot even produce a document when he gets advance notice of ONS growth statistics that matches the realities of the economy rather than the forecasting ideas that are dreamed up in the Treasury. That is a sign that the Government do not understand the importance of growth in our economy, especially when today's statistics showed that construction has fallen back by 7% over the past six months, with total production already falling back even from the last quarter before Christmas. Government cuts have not yet started in earnest, and the VAT increase is already biting hard.

What are the prospects for business growth? On page 14 of the document, the Treasury says:

"Credit conditions have shown signs of stabilisation".

That is certainly not the experience of small and medium-sized enterprises: lending to businesses is in an atrocious state. It goes on to say in paragraph 2.43:

"however, credit conditions for smaller firms remain tight".

That is an exceptional understatement. The Bank of England's lending report shows that lending to SMEs fell by a further 3% in February. That is echoed by the British Bankers Association's growth rate statistics on lending to small businesses, which cited a figure of minus 6% in December. So much for the much-vaunted Project Merlin. Yet the mark-ups that small businesses have to pay for loans are widening, and the banks are charging small businesses even more even though less and less lending is available. We have a serious systemic problem with our economy. Underpinning the difficulties with growth are the factors that businesses need in order to fire up the economy, and they are going wrong.

We also have to look at the Government's failure on employment. Page 84 of the convergence programme document says:

"In line with a weaker outlook for output growth, we expect employment to be lower than forecast in November."

The OBR predicts that unemployment will go up by 200,000 as a result of the Government's policies. If each unemployed person costs the Exchequer about £7,800 in welfare costs and lost taxes, that could represent a loss to the Exchequer of more than £1 billion—money that the Exchequer should have coming in that is going the wrong way. In addition, inflation is undermining Government spending plans, as the document admits in terms of VAT fuelling inflation, and it is forecast that borrowing and debt will be higher than predicted in June. As a consequence, the interest that we will need to pay on our borrowing will be higher because of the inflationary costs of social security expenditure.

Mr Cash: I have no doubt that the hon. Gentleman has looked at the comparison of unit labour costs throughout the whole of Europe. It shows that in the past 10 years Germany's costs have increased by only 2% whereas almost every other country's have increased

[Mr Cash]

by massive multiples of up to 35%. Does he accept that one of the real reasons Germany is predominating in the European economy includes, in particular, the fact that its labour costs are so low, which means that it can compete in the BRIC countries, including India, China and the rest?

Chris Leslie: There are several factors underpinning the German economy. The Germans do not pursue the same degree of hard and fast austerity that we are pursuing, they have a different approach to productivity, and they are achieving higher levels of growth. Our economy needs a pro-growth strategy. I do not say that as a whim—it is a hard-headed credible necessity for reducing the deficit and getting the economy moving again. Without growth, the Treasury will be losing revenue.

Jacob Rees-Mogg (North East Somerset) (Con): When the hon. Gentleman talks about a pro-growth strategy, does he mean spending? If so, where on earth is the money coming from?

Chris Leslie: As the hon. Gentleman knows, the paradox of austerity and of an anti-growth strategy is that it costs more in the long run. I quite understand that many Government Members do not understand the causes of the deficit. It is therefore improbable that they are the right people to solve the deficit. If they understood its causes, perhaps I would accept their rationale on how to solve it, but they do not.

Kelvin Hopkins: I hope to help my hon. Friend a little. If one makes unemployment go up, fewer people pay taxes, more people depend on benefits and the deficit gets worse, not better. That is precisely what will happen.

Chris Leslie: That is precisely the point that we need to make this evening: an austerity approach that cuts too far and too fast will cost more in the long run. That is not just in terms of the lost generation of young people who are now on the dole—one in five young people are now unemployed—and not just in terms of the higher welfare costs, which will mean higher borrowing. The House of Commons Library told me today that if the past six months of the economy had emulated the first six months since the general election, the Exchequer would have received an additional £6 billion in revenues. However, because growth is flat-lining, the Treasury is recouping less revenue. The Chancellor will therefore have to add £6 billion to borrowing and the deficit will be higher as a consequence of low growth in the years ahead.

Martin Horwood: The hon. Gentleman has expanded at length on the fragility of the economy and the recovery, which I do not think is in dispute, but we are still a little thin on the alternative from Labour. In recent months, it has talked rather admiringly of the American economy and its expansionist approach. However, that has earned America a credit warning from the rating agencies. If that had happened to us, it would undoubtedly have led to higher interest rates, which would have hit everyone with a mortgage, everyone with an overdraft, and all the people who are vulnerable to debt—people about whom the hon. Gentleman is supposed to be concerned. That, in turn, would have hit economic growth. What is Labour's alternative?

Chris Leslie: I would regard the hon. Gentleman's approach as credible, if it was not for the fact that in precisely the same debate a year ago, he would have argued precisely the opposite points. The Liberal Democrat party has made a volte-face away from supporting the economy and pursuing a pro-growth strategy, and has absolutely no credibility when talking about strategies for growth. They used to be a pro-growth party; they are now an anti-growth party that has joined and been assimilated into the Conservative party.

Alec Shelbrooke (Elmet and Rothwell) (Con): I wonder whether I can help the hon. Gentleman. Will he outline for the House whether his speech is based on Keynesian or Brownite economics?

Chris Leslie: It is actually based on common-sense economics. I regret that the Government cannot see that. Unfortunately, I think that they will rue the day that they neglected growth in the economy. As we know, there is anxiety in the Treasury at the flat-lining, almost comatose nature of the economy. We hope sincerely that it picks up through the next quarter, but many people predict choppy times in the second quarter of this calendar year. I refer the hon. Gentleman to the paradox that I spoke about: pursuing the austerity approach too hard and too fast undermines growth and pulls from under the economy some of the key drivers for future prosperity that support it. Cutting too far and too fast is bad not just for the economy, but for deficit reduction strategies.

The Government's spending plans are already coming unstuck. I will wind up with this point because I know that a lot of hon. Members want to speak. On tuition fees, which we debated earlier, we know that the cuts to higher education budgets will mean that universities will charge the highest fees, which will result in the ballooning of student loan pressures and the creation of a funding shortfall. Where will that money come from? We know that the Government have U-turned on school sports and that, when it came to the crunch, even the Financial Secretary had to U-turn on the financial inclusion fund. We are glad that he did so, but it changed the spending trajectory. On forests and on any number of other spending plans, when the rubber has hit the road, the Government have been unable to fulfil many of the so-called spending cuts that they promised in their much-vaunted June Budget.

Mr Cash: Does the hon. Gentleman concede that, leaving aside the question of cuts for a moment, the motor for an economic revival comes from growth, which in turn can come only from private business and private enterprise generating the taxation to pay for public expenditure? Without that, there is no public sector.

Chris Leslie: I agree with the first part of the hon. Gentleman's point. Of course we need a pro-growth policy, and of course the private sector has to be the engine of that. However, he suggests that the Government somehow have no role to play in encouraging and fostering growth, and that is where we differ. The Opposition believe in supporting firms in moving forward into prosperity. The laissez-faire attitude of the Conservative-Liberal alliance has moved us into wholly different terrain and proves that it does not have a credible fiscal stance.

Unfortunately, the convergence programme is a hollow document that is already out of date. Its predictions are not probable or plausible, and for those reasons I urge Members to reject the motion.

7.51 pm

Alec Shelbrooke (Elmet and Rothwell) (Con): I start by drawing on the last intervention by my hon. Friend the Member for Stone (Mr Cash). He made an important point, and it was the one that I made last night. Government money is not our money, it is the public's money generated by the private sector. We cannot simply say that we should carry on pouring in money, because it is not our money. We must think about where it comes from.

The hon. Member for Nottingham East (Chris Leslie) said that if certain actions had not been taken, an extra £6 billion would have come in to the Exchequer, but in our emergency Budget we cut the deficit by £6 billion. If we had not done that, there would not have been any extra money, would there? We would have borrowed an extra £6 billion instead. We would have been borrowing money, churning it out, collecting it back in and saying, "What great money generation". We would just have been turning money around. We can get money coming in to the Exchequer only through growth, and that can occur only if the private sector is in a credible position so that it can move forward.

The Opposition's comments are interesting, because there is a paradox in that they paint a gloomy picture but meet it with glee and struggle to keep a straight face. Of course, we know that if we had followed the previous Chancellor's spending plans, we would have been cutting £7 for every £8 that is being cut now. The margins are small. Let us not get into a discussion about the idea that if the Government's actions had not been taken, a further £6 billion would have come in. We cut the deficit by that amount in the emergency Budget, so there would not have been any extra money. The money that we borrowed would just have been churned out and collected back in, which would have done nothing to stimulate the growth of the economy. I agree with the hon. Member for Nottingham East that the growth figures are small, but they are growth figures. He says that they may be flat, but we know that things can be choppy. The point is that we are growing and moving forward.

Let us come back to tonight's debate and the history of the Council of the European Union. Back in July 2008, the Council of Ministers decided that the UK had an excessive deficit and asked it to correct that by the financial year 2009-10 at the latest. In April 2009, the Council concluded that the UK had failed to correct its excessive deficit within the time set. In December that year, it adopted a recommendation that the UK end its continuing excessive deficit by the financial year 2014-15, by bringing it below 3% of gross domestic product. In 2009-10 it was at 11.4% of GDP, but the convergence document now predicts it to be at 2.6% of GDP.

That is in stark contrast to the Opposition argument that it is unnecessary to make cuts and that we should continue as before. I shall tell the House later how I actually feel about the EU's interference in such matters, but people outside this country were saying, "You are spending too much; you need to make those changes," and we are now doing so. Whether we should have to do that for the EU is a slightly different debate, and my hon. Friend the Member for Bury North (Mr Nuttall) was right to say that we are using parliamentary time and publishing documents containing information that the EU could quite easily find out for itself. That adds to the already bloated EU system, and perhaps indicates why it asks us for a 5% increase in its budget, which is an absolute disgrace at times of austerity.

The hon. Member for Glasgow South West (Mr Davidson) spoke of the imbalance of trade with the German economy. The German manufacturing economy is a powerhouse of Europe, and as my hon. Friend the Member for Stone outlined, we have a very low manufacturing base. The picture that that paints is that economic integration in the EU is not possible with sovereign countries generating high GDP growth and trade imbalances. For integration, countries must move to one common taxation policy. That, if anything, is proof that the euro is leading to a common taxation policy and a loss of fiscal sovereignty.

Mr Cash: As my hon. Friend may have noted, I raised that question with the Prime Minister earlier today in relation to voting against the provisions for a corporate tax base for the whole of Europe. That decision will in fact be made unanimously, and we can get rid of it with our veto. I did not get an answer from the Prime Minister, and I hope my hon. Friend continues to urge against having a tax system imposed upon us by the rest of Europe.

Alec Shelbrooke: My right hon. Friend the Prime Minister has a very pragmatic view on such things, and I am sure he took great note of my hon. Friend's question. I am also sure that the Prime Minister will listen to the mood of the country and ensure that the EU does not move towards such a common economic base.

This is crux of the matter: we are publishing documents tonight to pass back to the EU that show that the UK is in compliance with the rules. Those rules mean that we could qualify for the euro. People have often asked, "With the pound so close to parity with the euro, why don't we join?" but we will not join because we will not fudge the figures just to get into the euro—not that we want to join—*[Interruption.]* Please! I would not want anyone to leave the Chamber thinking that I am pro-euro, because I certainly am not—perish the thought.

To qualify for the euro, countries must have a budget deficit of 40% of GDP and they must borrow no more than 3% of GDP annually. We know that the Italians fudged that. That is one reason why the euro is in the mess that it is in, and why it is nowhere near competing with the US dollar, or indeed the Chinese currency, in the way that people thought it would. The fact is that if the EU wants to have a strong economic case, it must go for full monetary union, which is totally unacceptable for sovereign countries.

As we know from the treaty of Rome, the original European partnership of six nations was set up to try to prevent further wars in Europe, to bring peace to the European nations, and to get everybody trading together as one bloc. That was the vision. However, I do not think that the rise of far-right parties across Europe and the increasing moves down the federalist route are coincidental. People feel that they have lost their sovereignty

[Alec Shelbrooke]

and identity. If the EU moves forward to a full, integrated economic policy, that will be the end of the EU, because people around Europe will vote in extremist parties to try to reclaim their national identity. I say that as a warning, with no joy. I am probably one of the more dove-ish Government Members when it comes to violence or military matters, but I fear where those moves could lead.

The Opposition's main argument this evening has been: "You've got your economic policy completely wrong. You could have had more money coming to the Exchequer." However, they have forgotten that the money coming to the Exchequer was the money they printed, pumped out and brought back in before saying, "Oh, look at all the money we've generated!" I do not think so. This is about creating growth, and in the document before us, an independent body has said that the Government's policy is correct and in line with what we want to achieve, which is what the previous Government singly failed to achieve despite the warnings in December 2009.

8 pm

Kelvin Hopkins (Luton North) (Lab): I want to speak briefly on this document and to support my hon. Friend the Member for Nottingham East (Chris Leslie), who sits on the Opposition Front Bench. The Government's economic policy will drive us into recession. The cuts have not really started yet, and when they do, unemployment will rise, and when unemployment rises, people will lose confidence and stop spending, and we will see a downward spiral into recession. I am convinced of that. I am not the only person saying it. As I have pointed out in the Chamber more than once, Paul Krugman, the Nobel prize-winning economist, has said that the Government are going in precisely the wrong direction. They should be trying to stimulate the economy through additional spending in labour-intensive areas, such as construction and the public sector—but that is the absolute opposite of what they are doing.

If we bring down unemployment, revenues will rise, benefit payments will reduce and the economy will grow, and that will reduce the deficit. I have used this example many times: after the second world war, under Conservative and Labour Governments, we had a gross debt two and a half times GDP—about four times what it is now—but we just maintained a policy of full employment, led by the magnificent Atlee Governments in 1945 and 1951. We had full employment, we created the national health service, living standards rose and we even ran a labour shortage such that people came from abroad to work here because the economy was growing so fast. We ran a growth economy led by public spending. That is what we should be doing now, but we are doing the absolute opposite. If other countries do the same, we will see the 1930s relived, but people have so much more to lose now it will be politically quite dangerous.

There is already a reaction in Europe to what is happening. In Finland, a Government have been elected who are baulking at the idea of bailing out some of the weaker members of the eurozone. I have no idea why we should be bailing out members of the eurozone. Ireland is a special case, because it is our nearest neighbour and effectively part of the sterling-zone economy, not the eurozone economy. We are its major trading partner and we have an exchange of population, so Ireland is a different case from the rest of the EU. For us to be bailing out other countries in the eurozone is complete and total nonsense. The sooner they leave the eurozone, recreate their own currencies and depreciate them, the sooner they will recover.

Chris Heaton-Harris (Daventry) (Con): The hon. Gentleman puts a happy and cuddly aura around the old hard-left of the Labour party. Bearing in mind that for years we and other European countries have been reporting to the European Commission on these matters, does he think that the Commission has learned any lessons from the information it has been sent? If it has, why did it not try to help the economies of Greece, Ireland, Portugal, Italy and so on?

Kelvin Hopkins: I think that the hon. Gentleman and I agree on this point. It has learned absolutely nothing. To try to squeeze the life out of an economy that is already almost wrecked is nonsense. The Commission should allow those economies to grow, and they can grow only if they can recreate and depreciate their own currencies, and start to compete again. Ireland is in a terrible state because it chose—foolishly, I think—to join the euro. I have said to Irish politicians—in as friendly and comradely a way as possible—that they should recreate and depreciate the punt to something like the level of sterling, and rejoin the sterling zone, which is where Ireland belongs. Its economy would then start to recover. Without that, it will not recover.

Martin Horwood: I am just curious: who does the hon. Gentleman think would lend those Governments the money to finance that public spending, given their credit ratings at present?

Kelvin Hopkins: In the end Governments can print money if they wish to, but the idea that we can squeeze those economies into growth is complete nonsense. We could debate these matters at great length—I would be happy to do so on another occasion—but that is not what this debate is about. I want to focus on the Government's economic policy, which I think is profoundly mistaken.

Another point in the document is the emphasis on fiscal neutrality. The Government do not seem to appreciate that fiscal neutrality can be achieved in various ways. If we cut public spending and taxation at the same time, that is, in a sense, fiscally neutral. If we raise public spending and taxation, that is also fiscally neutral. We can also achieve fiscal neutrality by raising taxes on the rich and reducing them on the poor. Fiscal neutrality can have all sorts of different effects. If we cut taxes on the rich and raise them on the less well-off, we will drive the economy into recession, because poor people will spend less money. The marginal propensity of the poor to consume is higher, so if we tax the rich and give more to the poor, they will spend. If we give pensioners a rise in their pensions, for example, they will spend more, but if we give a wealthy person a tax cut, they will not spend.

Those are marginal changes, but my general point is that fiscal neutrality can be achieved in various ways. In fact, it is nonsense to have fiscal neutrality when growth

is flatlining. We ought to have an expansionary fiscal strategy, not a neutral fiscal strategy. I might add that this is my view, not necessarily the view of my hon. Friends on the Opposition Front Bench. They are perhaps more cautious than me, but in the end I would like to think that I and others will be proved right. We have to generate growth, but it will not happen if the Government continue to operate in the way that they are at the moment.

Steve Baker (Wycombe) (Con): As the hon. Gentleman knows, I have great admiration for him on many subjects, but does he realise that when Keynes was suggesting those fiscal stimulus packages, the state accounted for only about a quarter of GDP, whereas now the figure is up to 45% and getting on for 50%? The capacity is just not there. I would suggest to the hon. Gentleman that even Keynes would be horrified at the notion of Governments spending more from present levels?

Kelvin Hopkins: The role of the state is much larger than it was even in Keynes's day; therefore, the state has to generate more demand. The state has a bigger role in the economy—I think that is a good thing—but we cannot withdraw from the idea of managing economies in the way that we did after the second world war. Between 1945 and the 1970s, we had a world that actually worked. We had rising living standards and the highest rate of growth in our history. We had full employment, we developed a welfare state and the national health service, and we had free tuition at universities. Since then, the neo-liberals and the monetarists have got hold of economic policy again and we have gone back to something like the early 1930s, albeit with higher living standards, at the moment, but that could so easily be destroyed if the current mistakes continue to be made.

Alec Shelbrooke: I really do not understand the hon. Gentleman's rose-tinted view of the 1960s and 1970s. In the 1960s we had to devalue, and by the 1970s inflation and wage inflation were huge, to the point where teachers were given a 25% pay rise in the mid-1970s that was worthless the following year. As for the Keynesian arguments, the new deal in 1930s America failed until the second world war came along and the country could manufacture and lend money to support the war effort. That is what created the recovery. Surely the hon. Gentleman is not suggesting that we need another war to sort out the economy.

Kelvin Hopkins: I would advise the hon. Gentleman to read an excellent book by J. K. Galbraith called "The World Economy Since the Wars". He said that wartime investment in American manufacturing transformed the economy, which emerged as the strongest economy in the world.

We could go into those matters at great length; the point is that it is nonsense to try to deflate our way to growth, as has been said by a number of leading economists. Okay, so they happen to be Keynesians rather than monetarists, but do we want to go back to a world of high unemployment and greater inequality, or do we want to go forward to a world of full employment and greater equality? That is the choice. The Government's proposed strategy, as set out in the document under discussion, will have a devastating effect on our economy and—they may not be prepared for this—will make them detested and massively unpopular. I remind them that, after the second world war, Labour took office with a massive majority as a result of the working people of Britain rejecting what had happened in the 1930s: the recession and the war. We are in danger of going in that direction again, and the end result would be the election of a Labour Government who would have to pick up the pieces of an economy that had been destroyed.

Even PricewaterhouseCoopers—not a noted left-wing organisation—has suggested that, for every job lost in the public sector, one would also be lost in the private sector, as opposed to the private sector picking up where the public sector left off. Much of the demand in the private sector comes from public sector spending and public investment. We have already seen construction levels falling, with the cancellation of many school building programmes. That will create unemployment in the private sector as well as the public sector, and it is conceivable that unemployment could rise by 1 million. If we had 1 million unemployed, in addition to the 2.5 million that we already have, we would be in very serious economic waters. It would be a terrible time, not just for young people but for the whole economy. We would see falling living standards, mass unemployment and a mass political reaction to what was happening.

I had a different view on this matter from those on my own Front Bench, particularly before the election, when I and a number of Labour comrades rejected the idea of cuts altogether. We believe that dealing with the deficit has to be done by generating growth. After the banking crisis, the Labour Government did exactly the right thing. They pushed demand into the economy by printing money, reducing interest rates almost to zero and recapitalising the banks, all of which had to be done. In fact, the Conservative Government, in their first six months, were living on the growth generated by Labour's policies—*[Interruption.]* That is the reality. Now, Conservative policies are kicking in and we are starting to see the economy go down.

I could go on about this at greater length, but others want to speak and this is a short debate. I am happy to come back and talk about these issues time and again if hon. Members wish me to. Indeed, I am happy to discuss them in private as well as in public. I am convinced that the Government have got this wrong, and that Keynesian economists such as Krugman and Stiglitz have got it right. We need to generate growth through public spending and public investment; we do not need to cut.

8.12 pm

Mr William Cash (Stone) (Con): It will be useful to remind the House of what section 5 of the European Communities (Amendment) Act 1993 actually says. Some of us were here in 1993 during the Maastricht debates, and it was rather an interesting moment when the only piece of reality in the whole of that Session occurred. That was when an attempt was made to restrain the movement towards a European Government. Section 5 states:

"Her Majesty's Government shall report to Parliament for its approval an assessment of the medium term economic and budgetary position in relation to public investment expenditure and to the social, economic and environmental goals set out in Article 2"—

[Mr William Cash]

they are pretty extensive—

"which report shall form the basis of any submission to the Council and Commission in pursuit of their responsibilities under Articles 103 and 104c."

What this really boils down to is that, in order for us to be able to continue—leaving aside the opt-out from the euro—we effectively have to comply with the convergence criteria and other criteria that are laid down by the European Union. Effectively, leaving aside the question of the European stability mechanism—my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) knows that I totally agree with the extremely important point that he made earlier—the bottom line is that we have been moving inexorably, regrettably and avoidably towards deeper and deeper European integration, with more and more requirements and obligations being imposed on us.

As Chairman of the European Scrutiny Committee, I and other colleagues here tonight—my hon. Friends the Members for Daventry (Chris Heaton-Harris) and for North East Somerset (Jacob Rees-Mogg), and the hon. Member for Luton North (Kelvin Hopkins), a distinguished member of the Committee from the other side of the House—know the sheer, massive extent of the invasion and the vast range of impediments that are put in our way as a result of decisions taken not by this Parliament but by other countries, by the European Commission and by the European institutions. So this is an important debate, and the Minister will understand why I objected to the idea that it should be shunted off to some innocuous Committee, well controlled by the Whips, without having any real opportunity for the whole House to participate.

I can make my points briefly. Some have already been made and others I have made myself in the past, so I do not need to elaborate on them. First, I very much agree with the suggestion that this undemocratic process affects the daily lives of the people of this country and inhibits our ability to grow our economy, particularly when at least 4% of our gross domestic product is lost through excessive European regulation of small and medium-sized businesses. I find it utterly absurd—it is incomprehensible to me—that the Government cannot simply say, "Look, we've tried. We've gone ahead. We've tried to negotiate, but they are not listening. We are going to have to override the European legislation." I think it negligent not to do so.

I received a letter from the Prime Minister only a few days ago, reminding us that the European Council

"agreed on the need for robust actions to support growth".

He went on to refer to reducing

"the overall burden of regulation including exemptions for micro-enterprises from future regulations".

In my right hon. Friend's absence, I have to say—he will know that I would say it anyway—that "future" regulations are not the issue. The real question is about existing regulations. I do not need to go through them all again—I have written pamphlets about them, as have many others—and we know that there is a vast array of completely negative regulations that cause a vast amount of difficulty for small and medium-sized businesses. We are not going to achieve the private enterprise that will be needed to pay for the public sector that is needed unless we get out of that vicious circle. That is point No. 1.

Point No. 2 is that the consequences of not having sufficient growth and of having the deeply regrettable legacy of the deficit will mean that riots and protests—not only in other countries, but in our own—will grow as the pain bites into the economy and into people's daily lives. This will lead to an increase in the potential for parties of the far right to gain traction. I do not think that the policy pursued on the stability and growth pact can be described as anything other than a disaster area because there has been no stability, no growth and no pact. I wrote an article about that in *The Times* five or more years ago, but it is exactly the same now. Nothing changes. That is terribly depressing, which is why we must have the political will to do something about it.

The Europe 2020 strategy is another re-run of the vast amount of verbiage that accompanied the Lisbon agenda, which those involved had to admit was a complete disaster. It is words, words and words; it is nothing to do with the practical question of generating growth. I mentioned Brazil, India and China earlier. The plain fact is that we have to compete with these other countries and it is impossible to do so when looking at the question of unit labour costs in those countries and then looking at the European Union and noticing that Germany had an increase of only 2% in the last 10 years, compared with 30% in most other EU countries. We are in a completely impossible situation. I say this with the greatest respect to my hon. Friend the Financial Secretary, but I did not hear anything in his speech to respond to this situation except for the fact that he said we were getting close to achieving the parameters laid down by the EU for the excessive deficit procedure.

Let me ask a question that I asked before the general election and again during it. It is simply this: what is the true level of our debt? Suppose that the Chancellor of the Exchequer had risen to make his Budget speech in the House the other day and said, "The first thing I must tell the House is that we will have to knock £6 billion off the figures that I am about to announce because we will be bailing out Portugal—and, by the way, our budget contribution to the European Union will rise to £10 billion, so we had better start factoring that in as well."

Some Members may not know—I do not think many people do—that a spat is going on between the Office for National Statistics and Eurostat about the formulation of our figures in relation to the deficit. I am looking into it, but it is the sort of thing that really troubles me. If we do not get the figures right, and if the Eurostat figures are imposed in a way that makes it difficult for us to accord with the parameters of the rules, that will be another matter that should concern us.

There are many other issues that I could raise, but let me end by dealing with the question of looking to the future. The plain fact is that Germany has now taken pole position in the European Union. The European Central Bank—which has not been mentioned tonight, and to an extent I understand why—has been more or less working in a German environment, if I may put it in those general terms, and has become the owner of vast quantities of bad assets. Another problem is being stoked up there. As was pointed out in a very interesting article in *The Economist* a few weeks ago, all that is part

and parcel of Germany's pole position at the heart of Europe and also the heart of the problem itself. We cannot afford to work on the basis of a system—to which the Government have foolishly agreed—in which we would not be isolated, but would be engaged in the process of a two-tier Europe because we had agreed to a treaty that will have a serious adverse effect on us. We must renegotiate these treaties and return to a European Free Trade Association-type arrangement, so that we have independence and, with it, the ability to deliver an economy that the British people deserve.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Three Members are standing; I remind them that the debate must end at 8.43 pm. I call Mr Nuttall.

8.22 pm

Mr David Nuttall (Bury North) (Con): I will bear that in mind, Mr Deputy Speaker.

It is always a great pleasure to follow my hon. Friend the Member for Stone (Mr Cash), who speaks with such knowledge and who gives the House the benefit of his long experience of these matters. Let me say at the outset that I am 100% supportive of the economic policies that the Treasury and its Ministers have pursued since the general election. It cannot be the case that the way out of the financial mess created by the last Government, who were borrowing, borrowing, borrowing, is to borrow even more, and to continue to borrow at those levels.

Alec Shelbrooke: Will my hon. Friend give way?

Mr Nuttall: Briefly.

Alec Shelbrooke: I am grateful to my hon. Friend, and I will be brief. Is his view not confirmed by what the hon. Member for Nottingham East (Chris Leslie) said about inflation creeping into the system, and by the suggestion of the hon. Member for Luton North (Kelvin Hopkins) that the way out of the problem was to print more money?

Mr Nuttall: My hon. Friend is absolutely right. As everyone knows, printing money invariably leads to inflation. I am sure that that would be the case if we continued to print money today.

I want to address the issue of our dealings with Europe, but first let us consider our net borrowing figures. According to forecasts from the House of Commons Library produced just a few days ago—on 21 April—even if we take into account all the measures that the Treasury are taking, we will borrow £122 billion in the current financial year and £101 billion next year. We are not paying back our debts; we are simply reducing the scale of the debt.

Kelvin Hopkins: I could raise a number of issues, but one in particular is that the Treasury is now predicting that the deficit at the end of this Parliament will be £11 billion higher than it thought a few months ago, simply because it expects the economy to grow less.

Mr Nuttall: I think there is always scope for margins of difference in predictions for five years ahead. I agree that on page 54 of the document in question a figure of 0.8% is referred to in respect of the quarterly growth figures, but what was not mentioned is that the previous line refers to erratic factors, and the very use of the word "erratic" implies there is some deal of scope for the figure not to be precisely bang on the nail. As we all know, the figures that have been released today are provisional, and it would be very surprising indeed if they are not revised one way or the other. *[Interruption.]* They may well go up, but it would be very surprising indeed if they were not to be revised.

Let me move on to my concern about this motion. I have said that I am entirely supportive of the Government's economic policy, but I am not at all supportive of the idea of our supplying 201 pages of information, which I am grateful the Minister confirmed is all in the public domain, to Europe. Why cannot we send the Europeans one simple e-mail with a link to the Treasury website, where we say the following: "Here you are chaps; if you're interested in what we're doing, look at our website as it's all on there, and you'll be able to read what you want. We are a sovereign nation, and we are not going to produce 201 pages of bumf for you to no doubt translate into dozens of other languages. If you want to see what we're doing, look at our website or read *Hansard*, as it's all in there. We've got nothing to hide"? Frankly, I have to ask what on earth they do with these documents when they get them, as they obviously have not been keeping an eye on Greece, Ireland or Portugal, because look at the mess they are in! They obviously get these documents, file them under "Too difficult", and let those countries get on their merry way.

That is not good enough, and that is why I do not support this motion. I do not think we should be sending any documents to the Europeans. We should be saying, "If you want to see what we're doing, look at our documents, which are all in the public domain, and where it is all confirmed." I am fully supportive of our economic policies. Let us stick at it, and let us say no to Europe.

8.27 pm

Steve Baker (Wycombe) (Con): I shall try to confine my remarks to three points on the report. First, the report rightly talks about imbalances in the economy. The hon. Member for Nottingham East (Chris Leslie) talked about serious systemic problems in the economy, and I agree that there are such serious systemic problems, albeit not, perhaps, those that the hon. Gentleman thinks there are.

On the first page of section 2, the report talks about debt and unsustainable levels of private sector debt. It is estimated that the UK has become the most indebted country in the world, and one sentence stands out:

"the spending plans set out in the 2007 Comprehensive Spending Review were based on unsustainable revenue streams from the property boom and the financial sector."

The report also talks about geographical and sectoral imbalances. Given the limited time available, I will be very brief, but let me say that I feel that far too little effort has been made to explain some of these imbalances through monetary factors. Printing money has been mentioned. The problem with printing money is that it creates patterns of economic activity that can last only

[Steve Baker]

as long as that supply of new money. When the new money comes to an end—*[Interruption.]* From a sedentary position, the hon. Member for Luton North (Kelvin Hopkins) talks about the multiplier effect, and, again, he has appealed to Keynes. I have to say to him that one thing I have learned over the past few years in setting up a think-tank and talking to economists is that it is really no good at all appealing to the authority of economists. There are always several schools of thought, and one of the things they are no good at is making accurate predictions—or, indeed, agreeing with one another. I am therefore afraid that that leads us to thinking for ourselves.

One of the most important factors to do with money is something long known, called the Cantillon effect: the fact that when money is created, it always arrives in one place in the economy first. So when banks are lending money into existence and into the housing sector, of course house prices rise, the financial sector is better off and the economy reorients itself to the south-east, where the banking sector is based. Although the report diagnoses the problem very satisfactorily, I am disappointed that the monetary policy framework consists of one short paragraph. We have learned tonight that there is an appetite in this House for a serious debate about monetary policy, and the monetary framework and how it has an impact on the real economy.

Secondly, and further to my point about new money creating unsustainable patterns of economic activity, sustainable investment requires prior production and real saving. That involves individuals, families and businesses consuming less than they produce to make real savings and invest them. Easy money will not create sustainable development and sustainable growth.

I wish to allow other hon. Members to speak, so I shall make one final point. I must ask to what end we are making this report. The lexicon has suddenly developed the term "convergence programme" and I am not sure where it came from. We have talked about Maastricht, but the term has certainly only just emerged into the public debate today. Why are we converging? With whom? To what end? I would be grateful for an answer.

8.31 pm

Jacob Rees-Mogg (North East Somerset) (Con): I do not know how long I have before we move on to the wind-ups, if indeed we are having them.

Mr Hoban *indicated dissent.*

Jacob Rees-Mogg: We are not having them, so I have 11 minutes—this is very exciting. Thank you, Mr Deputy Speaker for calling me last—it does sometimes happen that the first will come last and the last first.

Chris Heaton-Harris: Like under AV.

Jacob Rees-Mogg: That is a good point.

I had not intended to speak until we heard so eloquently from the shadow Minister about the virtues of reckless spending—it is tremendously important to stop that view of the world. We have to get back to some of the debate we had yesterday, which is why it is worth supporting the Government's financial outlook position and policy. The reason for that is that the situation will be increasingly difficult. The economy was left to us in a terrible mess, in terms of not only the public finances, but private sector debt. The idea that this will easily be recovered by getting people to borrow again or banks to lend again is simply wrong.

The hon. Member for Luton North (Kelvin Hopkins), who is an hon. Friend on European matters but an hon. Gentleman on other matters, talked about getting more people to spend and taking money off the rich so that it can be spent by poorer people, who have a greater propensity to spend. That might be fine when the banks have money to lend, but we need to get the loans-to-deposit ratio for the banks as a whole in the United Kingdom below 100%, so that the banks have the liquidity to lend. Until we are able to do that, the idea that we can have debt-fuelled re-growth is simply mistaken.

On Government debt, I wish to return to a point made yesterday by the shadow Chief Secretary on Ricardian equivalence. She does not believe in Ricardian equivalence and I do not think that many people do in exactly the terms that Ricardo spelt it out. None the less, his underlying point was completely sound: the debt of Governments will ultimately have to be paid back through tax income raised. Intelligent electors realise that and know that if the economy is growing on the basis of Government debt, that will eventually be a charge to them. It might not affect their behaviour over one or two months, but over one, two or five years it certainly does. Economies that run indefinitely on debt find that their growth levels are neutered, and anybody who doubts that should look at the Japanese economy.

If we look at what has been going on in Japan since 1990, we see that the Japanese have increased their public sector debt from next to nothing to 200% of their GDP and that in that period they have had absolutely no growth—their economy has been stagnant. Their tax revenues were lower in 2010 than in 1985, because the level of growth in the Japanese economy has been so low.

Alec Shelbrooke: Would my hon. Friend like to bring things up to date and comment on the US economy and the fact that the Americans decided to pour a lot of money in, found that that did not work and are now considering very strong austerity measures?

Jacob Rees-Mogg: It is relevant to look at the United States economy and at the gold price, which is up at $1,500 and not because more people are getting married and want wedding rings—although I congratulate my hon. Friend on his forthcoming nuptials and I am sure he is buying a large piece of gold for his future wife. The gold price has been so strong because the financial markets have lost confidence in the US dollar and because the American political forces—the President and Congress—have not been willing to tackle the deficit in the way that Her Majesty's Government have done. The gold price in sterling terms has not risen by anything like so much, because people have confidence in what the Government are doing.

Normally, I take the view that there are two people in this world who should be obeyed. One is the Holy Father and the other is my hon. Friend the Member for Stone (Mr Cash). When my hon. Friend speaks on

European matters, he does so with a degree of infallibility that belongs to only one other living person, although I hasten to add that the remit of the Holy Father does not cover European matters. My views diverge slightly from those of my hon. Friend on one point: I think we should be proud of the document that Her Majesty's Government are sending because of what the Government have got right. The situation they faced a year ago was desperately serious, needed urgent attention and had to be brought under control by their taking measures that are not necessarily popular.

It is important to emphasise that point because all Governments, when they take tough decisions, face gentlemen such as the shadow Minister, the hon. Member for Nottingham East (Chris Leslie). Over the next year or two, as people see the cuts coming through, it will be very tempting to listen to such voices and to think that perhaps there is an easier way and a land flowing with milk and honey that we have not yet found where we can borrow more money, where the financial markets will turn a blind eye, where we can spend money we do not have and not worry about our children and our grandchildren and where the banks will suddenly miraculously lend to bankrupt people to keep inefficient systems going. That is when those on the Treasury Bench must stiffen their sinews and summon the blood and not give way to those voices. At the moment, that is still relatively easy, because there has not been much coming through in the way of cuts. We have not seen the pain that will come from those difficult decisions. Now, however, we are sending our plan abroad. We are telling people not just in this country but in foreign countries of what we are doing and we should be proud of it because it is right. If we do what is right, the economy will begin to recover.

We on the Back Benches, in particular, must support those on the Front Benches when they do such things and when the critics from the other side appear to be doing well in the opinion polls. That is the point of maximum difficulty. Let us think of the great lady in 1981, when 360-odd economists wrote to *The Times*—a great newspaper with very fine editors—to suggest that the economic policy was wrong. That was two years in and it was the hardest point and that Government stuck to their guns, which led to the recovery we then had.

Mr Davidson: The hon. Gentleman has spoken movingly about the need for cuts and indeed for pain—pain that I suspect will not be felt by him. Pain will be felt by poor people whereas bankers, who are rich people, will feel no pain whatsoever. It is the unfairness of what the Government are doing that is causing so much opposition and bad feeling in the country and that is why the Liberals will suffer so badly in the AV referendum and the election.

Jacob Rees-Mogg: The fundamental flaw in the hon. Gentleman's argument is to think that there is a painless way out of a major crisis. It is simply a question of whether we deal with it now and ensure that the problem is resolved and that the economy can grow again or whether we delay it and have a much worse crisis later. The pain I was talking about was political pain for the Government as people notice the cuts. Our approach will reduce the pain for individuals because it will ensure that the economy is rebalanced sooner rather than later. That is the way to minimise pain—not thinking that there is a never-never land with no pain after we have lived on debt and incompetent Government policies for the past 13 years.

Alec Shelbrooke: We hear about fairness from the Opposition, but which does my hon. Friend feel is more unfair: bringing in higher taxes to get us out of this problem or letting the economy run away and allowing interest rates to rocket, thereby leaving thousands of people's homes to be repossessed?

Jacob Rees-Mogg: My hon. Friend is absolutely spot on. This is one of the great virtues of the Government's policy, which is being welcomed by the gilt market.

It is also worth noting what the late John Maynard Keynes said on such matters. Everyone in opposition quotes him and says that we should follow his policies but one of his policies, to quote the Chancellor, was that Governments should mend the roof while the sun shines and should build up reserves in the good times. My godfather interviewed John Maynard Keynes late in life and asked him, "What happens if Governments do not do this? What happens if they spend money in the good times?" to which Keynes replied, "If they do that I shall make a speech in the House of Lords and that will put them off." Sadly, he was not here between 1997 and 2010 to make a speech in the other House to tell the other side of the policy failures when the economy was booming, so there was no money when the economy went wrong.

Time is short and I have a point to make about the presentation of the document to Europe. I hope that we have a Division because it will be delayed until after the deadline for sending in the papers. I hope that Her Majesty's Government will show their independent-mindedness and ensure that the House's approval comes before the requirements of a foreign international body. It would be a great discourtesy to the House if the document were presented to the European Commission before the deferred Division that we are likely to have on Wednesday.

Question put.

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 5 May (Standing Order No. 41A).

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Civil Contingencies

That the draft Civil Contingencies Act 2004 (Amendment of List of Responders) Order 2011, which was laid before this House on 28 February, be approved.—*(Mr Vara.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Sexual Exploitation of Children

That this House takes note of the proposed draft Directive on combating the sexual abuse and sexual exploitation of children and child pornography, repealing Framework Decision 2004/68/JHA; supports the Government in welcoming the objectives of the draft Directive in raising the standards of protection from sexual exploitation for children across Europe; and supports the Government's view that national law or practice in England and Wales fulfils the obligations in the draft Directive.—*(Mr Vara.)*

Question agreed to.

DELEGATED LEGISLATION (COMMITTEES)

Ordered,

That the draft Employment and Support Allowance (Limited Capability for Work and Limited Capability for Work-Related Activity) (Amendment) Regulations 2011 (S.I., 2011, No. 228) be referred to a Delegated Legislation Committee.—*(Mr Vara.)*

PETITION

Pleck Library (Walsall)

8.43 pm

Valerie Vaz (Walsall South) (Lab): The petition is from the users of Pleck library, Walsall. The petitioners wish to prevent the closure of Pleck library and therefore request that the House of Commons urges the Government to take all possible steps to protect Pleck library for the future. There are 1,108 signatories to the petition in similar terms.

The petition states:

The Petition of users of Pleck Library, Walsall,

Declares that the Petitioners wish to prevent the closure of Pleck Library. The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to protect Pleck Library for the future.

And your Petitioners, as in duty bound, will ever pray.

[P000916]

1

Press Self-regulation

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

8.43 pm

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): I thank those hon. Members who have remained behind for this Adjournment debate, which is rather later than expected. There has been some speculation on the internet today that the debate would be about super-injunctions, so I must apologise to hon. Members who have turned up to be titillated by stories of the exotic adventures of premier league football players as they will be sorely disappointed. It is not about that; it is about the self-regulation of the press—hon. Members are leaving immediately!—and particularly about the Press Complaints Commission and the editors code of practice.

Mahatma Ghandi said:

"I believe in equality for everyone, except reporters and photographers."

On that point, I disagree with the great man. If anyone is attending this Adjournment debate expecting an all-out assault on the printed media in the Chamber tonight, they should leave now. That is not my intention.

The printed news media, which from now on I shall refer to simply as the press, have the right to publish anything they want, so long as they do so fairly and accurately. The press is free to be partisan, although it must distinguish clearly between comment, conjecture and fact. I will fight to ensure that it continues to enjoy those freedoms. I value the freedom of the press, the right of journalists to criticise or praise and the right of photographers to do their job, because the freedom of the press is a cornerstone of our democracy.

There has always been tension between those who argue for press freedom and those concerned with a range of other issues, including the invasion of privacy, the restriction that complaints can be made only ex post facto, and the practice of newspapers paying for stories. The case for the defence of the press is more often than not that a story is in the public interest, but who decides what is in the public interest and how do they arrive at that decision?

The stand-off between self-regulation and statutory controls has been around for decades. A 1947 royal commission recommended in 1949 that a General Council of the Press should be created as a governing body to regulate behaviour, but it was not until the threat of statutory regulation was mooted again in 1953 that the General Council was set up. The friction continued and by the time of a second royal commission in 1962 the General Council had been the subject of considerable criticism. The General Council became the Press Council. This organisation stumbled on ineffectively until the Calcutt report in 1990, which recommended the formation of the Press Complaints Commission.

The PCC was originally given 18 months to prove that self-regulation could work, with the threat that if it failed to do so, a statutory system would be introduced. It passed that first test and has continued to evolve. The code has changed 30 times since its formation, the last revision taking place in January 2011, on the question of the prominence of corrections, an issue that

I will touch on shortly. It is right for the press to work within a voluntary code, but evidence is emerging of problems that need to be addressed.

The most disconcerting issue is that these challenges are not new. They have been around for some years but no solutions have been found, despite genuine attempts to look for them. These problems have been parked, but I believe the industry must get into gear, move on and find solutions, for it would be a major advantage to the industry if, as well as being seen as a champion of self-regulation, it were seen in the vanguard of promoting and introducing change. That, more than anything, would consign to the dustbin of history the period I spoke of earlier, when the stick had to be used more often than the carrot. If we can achieve that, those who feel compelled to complain to the PCC will have more confidence in the system.

Right now there is a serious lack of confidence in the system. My views are based on my personal experience of dealing with the PCC editors code of practice which, sadly, I have had to do in my short spell as a Member of Parliament. It will come as no surprise to Members in the Chamber this evening that my first dalliances with the PCC were in relation to the first batch of expenses published by the Independent Parliamentary Standards Authority.

The code states:

"The Press, whilst free to be partisan, must distinguish clearly between comment, conjecture and fact."

Paragraph 1(i) states that the press must also

"take care not to publish inaccurate, misleading or distorted information".

One of my local newspapers printed a story stating that I had claimed expenses for hotels in London, while at the same time claiming rent for a London property. The story was trailed on page 1 and appeared prominently on page 9. If it had been true, it would have been a sensational story and helpful to the paper's dwindling circulation, but it was a complete and utter falsehood that had been fabricated in an attempt to mislead readers and to destroy my reputation.

The newspaper then refused to publish the truth or to apologise, and I was forced to complain to the Press Complaints Commission. The PCC carried out a full, thorough and professional investigation and found that the code had been breached, but the adjudication that was eventually printed was placed at the bottom of page 9, much less prominently than the original article, and there was no trail on the front page. It was said to have been given due prominence by the PCC; I contend that it was given less prominence.

The PCC further took the view that, as the misleading words had appeared on page 9 and not on the front page, the page 9 adjudication, less prominently placed, was sufficient.

Steve Rotheram (Liverpool, Walton) (Lab): My hon. Friend makes a powerful argument in favour of press freedoms as the cornerstone of our democracy, but I am sure he will agree that with press freedom there should equally be press responsibility. I cite the example of the worst sporting disaster in British history, when 96 football supporters were killed at Hillsborough on 15 April 1989. In the immediate aftermath of that human tragedy, press reporting hit an all-time low. Despite the huge loss of life, that most despicable of men, Kelvin MacKenzie, used the front page of *The Sun* newspaper to peddle lies about Liverpool supporters under the banner headline "The Truth". When the scurrilous claims that it made were proven to be—

Mr Deputy Speaker (Mr Nigel Evans): Order. This is an intervention, not a speech. Please, could the hon. Gentleman make it briefly?

Steve Rotheram: When the scurrilous claims that the newspaper made were proven to be entirely fallacious and without foundation, Kelvin MacKenzie refused to print a banner headline of a similar size and font, with the same page prominence that my hon. Friend talks about, stating quite simply that they had lied, something for which he and his former newspaper will never be forgiven in Liverpool. Does my hon. Friend therefore agree that if editors were forced to give equal prominence to retractions, they would be think carefully before fabricating stories and besmirching the reputations of individuals or of great cities such as Liverpool?

Mr McCann: I agree. My trials and tribulations with the press pale into insignificance when compared with the grievous claims that that publication made against the people of Liverpool. I agree wholeheartedly, and I am going to deal in some detail with the issue of prominence, because it has to be covered.

The issue of prominence has to be addressed by the PCC. It is currently parked, but it needs to be moved on, otherwise—and I do not say this lightly—it might have to be clamped by some sort of statutory mechanism. If newspapers get it wrong, ex post facto a complaint is made and that complaint is upheld, the correction must be given equal prominence to the original story. The very least that an individual or organisation can expect, if their integrity or actions have been inaccurately called into question, is that the apology should be of the same size, weight and prominence as the article that besmirched them. That is exactly the point that my hon. Friend makes. For those who argue that the same end result can be achieved by negotiation, let negotiation be the driving force of the settlement but let the persuader of "equal prominence" be available.

Mr John Whittingdale (Maldon) (Con): When the Select Committee on Culture, Media and Sport, which I have the honour to chair, examined press standards, we certainly looked at the issue of due prominence. I share the hon. Gentleman's view that, when an adverse ruling is reached by the PCC, it is vital that it appear with the same due prominence as the original article. The PCC in response suggested to us that the failure to do so would in itself constitute a potential breach of the code. If the hon. Gentleman felt that the adjudication did not receive the proper prominence that it should have, I should be interested to know whether he went back to the PCC and made a further complaint against the newspaper.

Mr McCann: The hon. Gentleman will not believe this, but the newspaper tried to editorialise the adjudication. It was forced to reprint it the following week because I immediately complained to the PCC that the words of its adjudication had been changed.

[Mr McCann]

On the hon. Gentleman's other points, I should say that, yes, I did contact the PCC and spoke to Stephen Abell, the chief executive. I made the very point to him. He said that because the misleading words were not on page 1, the adjudication could not be on page 1. I said, "Hold on a second. The page 1 trail took people to the misleading article. Why could there not have been a page 1 trail taking people to the PCC adjudication?" Surely that would be a fair and reasonable way to deal with my complaint and the subsequent adjudication.

Another feature that needs to be addressed is the letters pages of newspapers. I discovered that letters pages are also covered by the editors code of practice, so the same rules that cover articles in newspapers also cover letters; those letters, like everything else in the paper, are the editor's responsibility. He or she is the sole arbiter.

In the normal chronology of events, newspapers print stories and, post-publication, they receive comments from readers. When I was the subject of the misleading article that I referred to earlier, the same edition of the newspaper contained a letter attacking me in the same way as the so-called news story. In my opinion, that was an unlikely coincidence.

To add insult to insult, the author was protected under the guise of anonymity; all I know about my so-called critic is "name and address withheld". Mr Deputy Speaker, I am a trusting fellow as you very well know. I have tried hard over the years to find the best in people wherever I go, but my sixth sense told me that that was a stitch-up. I made a complaint to the PCC about the veracity of the letter, only to be told that because the writer wanted to remain anonymous no investigation could take place.

If the PCC thinks that its position on this matter is justified in any way, it is seriously out of touch with reality. If I do not know who wrote the letter, how do I know that it was not a political opponent seeking to make mischief? How do I know that it was not a journalist pretending to be a member of the public? How do I know that the letter was genuine?

Ian Murray (Edinburgh South) (Lab): My hon. Friend has raised an incredibly interesting point about the letters pages of newspapers. However, there are also anonymous contributions to newspapers' online presence; people can anonymise the comments that they make online. Very rarely do the newspapers have the resources or time to look at those in detail and deal with issues against an individual or organisation. Does my hon. Friend think that that aspect should come under a statutory code as well?

Mr McCann: Some might think that I am foolish to hold this debate, because they might think that taking on the press on any subject whatever is not a good idea. I think that it is better to take small steps rather than large ones. If we can deal with the first two issues of prominence and the letters pages, we can then move on to deal with some of the content on the internet.

For a code to work, it must operate in the unoccupied territory between the press and the consumer. The code must be able to interrogate complaints openly and fairly, yet this element of the system does not allow that to happen. The PCC administers the code; the editors code of practice committee is its keeper. That committee meets periodically to take account of public and—crucially—parliamentary comment, as well as reports from the PCC itself. The purpose of the committee is to allow the code to develop and respond quickly to changing practices and technology in the industry and to the concerns of readers.

The two issues that I have raised are not new; they have been around for some time, yet no solutions have been brought forward.

Nadine Dorries (Mid Bedfordshire) (Con): I congratulate the hon. Gentleman on this Adjournment debate. The greater public perhaps regard MPs talking about their experiences with the media as self-indulgent. I am one of the Members who can speak with authority as one who has been maligned time after time by page after page of pure lies, but I have never gone to the PCC, which I regard as a toothless tiger.

I congratulate the hon. Gentleman on this debate. The issue is not about MPs because we rarely feature in the local press, which is full from front to back cover with stories about individuals in our constituencies. They do not know how to go to the PCC or how to complain. They try to complain but do not have their complaints answered in any way. Does the hon. Gentleman agree that what he is proposing tonight would benefit those people far more than it would us? We are, after all, here to represent our constituents, who suffer far more than we Members do. We can decide not to bother because we know that the PCC is a toothless tiger. Our constituents, however, may have expectations that will be thwarted.

Mr McCann: Let me say to the hon. Lady, in the words of Bill Clinton, that I feel her pain, because she and I have been in the same place. The code is meant to protect everyone—not only people like us in public positions, but our families. My daughter had problems at school because people were suggesting that her dad had acted inappropriately. That is wrong. My family is not in public life; I am, and I have broad shoulders and thick skin. We have to put in place a code that ensures that everyone is protected. What is wrong with people standing up when they make a mistake and saying, "I've got it wrong", and the mistake being remedied in the same way that the original story and besmirchment took place?

These problems need to be resolved, and I hope that this short debate can at least put the issues into the public domain. The press have enormous power: they have the power to make the innocent guilty and the guilty innocent. With that great power, they have massive responsibility, as my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) said. For the PCC editors code of practice to be effective, it must be able properly to scrutinise the press. Fairness must run through the code like the lettering through a stick of rock. I found this quote from Franklin D. Roosevelt that I thought very appropriate:

> "If in other lands the press and books and literature of all kinds are censored, we must redouble our efforts here to keep them free."

If this debate makes a pinprick of a contribution to that cause, it has served its purpose. I hope that the Minister will take on board the points that I have made and join me in pressing the Press Complaints Commission to deal with these two big issues.

9.2 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I am grateful for the opportunity to respond to the hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr McCann), whom I congratulate on securing this Adjournment debate. I am also grateful to have heard the contributions made by other hon. Members in expressing their concerns about press reporting.

As the hon. Gentleman said from the outset, this debate is not an opportunity to attack the press or to lose sight of the importance of a free press. It is worth recalling that more than a third of the world's people live in countries where there is no press freedom. It is therefore important to emphasise that however the press may transgress, a free press is fundamental to our democracy. The independence of the press from state intervention is also fundamental to our democracy, and that is why this Government and previous Governments have always fought shy of statutory regulation of the press. However, the press are not immune from criticism, as we have heard from several hon. Members, and this makes the work of the Press Complaints Commission as important today as it has ever been. It is worth remembering that, as the hon. Gentleman said, the PCC covers not only Fleet street but the 1,300 regional and local newspapers. As he informed the House, the PCC was set up in 1991 to replace the failing Press Council, so this debate gives us an opportunity to celebrate its 20th anniversary.

The PCC was designed to deal with complaints from members of the public based on the terms of an agreed code of practice. Since it was established, it has handled tens of thousands of complaints and, as the hon. Gentleman said, the code has been amended more than 30 times. The PCC has also sought to expand its remit to more than just the handling of complaints: for example, it now runs a training programme for journalists and journalism students. It advocates on behalf of individuals to prevent intrusive stories appearing in the press—it is worth recalling that it can help individuals before a story is actually printed—and deals with the problem of media scrums by communicating with the whole press and broadcast industry as a story is breaking. It is right that it has evolved as an organisation and that the process of evolution continues.

Public confidence in the PCC's work is vital. To maintain that confidence, not only must it be effective and robust; it must be seen to be effective and robust.

Nadine Dorries: Will the Minister say how many times the PCC has been involved in a story before it has been printed and how many media scrums it has assisted in dealing with?

Mr Vaizey: I am afraid that I do not have those figures to hand, but I will ensure that my hon. Friend is informed of them tomorrow by e-mail or letter.

It is my experience that the PCC has a strong appreciation of the need to be seen to be effective and robust. It spreads the word on what it does and what it can do. It seeks to be transparent in how it works and is extremely helpful in providing advice. It is always willing to discuss decisions and the reasons behind them. Of course, that does not mean that it will always reach what the complainant sees as the right decision. We have to be realistic and understand that that would be the case with any system, whether statutory or self-regulatory.

The PCC can and should constantly scrutinise how it works. It should listen to what others have to say, respond to them and act on the feedback. It will certainly have received significant feedback from tonight's debate. I know that it receives useful and constructive criticism from other sources.

Mr McCann: I am grateful for the Minister's explanation, a lot of which I was aware of. Will he answer one point? I have had direct discussions with Stephen Abell and Scott Langham, and when I put these points to them, they do not say that they will look at the problem and try to resolve it, but argue for the status quo. It is surely wrong that they absorb the information that they get, but do not do anything about it. We have to get to a position where they do. As I mentioned in my speech, these problems have been around for a long time. When are we going to deal with them?

Mr Vaizey: The hon. Gentleman makes an extremely important point. I will come on to how the PCC deals with criticism and recommendations of how it should change its ways.

As the hon. Gentleman said in his speech, the code has been changed more than 30 times. I will give one example, which may draw another intervention. One way in which the PCC is scrutinised in this House is by the excellent work of the Culture, Media and Sport Committee. It is good that the Chair of that Committee is in the Chamber tonight. I gather that the PCC places great weight on its recommendations and has adopted many of the recommendations from its last report, the thrust of which was about making the organisation a more public-facing body.

Before I come on to the hon. Gentleman's specific point, it is important to say that although the press pays for the PCC, it should not be seen as a creature of the press. The Select Committee commented on that problem with self-regulation in 2003. As a result, the PCC changed the balance of the commission so that there is a two-thirds majority of lay people. The PCC has announced three appointments recently, who will take up their posts soon: Lord Grade, the former chairman of the BBC, Michael Smyth, the chairman of Public Concern at Work who retired recently from the law firm Clifford Chance, and Jeremy Roberts, who is soon to retire as a permanent judge at the central criminal court and the Court of Appeal.

There is no room for complacency, and that starts with the code itself. One benefit of a non-statutory approach is the flexibility that such a code offers. The PCC would tell me its code committee is able to move quickly to incorporate issues of public concern, and that anyone is free to contact the committee to ask that it includes coverage of any issue.

The PCC holds an annual consultation so that the public can suggest changes, and Members of Parliament, including the hon. Gentleman, are free to raise concerns about the coverage of the code. I am told by the PCC committee that all proposals are fully considered and answered, but he has said that he has advocated a change and been met in response with an argument against that change and for the status quo. I was obviously

[Mr Vaizey]

not privy to that conversation, but I suggest to him that he make a formal proposal to the PCC for a change to the code as part of the annual consultation, to get on the record from the PCC why it feels that a change from due prominence to equal prominence would not be the right way forward and that the code deals adequately with the provenance of readers' letters.

Mr McCann: May I ask a direct question, then? Will the Government support the plea for those changes?

Mr Vaizey: I think it is very important that the Government do not take a view. That sounds mealy-mouthed, but I have been keen to stress that the system is self-regulatory, and no Government—not this Government, and not the previous Government—want statutory regulation of the press. It would be the thin end of the wedge if Ministers recommended specific changes to the code.

Mr McCann *rose—*

Mr Vaizey: May I finish this point before the hon. Gentleman intervenes again?

It is open to hon. Members to raise the issue in the House, and of course it is open to the Culture, Media and Sport Committee to examine the PCC and make recommendations. In a self-regulatory system, individuals should be able to put their case, whether they are Members of Parliament or, as my hon. Friend the Member for Mid Bedfordshire (Nadine Dorries) pointed out, members of the public.

Mr Whittingdale: Does my hon. Friend recognise that the revelations that have streamed out over the past six months have probably led to a greater loss of confidence in the self-regulation of the press than there has been at any previous time? I strongly support self-regulation, but if the public are to regain confidence in that self-regulation, the PCC will have to be seen to have stronger powers. My Committee strongly recommended that it was not sufficient for the PCC simply to require a newspaper to publish an adjudication. In cases of serious breaches of the code, there should be some sanction available to the PCC to demonstrate that the breach was unacceptable and to ensure that newspapers take seriously the requirement to abide by the code.

Mr Vaizey: I have run out of time, but I would say in conclusion that the PCC and the press will have heard hon. Members' remarks in the debate. The Chairman of the Culture, Media and Sport Committee will be aware that the PCC is conducting its own review following the phone hacking allegations. As well as being a criminal offence, phone hacking is of course a breach of the code. The PCC is reviewing the matter to see whether it can make its recommendations stronger, but it will have heard the important—

9.13 pm

House adjourned without Question put (Standing Order No. 9(7)).

Deferred Division

Short Selling and Certain Aspects of Credit Default Swaps

That this House takes note of European Union Document No. 13840/10 and Addenda 1 and 2, relating to the draft Regulation on Short Selling and certain aspects of Credit Default Swaps, and No. 7379/11, relating to the corresponding Opinion of the European Central Bank; and supports the Government's position that proposals should not impact market efficiency and liquidity, in particular in relation to sovereign debt.

The House divided: Ayes 287, Noes 20.

Division No. 258]

AYES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clappison, Mr James
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Drax, Richard
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Flynn, Paul
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
MacShane, rh Mr Denis
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sheerman, Mr Barry
Shelbrooke, Alec
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew

Sturdy, Julian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Baker, Steve
Bone, Mr Peter
Carswell, Mr Douglas
Corbyn, Jeremy
Davidson, Mr Ian
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Edwards, Jonathan
Hollobone, Mr Philip
Hopkins, Kelvin
Llwyd, rh Mr Elfyn
Lucas, Caroline
Nuttall, Mr David
Paisley, Ian
Shannon, Jim
Skinner, Mr Dennis
Weir, Mr Mike
Whiteford, Dr Eilidh
Wilson, Sammy

Question accordingly agreed to.

House of Commons

Thursday 28 April 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State for Culture, Olympics, Media and Sport was asked—

Race Course Pitch Tenures

1. **Philip Davies** (Shipley) (Con): What progress he has made in resolving the dispute between race course owners and race course bookmakers on pitch tenures. [52624]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I am sure that the House will remember that in 2009 the previous Government brokered an agreement in principle between race course bookmakers and race courses. It is fair to say that progress since has been stately rather than swift, but I am pleased to report that so far 17 race courses, including Towcester and those owned by Northern Racing and Arena Leisure, have agreed terms of one kind or another.

Philip Davies: The Minister is right that some progress has been made, but there is very slow progress, if any at all, with some other race courses. He will be aware that the Select Committee report issued in the previous Parliament found very firmly in favour of race course bookmakers. I hope he will take steps to encourage race courses to give a fair settlement to race course bookmakers who felt that they were buying their pitches in perpetuity.

John Penrose: I am sure that most Members, and people in the racing family more widely, would agree with my hon. Friend. I think that everyone is collectively anxious that this matter should be resolved quickly. I am sure that as a good free marketeer, my hon. Friend will agree that it is better for both sides to agree this between themselves rather than have political interference to push it along. The official form of words is that all options remain open to me. I would say to those involved that they do not want politicians of any stripe turning up to try to do this for them, because the chances are that the result will be less good than one they have brokered for themselves.

Mr Gerry Sutcliffe (Bradford South) (Lab): I congratulate the Minister on using his powers, because he might have to. Seventeen out of 59 courses have signed up already, but that is not enough. There is a time constraint, and some courses hope that the time will lapse and that they will not have to do anything. I hope that he will keep his eye on the situation and make sure that he reminds them that a deal was about to be done.

John Penrose: That is absolutely right. A deal was agreed in principle and, as I said, all sides in racing expect a solution to be reached. I am keeping a close eye on it, as I am sure that the hon. Gentleman would expect.

Kerry McCarthy (Bristol East) (Lab): The Minister will be aware that I had a question on the Order Paper about the grand national, which was transferred to the Department for Environment, Food and Rural Affairs. Will he explain why betting on horse races is the responsibility of his Department, but what happens in the race, including horses being ridden to their deaths, is not? Before he says that the welfare of horses is an animal welfare matter, will he explain what would happen if I had asked about the welfare of jockeys?

John Penrose *rose—*

Mr Speaker: Order. I am sure that the Minister will not forget the relevance of pitch tenures when answering.

John Penrose: Thank you for that reminder, Mr Speaker. As the hon. Lady is pursuing the point specifically about animal welfare with DEFRA, I will not go into that. More broadly, matters to do with racing governance generally, which will include health and safety for jockeys, are part of this Department's responsibilities. The historically close link between racing and gambling is the reason the two areas are linked in the same portfolio.

Sport Participation

3. **Dan Jarvis** (Barnsley Central) (Lab): What assessment he has made of the effect on participation in sport at youth level of the outcome of the comprehensive spending review. [52626]

The Minister for Sport and the Olympics (Hugh Robertson): The comprehensive spending review period started only on 1 April, so no formal assessment has yet been made. However, the increase in lottery funding for sport and the inspirational effect of hosting events such as the London 2012 Olympics and Paralympics should encourage more young people to participate in sport.

Dan Jarvis: I am grateful to the Minister for his response. Without the Newham-Barnsley partnership, London 2012 would be having little impact in my constituency. Will the Minister look at ways of using the example of the Newham-Barnsley partnership as a means of increasing youth participation in sport?

Hugh Robertson: Yes.

Mr Peter Bone (Wellingborough) (Con): Does the Minister agree that holding the Olympics in London inspires youth participation in sport across the whole country?

Hugh Robertson: Again, the answer is simply yes. Of course, there is not only the London 2012 Olympics and Paralympics: in its wake a serious number of major events are coming to this country, including the rugby league world cup, rugby union world cup, cricket world cup and a number of competitions such as the world canoeing championships, which we have just secured. A host of sports events are coming to this country after 2012 that will have exactly that effect.

Tessa Jowell (Dulwich and West Norwood) (Lab): Will the Minister agree to study carefully the results of the survey that my right hon. Friend the shadow Education Secretary and I have undertaken on the expectations of sports partnership development managers regarding the impact of funding cuts on school sport? Does he share my concern that partnership development managers expect a decrease in the number of competitive events and sports in which children can participate? A significant number of them, some 90%, consider that that there will be a reduction in the number of children taking part in sport. Does he share my concern that if those predictions materialise, it will put at risk the legacy promise of transforming a generation of children through sport?

Hugh Robertson: Yes. As with anything the right hon. Lady says or gives to me, I will consider it extremely carefully. We have to be absolutely clear about the matters to which she refers. They are matters for the Department for Education, not this Department, although clearly we keep a close eye on them. Everybody recognises that we are delivering this against a troubled economic backdrop and that there has to be less money available than there would have been. That would have happened whichever party was in power. Set against that, we have to make the most of the opportunities available to us. I am convinced that by safeguarding the whole sport plan funding and by introducing the schools Olympics, we are doing everything we can against a challenging backdrop to make the most of this fantastic opportunity. However, I will look at what she says carefully.

Live Theatre

4. **Sir Alan Beith** (Berwick-upon-Tweed) (LD): What recent discussions he has had with the chair of Arts Council England on the provision of live theatre in rural locations. [52627]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I regularly meet the chair and chief executive of Arts Council England to discuss a wide range of issues. A number of organisations based in or serving rural communities will receive Arts Council funding. Rural areas will also benefit from the £18 million of lottery income earmarked for touring from April 2012.

Sir Alan Beith: Does my hon. Friend share my concern that the organisations that take theatre to village halls in rural communities are disproportionately hit in the Arts Council review? Many are losing 100% of their funding, including the excellent Northumberland Theatre Company, which is based at Alnwick Playhouse. Is the Arts Council not failing to meet its objective of bringing theatre to new audiences by making that decision in this difficult situation?

Mr Vaizey: I know that the Arts Council carefully considered funding for Northumberland Theatre Company, and it will still have funding next year. It is worth noting that the Maltings centre in Berwick-upon-Tweed received a 300% increase in funding—the fourth largest funding increase; that the Berwick film and media arts festival will become a national portfolio organisation; and that Queen's Hall Arts and Highlights, which tours in the area, will continue to receive funding.

Mr Ivan Lewis (Bury South) (Lab): May I begin by paying tribute to officials in the Department for Culture, Media and Sport, who have done so much to support the arrangements for tomorrow's royal wedding, and to the thousands of public service workers, police officers, community support officers and emergency service people who will keep the streets safe so that the occasion can be joyous? Members from all parts of the House wish the royal couple a happy day. Of course, they were not responsible for aspects of the guest list in terms of the DCMS.

Like many arts activities, live theatre in rural communities faces a bleak future. Does the Minister regret the following statement made by the Secretary of State just before the election:

"People have had certain assumptions in the past about Conservative governments...that appeared to say public spending on the arts was something you might want to progressively reduce. That isn't where the modern Conservative party stands."?

Is the Secretary of State still in denial when hundreds of arts organisations have suffered cuts, some are going to the wall, others are increasing ticket prices at a time when people's incomes are being squeezed, and many are scaling back their educational and outreach programmes to the most disadvantaged communities? Is not the modern Conservative party the same old Tories?

Mr Vaizey: Perhaps I, too, may use this opportunity to thank officials in my Department for the hard work they have done on the royal wedding, and to wish Prince William of Wales and Catherine Middleton great joy on their day? I know that the Secretary of State is looking forward to attending the wedding tomorrow. It remains to be seen whether he will tweet throughout it.

I hear what the shadow Secretary of State says, but I do not regret what the Secretary of State said. We have achieved a fantastic settlement for the arts, with an 11% decrease only and a significant increase in lottery funding of 43%.

Exercise and Fitness (Female Participation)

5. **Jo Swinson** (East Dunbartonshire) (LD): What proportion of sports funding provided by his Department was allocated to promoting exercise and fitness for women at grass-roots level in the latest period for which figures are available. [52628]

The Minister for Sport and the Olympics (Hugh Robertson): Promoting female participation in sport is a key priority for the whole sport plans. In addition, a number of projects have exercise and fitness elements to help create a stepping stone into sport. Examples include

British Cycling's breeze and sky ride programmes, England Athletics' informal running networks and the Lawn Tennis Association's cardio tennis.

Jo Swinson: Despite record investment in governing bodies, women's participation in sport continues to fall. There are welcome initiatives such as the £10 million active women fund, but they still represent a tiny proportion of sports funding. Should we not switch funding more towards grass-roots initiatives and learn from mass-participation events such as race for life, which this year will see 1 million women walking, jogging and running 5 k?

Hugh Robertson: Yes. I absolutely understand the hon. Lady's point. About two years ago, the previous Government, supported by the Conservative party, set in place the whole sport plans, which are allowing sport governing bodies to drive up participation. They have now been running for two years, and I think we are starting to see the benefits, although it is like trying to turn a juggernaut around. When the half-time analysis is done, we will ensure that we concentrate on areas in which the plans have not succeeded as well as in others, and that will be one of them.

Ian Austin (Dudley North) (Lab): No one doubts the Minister's personal commitment to sport, but what assessment has he made of the extent to which opportunities for women, and indeed everybody else, to take part in grass-roots sport will be hugely reduced because sports staff are being made redundant and fees to hire facilities and entry charges to pools, sports halls and leisure centres are being increased? That is a result of cuts to local council budgets that are going too far and too fast, for which both he and the hon. Member for East Dunbartonshire (Jo Swinson) voted.

Hugh Robertson: The first point about that is the obvious political one. It is pointless to pretend that cuts have been made because the coalition Government are in power and would not have been made had the Labour party been in power. There would have been cuts whoever was in power. We have put in place a series of programmes to ensure that the effect of the cuts is mitigated, including the Places People Play programme and the work that we are doing with the Select Committee on Communities and Local Government on the Localism Bill. That will allow sports clubs to place all sports facilities on which they play on a local community asset register, so that the facilities are offered to them directly before being put on the open market.

BBC Expenditure

6. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What steps he is taking to ensure scrutiny of expenditure by the BBC. [52632]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): In September last year, my right hon. Friend the Member for Bath (Mr Foster) announced full access for the National Audit Office to the BBC accounts, and I am confident that plans will be in place to allow that to happen by November this year in accordance with our departmental business plan.

Stephen Phillips: I am grateful to my right hon. Friend for that answer. At the moment, funding for the World Service comes from the Foreign and Commonwealth Office budget, as a result of which it is subject to scrutiny by the Public Accounts Committee. When funding for the World Service transfers to the BBC, how will he ensure that those arrangements remain in place?

Mr Hunt: My hon. Friend makes a very important point, and that is exactly why it is important that the National Audit Office has full, unrestricted access to the BBC's accounts, including the ability to examine its spending on the BBC World Service. I have a meeting with the incoming chairman of the BBC Trust on 9 May, and I will discuss that very point with him then.

Mr Ivan Lewis (Bury South) (Lab): Before the election, the Secretary of State said that it would be perverse for local television to receive public subsidy, yet he is forcing the BBC to provide £25 million of licence fee payers' money to subsidise local TV. Does he not agree that it is perverse, at a time when he is promoting local TV, that the BBC is considering cutting local radio, which is so vibrant and so central to the heart of many of our communities? Can we try to achieve cross-party consensus and have a dialogue with the BBC about the importance of BBC local radio to many of our communities?

Mr Hunt: The question is about value for money and how the BBC spends the licence fee, and I am very confident that the agreement that I secured with the BBC last autumn will lead to efficiency savings and better use of licence fee payers' money, but should not lead to reductions in core BBC services. I would be very concerned if any plans announced by the BBC were to lead to any such reductions.

Mr John Whittingdale (Maldon) (Con): Although I welcome the moves to increase the NAO's access to the accounts of the BBC, the Secretary of State will be aware that the Comptroller and Auditor General has written to him to say that he will still not have the ability to decide what to do and when to do it. Does he agree that that ability is essential if the NAO is to have the genuinely unfettered access that he has promised?

Mr Hunt: I agree that the NAO should have unfettered access to the BBC accounts. I take heart from the comments that the incoming chairman of the BBC Trust, Lord Patten, made to my hon. Friend's Committee, when he said that he wanted the NAO to have full, unrestricted access and to be able to go where it wished to ensure and scrutinise value for money at the BBC.

Women's Football

7. **Tracey Crouch** (Chatham and Aylesford) (Con): What steps he is taking to promote women's football. [52633]

The Minister for Sport and the Olympics (Hugh Robertson): I spoke at the launch of the new FA women's super league at Wembley on 11 April to show my support for the new league. My Department also remains committed to investing in all levels of the women's game. Of the £25.5 million funding allocated to the Football Association to grow the grass roots, £2.4 million is exclusively for the development of girls and women's football over the four-year period 2009-13.

Tracey Crouch: Given the successful launch of the FA women's super league and the positive impact it is already having on the women's game, does the Minister share my frustration that, as it stands, there will be no mainstream broadcast coverage of this year's women's world cup in Germany? Will he do all he can to secure an agreement between those involved in broadcast negotiations, so that that situation can be rectified as soon as possible?

Hugh Robertson: The simple answer to that is yes, of course I will. There are two very important elements to that: first, the establishment of the women's super league; and, secondly, ensuring it receives the necessary profile. Now that the league is established, I hope that the profile, and very soon in its wake a broadcaster, will follow.

Public Libraries

8. **Yvonne Fovargue** (Makerfield) (Lab): What plans he has for the future of the statutory duty on local authorities to make adequate provision for public libraries. [52634]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): By encouraging reading, providing access to information and representing a focus for community activity, public library services contribute significantly to the national cultural landscape. They deserve statutory protection. There are no proposals to remove the duty on local authorities to provide a comprehensive and efficient public library service.

Yvonne Fovargue: Many older people in Makerfield who signed petitions to save their libraries told me that their introduction to the internet, and indeed their subsequent use of it, was at their local library. How will the Government ensure that library closures and cuts to the library service do not adversely affect people who otherwise do not have access to the internet?

Mr Vaizey: The hon. Lady makes an extremely important point. People access internet services in the library, and I hope that local authorities take that into account when they consider changes to public library services. Of course, UK Online centres and many other community services also provide access to the internet.

Mr James Gray (North Wiltshire) (Con): Is the Minister aware that prudent, Conservative-controlled councils such as Wiltshire county council—my council—are, far from cutting library services in these difficult times, expanding them, and expanding the hours for which libraries are open?

Mr Vaizey: I am aware of Wiltshire county council's effective stewardship of its library services, and indeed of its ambitious plans for broadband, if I may combine the two points made by the hon. Member for Makerfield (Yvonne Fovargue). Local authorities of every political persuasion up and down the country are keeping their libraries open, and understand what an effective public library service can bring to their community.

Olympics (Economic Effects)

9. **Graham Stringer** (Blackley and Broughton) (Lab): What recent assessment he has made of the economic effects of the London 2012 Olympics on the regions of England other than London and the south-east. [52635]

The Minister for Sport and the Olympics (Hugh Robertson): The whole of the UK stands to gain from the wide range of opportunities created by the London 2012 Olympics. The Olympic Delivery Authority has 53 suppliers in the north-west alone, including Broughton Controls Ltd just outside the hon. Gentleman's constituency, which supplies CCTV systems in the park. Many more form part of an extensive supply chain. However, opportunities extend beyond that. So far, six national Olympic and Paralympic committees have signed contracts to train in the north-west, including the Australian swimming team and the USA basketball team, so the north-west is making a massive and important contribution to London 2012.

Graham Stringer: I am sure that the Minister is right on those specifics, but the previous Administration commissioned a report by Dr Adam Blake of Nottingham university that showed that overall there would be a net negative impact on the English regions of £4 billion—the look on the Minister's face tells me that he has never heard of the report.

The report was produced at a time of prosperity. Is it not time that the Minister had it updated so that the Government can take action to right that undoubted economic wrong?

Hugh Robertson: I have been rumbled—I was looking at the right hon. Member for Dulwich and West Norwood (Tessa Jowell) in the hope that she might help me out, but she is looking pretty blank. The best thing I can say to the hon. Gentleman is that I will dig the report out. It was not part of the handover brief that I received. Anybody who suggests that Manchester and the area around it is anything other than a vital part of the sporting infrastructure of this country is talking nonsense. The north-west, and particularly Manchester, will be at the centre of this great national sporting celebration.

Efficiency Savings

10. **Mr Philip Hollobone** (Kettering) (Con): What mechanisms his Department has used to identify efficiency savings since May 2010. [52636]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): My Department has one of the most ambitious plans for efficiency savings in Whitehall, having committed to reduce our costs by 50%. By doing that, we have been able to reduce our cuts to the majority of front-line cultural and sporting organisations to just 15%.

Mr Hollobone: Is it the Secretary of State's ambition to make his the most efficient Whitehall Department and, if so, how confident is he that he will achieve it?

Mr Hunt: It is absolutely my objective, and I wish to pay tribute to the officials in my correspondence department who have managed to increase the proportion of correspondence replied to within 48 hours to more than 60%, which is incredibly impressive. My hon. Friend sets an example for all of us with his own frugality and Labour Members who were Ministers in the previous Government should perhaps pause and reflect on the way in which they used taxpayers' money. In this Department they spent more than £300,000 on ministerial cars: we spent just £8,000 on minicabs. They spent more than £100,000 on hospitality: we halved it—

Mr Speaker: Order. The Secretary of State must resume his seat. The general point has been explicitly made. Question time must not be abused and I know that the Secretary of State, who takes Parliament seriously, will not try that with me.

Broadband

11. **Mr Don Foster** (Bath) (LD): What discussions he has had with the BBC Trust on the contribution of the BBC to the provision of high speed broadband. [52637]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): Following discussions at official level with the BBC and BBC Trust, the BBC agreement is being amended to reflect its new funding obligations arising from the television licence fee settlement, including the obligations related to support for broadband roll-out. The draft text of the amended agreement is currently with my Secretary of State for approval.

Mr Foster: May I take this opportunity to congratulate all the staff who have worked so hard to help to ensure that tomorrow will be a great day for the royal family, especially the royal couple, as well as a great boost to UK tourism? Does the Minister agree that, with only 1% of households currently having high-speed broadband, if we are to achieve our target of being the best in Europe by 2015, we have to drive up demand? Does it therefore make sense for the BBC to use some of its ring-fenced licence fee money for that very purpose?

Mr Vaizey: The right hon. Gentleman makes an effective point. May I also take this opportunity to thank the many people I met in Bath for making my visit to his constituency at the beginning of the month so enjoyable? As he knows, Martha Lane Fox is leading the Race Online 2012 campaign to encourage as many people as possible to get online. Public libraries, through the Museums, Libraries and Archives Council, have set a target of getting 500,000 people online, and I know that the BBC is pushing forward interesting initiatives to encourage people to get online, which I discuss with it regularly.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): The Government have abandoned the commitment to universal broadband by 2012 and instead trumpet their achievements in rolling out superfast broadband. However, in recent correspondence, I was told that the only way to monitor the progress of the delivery of superfast broadband was to check the website regularly. Will the Minister explain how progress on the delivery of superfast broadband can be monitored, and how it is being publicised?

Mr Vaizey: We will regularly monitor progress on superfast broadband on several fronts, including cost, access, take-up and speed. British Telecom deserves to be congratulated as it is now rolling out superfast broadband to 90,000 homes a week, which I think is the fastest roll-out anywhere in the world. I hear what the hon. Lady says, and I hope that she will soon be able to have a meeting with Broadband Delivery UK to raise these issues directly.

Rugby League World Cup

12. **David Mowat** (Warrington South) (Con): What financial support the Government plan to provide for the 2013 rugby league world cup; and if he will make a statement. [52638]

The Minister for Sport and the Olympics (Hugh Robertson): I met with the executive chairman and chief executive of the rugby football league on 7 April to discuss the 2013 world cup. I am keeping the funding situation under review pending the decision by the Northwest Regional Development Agency, which is due by the end of May.

David Mowat: The Minister will be aware that funding from the Northwest Regional Development Agency is in jeopardy. If that funding does not materialise, can the Minister assure the House that he will stand behind the coalition agreement and continue to support the world cup from his Department?

Hugh Robertson: Broadly speaking, the answer is yes. At the meeting we discussed the various options that would be available. At the moment, I want to concentrate on getting the funding that was promised, and committed to, by the Northwest Regional Development Agency for the rugby league world cup—*[Interruption.]* No, it has the funding to cover the world cup, if it chooses to do so, and I hope that it will because of the benefit to that region.

Helen Jones (Warrington North) (Lab): When I raised this matter in October, the Minister, as I recall, promised me that he would treat both codes equally when allocating funding for the two world cups. Will he pledge to stick to that promise, and will he ensure that towns such as Warrington benefit from the world cup by hosting some of the matches?

Hugh Robertson: Absolutely. I made the commitment to the hon. Lady, and I have stuck by it. I followed it up with a letter to the rugby football league. It has been down to see me, and there is no question of our treating the two codes differently. The issue here arises from a tranche of funding that was promised by the Northwest Regional Development Agency, but which it has now threatened to withdraw. Clearly I want to get that money out of it, and we will do everything possible to bring this home.

Local Radio

13. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What discussions he has had with the BBC Trust on the future of local radio. [52639]

15. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What discussions he has had with the BBC Trust on the future of local radio. [52641]

16. **Mr Jim Cunningham** (Coventry South) (Lab): If he will discuss with representatives of the BBC Trust future provision of daytime local radio services; and if he will make a statement. [52642]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): No discussions have been held with the BBC Trust on the future of local radio, and nor are we planning any such discussions. However, this issue was the subject of a recent lengthy debate in the House, and we urge the BBC to take account of the views raised by many hon. Members.

Tristram Hunt: It is absolutely right that BBC operational independence remains, but the BBC Trust needs to understand that when so much money is spent on over-inflated BBC manager and presenter salaries, particularly those imposing super-injunctions, cutting excellent local radio stations, such as BBC Stoke, which are so vital to community identity, is simply not acceptable.

Mr Vaizey: I hear what the hon. Gentleman says. Had that statement been made by a Conservative, it would have been seen as an unwarranted attack on the BBC. However, I am glad that there is cross-party agreement on concerns about the level of BBC salaries, even if he has ruled out further appearances on the Andrew Marr programme.

Luciana Berger: Of the 40 BBC local radio stations, BBC Radio Merseyside is the most listened to outside London. We know that the Secretary of State has shown his passion for local media in his promotion of local television. What are he and the Minister doing specifically to ensure that 24-hour BBC radio programming continues?

Mr Vaizey: This is the second time this month that the hon. Lady has praised BBC Radio Merseyside in the House. I hope that she is reaping the benefits as a result. As I have said, it is not for the Government to tell the BBC what to do. However, my understanding is that some of these reforms, which are only proposals—and I genuinely think that the BBC does listen to hon. Members' views—are driven more by concerns about content than concerns about saving money.

Mr Jim Cunningham: Is the Minister saying that Coventry and Warwickshire radio, which provides a valuable local service in the Coventry area, will not be amalgamated with Radio 5 Live? Can I take it from his answer that that is what he is saying?

Mr Vaizey: What the hon. Gentleman can take from my answer is that the BBC is making a series of proposals that would need to be approved by the BBC Trust, and that I know from my own campaigning to save 6Music that the views of hon. Members can have some influence on BBC decisions.

Sarah Newton (Truro and Falmouth) (Con): I understand what the Minister is saying about it being for the BBC Trust to make decisions about how to cut and organise services, but will he send out a message loud and clear to the BBC Trust that it should not be cutting BBC local radio, which is listened to in Cornwall by more people than listen to BBC Radio 1, Radio 2, Radio 3 or Radio 4?

Mr Vaizey: I think that my hon. Friend, in her inimitable way, has sent out a message loud and clear to the BBC Trust.

Duncan Hames (Chippenham) (LD): We did, indeed, have an excellent debate in Westminster Hall on this subject the other week. Does the Minister agree that in Corsham, Melksham, Winsley, Holt and across rural Wiltshire people appreciate that in BBC local radio they have programming that gets out of the cities and reflects the varied interests of people in the countryside of our fine country?

Mr Vaizey: My hon. Friend made similar points in the debate at the beginning of April, and again I hope that he has reaped the rewards. That debate was also an important opportunity to congratulate him on his then forthcoming nuptials, although I am not on top of them enough to know whether they have now occurred—*[Laughter.]*

Youth Development (Football)

14. **Hugh Bayley** (York Central) (Lab): What steps his Department is taking to support youth development in professional football clubs. [52640]

The Minister for Sport and the Olympics (Hugh Robertson): Why is it me who has to follow that answer from my hon. Friend? I am not on top of anything!

My Department's priority is to continue to invest significant sums in grass-roots football—very important as it is—and between 2009 and 2013 we will invest £25.5 million via the Football Association's whole sport plan and £47 million in the Football Foundation. This funding will help to strengthen youth development programmes.

Hugh Bayley: I am pleased that Sport England is spending £25 million on football youth development, but all the money goes to richer clubs in the Football League. None of it goes to the seven non-league clubs that have professional youth development programmes. In November the Minister advised me and colleagues from all parties representing the other, smaller clubs to raise the matter with Sport England and the Football Association. We have done so, but we are no further forward. Would the Minister be willing to meet a cross-party delegation of MPs representing constituencies covering those clubs to discuss the matter further?

Hugh Robertson: In theory, yes, of course I would. However, the important thing is that these funding decisions are made, very properly, by the sport's national

governing bodies. That was the central point of the whole sport plan: they are given a sum of money that is measured against a set of direct objectives, and it is up to those bodies to decide how to spend it. So in theory, yes, I am prepared to meet the hon. Gentleman, but I would need extraordinarily good evidence to try to contradict a professional judgment made by a sport about where best to spend its money to drive up participation.

Topical Questions

T2. [52645] **Dr Julian Huppert** (Cambridge) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): This House has already expressed its good wishes to the royal couple for tomorrow's events. I know that we would also wish to express our good wishes to the 500,000 people planning to go to street parties who are anxiously looking at the clouds. After my earlier slap on the wrist I hesitate to crave your indulgence, Mr Speaker, but as Culture Secretary, I would like to read a couple of lines from the nation's greatest playwright to honour the happy couple. These come from sonnet 136 by Shakespeare:

"Make but my name thy love, and love that still,
And then thou lovest me for my name is 'Will'."

Dr Huppert: I am not sure that I can follow that quite so elegantly. I understand the argument for controls on ambush marketing in the forthcoming Olympic games, but what assurances can the Secretary of State give the House and the general public that they will be treated sensitively and that people will not be dealt with heavy handedly if they happen to wear clothing with the wrong label, eat food of the wrong brand, or try to pay for things with the wrong credit card?

Mr Hunt: I hope that I can reassure my hon. Friend that we will apply the rules sensitively. Everyone wants the Olympics to be a success, as they want the royal wedding tomorrow to be a success. Peer pressure from crowds is one of the best ways of ensuring that people behave sensibly on such occasions, although I fully take on board his points.

Gloria De Piero (Ashfield) (Lab): When we are cutting spending on everything outside the House of Commons, will the Minister consider freezing spending on the House of Commons and Government art collection for the lifetime of this Parliament? Surely what money there is would be better spent on struggling libraries, theatre groups, galleries and other cultural organisations across Britain that are enjoyed by millions.

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): We have frozen spending on the Government art collection for two years. However, let me take this opportunity to say that the Government art collection is a great jewel in the crown of this nation, and I would urge the hon. Lady to go and see it. It is inimitably British, and was set up in the 19th century because the Clerk of the Works decided that it was cheaper to buy paintings to cover the damp on the walls than to replace the wallpaper.

T6. [52649] **Mr Philip Hollobone** (Kettering) (Con): What is the Secretary of State's initial assessment of the success or otherwise of the ticket application process for the London Olympics?

The Minister for Sport and the Olympics (Hugh Robertson): The ticket application process has been an outstanding success. More than 20 million Olympic tickets have been applied for, with more than 1.8 million people applying.

T3. [52646] **Mrs Linda Riordan** (Halifax) (Lab/Co-op): What steps are the Government taking to ensure that more people have broadband access at home? Thousands of my constituents still do not have access, despite the Government's warm words.

Mr Vaizey: I hear what the hon. Lady says. The Government have set aside £530 million of funding to increase the roll-out of broadband. We have four pilots already announced that are up and running, and we have received, I think, 25 applications for a second wave of pilots, which we are due to announce at the end of May.

Amber Rudd (Hastings and Rye) (Con): I am sorry to say that many colleagues and Members may have missed the extraordinary sight of nearly 100 Morris dancers, Green men and Bogies up from Hastings to make the point that we do not want to move our bank holiday, because it is so important to tourism and the commercial reality of Hastings. Does the Minister agree that this strength of feeling demonstrates that he should reflect carefully on whether to move that bank holiday?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I was delighted to accept a petition from the assembled throng of Morris men, Green men and everyone else from Hastings, and I made the point to them at the time that the Government are determinedly neutral on this issue. We want to consult on the various options. The country has not had a proper debate about this for decades, if not longer, and we are therefore consulting from a neutral position, rather than with a preferred option at this point.

T4. [52647] **John Robertson** (Glasgow North West) (Lab): The Secretary of State mentioned that the Olympics were going to help the whole country. May I ask what is going to happen to the surplus tickets for Olympic events and suggest that he look towards the state secondary schools, so that children who might not normally have access to such events can have a chance to go to them? This could help with the legacy that he hopes to create.

Hugh Robertson: Providing tickets for children is a key priority of the ticketing process. There is a pay-your-age scheme, and I tried it myself on Sunday night. I have a three-and-a-half-year-old who will shortly be four, so I paid £4 for his ticket. There is provision within the process. A ballot will take place, and anyone who is unsuccessful will get preferential treatment in the next round.

Martin Vickers (Cleethorpes) (Con): During the recess, I met Mr Owen Taylor, the owner and operator of a number of family amusement arcades in Cleethorpes and other east coast arcades. He is concerned about the changing face of those resorts, with higher stake money and larger prizes creating a risk of drawing young, vulnerable people into the gambling habit. Will the Minister agree to meet a delegation consisting of Mr Taylor, myself and others to discuss this matter? During such a meeting, we could perhaps discuss other initiatives that the Government have in mind for resorts such as Cleethorpes.

John Penrose: We take any concerns about gambling, particularly problem gambling, very seriously. When considered on an international basis, British levels of problem gambling are comparatively low, although there is obviously no room for complacency. I would of course be delighted to meet my hon. Friend and his constituents as necessary.

T5. [52648] **Hugh Bayley** (York Central) (Lab): The current BBC experiment to have all the local radio stations in Yorkshire carrying the same programme at lunchtimes is not local, and we already have regional television. Does the Minister agree that the licence fee should be used for programming that would not otherwise be broadcast, and that that should include BBC local radio?

Mr Vaizey: Hon. Members have made their concerns very clear about reforms to local radio by the BBC, and I am sure that the hon. Gentleman's remarks will be heard. I am afraid I do not know the specifics of what is happening in Yorkshire. At the beginning of April, I made a very interesting visit to BBC Radio Norfolk in Norwich, and the working of a local news operation was a wonder to behold.

Mr David Nuttall (Bury North) (Con): Will the Secretary of State join me and my hon. Friend the Member for Cities of London and Westminster (Mr Field)—and, no doubt, the shadow Secretary of State, the hon. Member for Bury South (Mr Lewis)—in congratulating Bury FC on its promotion at the weekend, and in wishing it well in division one?

Hugh Robertson: Yes.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): There is significant support among players and supporters in Wales for the creation of a Welsh national cricket team to compete in the one-day world cup and the Twenty20 world cup. A Welsh national team competed in the 1979 International Cricket Council trophy, so there is a precedent for this. Will the Minister raise this matter with the England and Wales Cricket Board to see whether this ambition can be achieved without endangering Glamorgan's first-class status or the SWALEC stadium's status as a test venue?

Hugh Robertson: The answer to that lay in the question. We have an England and Wales Cricket Board, and it would also be extraordinarily difficult to do that without endangering Glamorgan's first-class status or the ability of the ground to compete for test matches. Traditionally, for many years, Welsh players have competed for England, although there are none at the moment. I imagine that Robert Croft was the last one to do so, and I hope that there will be many more in the future. Hugh Morris, the director of cricket at the ECB, was a Glamorgan player.

Iain Stewart (Milton Keynes South) (Con): The Minister will be aware that the London Mozart Players, one of the finest chamber orchestras in the country, is facing closure. Will he agree to meet Hilary Davan Wetton, the associate conductor, whom I know through his connection with the equally fine Milton Keynes City Orchestra, to see whether a short-term solution can be found to allow the orchestra to survive while we work out a long-term solution?

Mr Vaizey: I know Hilary Davan Wetton of old, and have the utmost respect for him, but I have to say that I do not think it would be appropriate for me to have such a meeting. These decisions are taken by the Arts Council at arm's length from the Government, and the right people for Mr Davan Wetton to meet would be representatives of the Arts Council.

T7. [52650] **Sheila Gilmore** (Edinburgh East) (Lab): In the light of the considerable concerns arising from the ongoing criminal investigations into phone hacking in the News International stable, is the Secretary of State now minded to postpone his decision on the future of BSkyB until such time as those criminal investigations have been concluded?

Mr Hunt: The decision I have to take about the Sky merger relates to media plurality, and we are in the process of taking that decision. I am very concerned about the news about phone hacking. It is a criminal offence. Two people have already gone to prison and three people have been arrested. As the Prime Minister said yesterday, the police must follow their investigations wherever they lead because the public must have confidence that, with a free press, the press use that freedom responsibly.

LEADER OF THE HOUSE

The Leader of the House was asked—

Ministerial Statements

1. **Mr Peter Bone** (Wellingborough) (Con): If he will bring forward proposals to implement the recommendations of the Procedure Committee relating to ministerial statements. [52651]

The Leader of the House of Commons (Sir George Young): I have sent the Government's response on its report to the Procedure Committee, which will be published in due course. It would be for the Backbench Business Committee to find time to debate proposals to reform ministerial statements.

Mr Bone: Under the last Government, it was routine for ministerial statements to be leaked to the press. There was a media grid and they were leaked, before a statement was made, in a routine manner. Unfortunately, that has continued under this Government. Until we have sanctions against Ministers for leaking, we will never get the problem under control. Will the Leader of the House tell us whether he thinks the proposals of the Procedure Committee go far enough?

Sir George Young: I recall the sanctions that my hon. Friend mentioned in his speech of 20 July: one was to string Ministers up from the roof and the other was to put them in stocks in Parliament square. I think even the Whips would agree that that was going slightly over the top. The Government's view is that there are enough sanctions at the moment. A Minister can be summoned to the House in response to an urgent question; he can be grilled by a departmental Select Committee; and, under the arrangements we have just introduced, the Backbench Business Committee can table a motion for debate, including a motion deploring a Minister's behaviour. Our view is that enough sanctions are already available.

Mr Greg Knight (East Yorkshire) (Con): May I remind my right hon. Friend that the circumstances surrounding the preparation of this report were rather unusual in that it was, in effect, commissioned by the House, following a debate and a motion before the Chamber, which he supported? One does expect the Government to be accommodating on this matter. In an attempt to move this issue forward, may I invite him to return to the Procedure Committee for further discussions—hopefully sooner rather than later?

Sir George Young: I would be delighted to respond to my right hon. Friend's invitation and attend his Committee at the earliest possible convenience.

House Procedures

2. **Greg Hands** (Chelsea and Fulham) (Con): If he will assess the merits of the provision of training on the procedures of the House for hon. Members who are former Ministers. [52652]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): No such assessment has been made, but my right hon. Friend the Leader of the House and I would be happy to receive representations on the issue.

Greg Hands: The former Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) has spoken only once in this Chamber in the past year—

Mr Speaker: Order. I simply want to establish that the hon. Gentleman has notified the Member in question because that is the proper course of action. It needs to be made clear to the House, rather than simply privately, that that has been done.

Greg Hands: Thank you for that ruling, Mr Speaker; I copied you in on the notification.

Mr Speaker: Order. Let me repeat the point. It is not a matter of private communication, but the responsibility of the Member to notify the House that the Member in question has been notified. Private considerations and communications do not come into it.

Greg Hands: Thank you, Mr Speaker.

That was in stark contrast to the former Prime Minister, Sir John Major, who used to speak monthly after he stood down. You will know, Mr Speaker, that yesterday saw the installation of the official photo of the right hon. Member for Kirkcaldy and Cowdenbeath in No. 10 Downing street. I wonder whether my hon. Friend would agree to acquire a copy of the photo for identification purposes to use in this Chamber in case the former Prime Minister decides to come down and participate.

Mr Heath: I am not sure that we necessarily need to go into that. I did see the picture and thought it looked rather nice; there was almost a smile. On the serious issue of training for former Ministers, I am sure that support could be made available if it were requested, and it might be welcomed, because when people leave office they often find that they forget some things.

Pre-legislative Scrutiny

3. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What plans he has for pre-legislative scrutiny of legislation proposed by the Government; and if he will make a statement. [52653]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The Government have made clear our intention to improve the quality of legislation. We have already published the draft Defamation Bill and two draft Detention of Terrorist Subjects (Temporary Extensions) Bills. We have also informed the Liaison Committee of our intention to invite pre-legislative scrutiny on the Financial Services Bill, the Groceries Code Adjudicator Bill, the House of Lords Bill, the Parliamentary Privilege Bill, and the Political Reform Bill.

Simon Hughes: I welcome that reply, but can I establish that the Government intend all Government legislation to be published in draft as well as, later, in substantive form for the remainder of the current Parliament, so that pre-legislative scrutiny can take place all the time? That is clearly the best practice.

Mr Heath: We are committed to publishing Bills in draft whenever possible, but the aspiration to publish more of next Session's potential Bills in draft must be balanced against the need to devote sufficient resources to getting this Session's Bills right. We hope to increase the proportion of Bills published in draft during the current Parliament, and by the end of this Session we expect to have published more Bills in draft than the average number under the last Administration.

Helen Jones (Warrington North) (Lab): As the Government are so keen on pre-legislative scrutiny, can the dear Deputy Leader explain why they did not use the procedure in the case of the Health and Social Care Bill? Would that not have had numerous advantages? It would have prevented the Government from introducing legislation that had not been thought through, it would have allowed the Liberal Democrats to pretend that they were being listened to, and, more important, it might have saved the NHS. Will the hon. Gentleman now apologise for that abject failure, and ensure that the House is given proper time to debate the amendments to the Bill when the Government present them?

Mr Heath: I rather like the idea of being a dear Leader, or a dear Deputy Leader. I think it lends a certain cachet to the office.

The serious response to the hon. Lady's question is that, with a new Administration, it is inevitable that some Bills will not receive pre-legislative scrutiny because they must be put into action. In the case of the Bill that she mentioned, however, a period of reflection is now being entered into, and I think that it will be extremely valuable. It will ensure that we hear the advice of everyone who is concerned with getting the Bill right.

Politics (Cost Reductions)

4. **Brandon Lewis** (Great Yarmouth) (Con): What recent discussions he has had with the Deputy Prime Minister on the implications for the House of Commons of the Government's programme for reducing the cost of politics. [52654]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The Leader of the House and I regularly discuss such issues with ministerial colleagues. Since the general election the Government have cut ministerial pay by 5%, steered through legislation that will reduce the size of the House of Commons, cut the cost of special advisers, and scrapped the use of dedicated ministerial cars in all but exceptional cases. The House has played its part, with Members agreeing to the freezing of their salaries, and the Commission is overseeing a programme to save at least 17% by 2014-15 while ensuring that the House remains able to scrutinise the Executive effectively.

Brandon Lewis: I thank the Deputy Leader of the House for that answer, and particularly for his comment about ministerial cars. Like many other people, I believe that if we take care of the pennies, the pounds take care of themselves. Will the Deputy Leader of the House say a little more about the impact of the change in the ministerial cars system?

Mr Heath: As the hon. Gentleman probably knows, on 24 May 2010 the Government announced that in all but exceptional cases Ministers would no longer have dedicated cars and drivers. That is not to say that no cars are ever used—there are times when Ministers require the use of a car—but I think I can modestly say that my right hon. Friend the Leader of the House and I set something of an example in that we hardly, if ever, use ministerial cars: we prefer to use our bikes or walk.

Hugh Bayley (York Central) (Lab): If Members of Parliament base their staff in their constituencies they must pay rent, rates and telephone, heating, lighting and photocopying bills, but if they base their staff at the House of Commons, all those assets come as a free resource. Will the Deputy Leader of the House consult representatives of the other parties, and try to find a way in which to get rid of the perverse incentive to base staff in London, where they cost the public purse rather more?

Mr Heath: I am always happy to discuss such matters with anyone, but that is now a matter for the Independent Parliamentary Standards Authority. It is certainly not a matter for Government.

HOUSE OF COMMONS COMMISSION

The hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, was asked—

Renewable Energy

5. **John Mann** (Bassetlaw) (Lab): What assessment the House of Commons Commission has made of the potential for use of renewable energy technology on the House of Commons part of the parliamentary estate. [52655]

John Thurso (Caithness, Sutherland and Easter Ross): In 2005, a study was conducted on the potential for solar photovoltaic and hot water systems on the roofs of the Palace of Westminster. However, it was ruled out because the financial payback was 125 years and the equipment had a life expectancy of 30 years. The current mechanical and electrical project has already installed new energy-efficient pumps and motors, and the medium to long-term plans include solar photovoltaics, greywater harvesting, borehole water cooling, and combined heat and power.

John Mann: We do not want windmills here just as much as I do not want them cluttering the landscape of Bassetlaw, but there must be scope for solar energy, and not least for air source heat pumps, in the Palace of Westminster. Is it not time that we got our act together and started using renewables far more on the parliamentary estate?

John Thurso: I am very happy to be able to agree with the hon. Gentleman and to inform him that these issues are at the heart of the project that is ongoing within the Facilities Department. All of these options are considered for ongoing programmes and where repairs and renewals are undertaken or where capital investment is made.

Duncan Hames (Chippenham) (LD): Does my hon. Friend agree both that much has changed since the earlier assessments, not least the Government's recent announcement that public bodies will be able to benefit from feed-in tariffs, and that rather than looking to the medium to long term, we ought to be taking a much more urgent approach to achieving renewable energy for the parliamentary estate?

John Thurso: I am grateful to my hon. Friend for that question, and, indeed, the infrastructure to accommodate the measures I referred to in my first answer will be installed to take advantage of the technologies as they mature and as paybacks improve, as they currently are doing.

LEADER OF THE HOUSE

The Leader of the House was asked—

Hand-held Devices

6. **Kevin Brennan** (Cardiff West) (Lab): What representations he has received on the use of hand-held devices during proceedings of the House and its Committees. [52656]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I am very conscious of the fact that anything I say on this subject may be tweeted and used in evidence against me. The Leader of the House has received no representation on this matter, which is ultimately a matter for the House. The Procedure Committee has produced a sensible proposal in its report. My right hon. Friend the Leader of the House wrote to the Chair of the Committee saying that we would both support a motion in the terms proposed by the Committee to be debated in Back-Bench time.

Kevin Brennan: I commend the report of the right hon. Member for East Yorkshire (Mr Knight) and his Committee on this matter. Would it, however, be technically possible to install a screen in the Chamber so MPs could follow a live Twitter feed during the course of our debates and therefore be able to see what people are saying about us, including our own colleagues?

Mr Heath: It is an intriguing thought, but I suspect there are enough distractions in the Chamber already.

Mr James Gray (North Wiltshire) (Con): While I broadly support the use of electronic devices for urgent messages and the like, I divided the Procedure Committee on the matter and voted against the report, simply because I took the view that if we were all to be sitting here tweeting, checking our e-mails and reading newspapers on screens, we would not be paying proper attention to the debates we were sent here to engage in. I therefore ask the Deputy Leader of the House whether he is ready to respond to the Committee's report, and let me add that I hope his response will be more considered than the report's conclusions.

Mr Heath: I do think this is a House matter, and a matter for you, Mr Speaker—and you have given an indication of your own thoughts on it. I understand that the Chair of the Committee has asked the Backbench Business Committee for time to discuss the report, and I think it is appropriate that the House has a debate on the issue, takes on board the contrary views on either side of the argument, and then comes to a decision.

Environment, Food and Rural Affairs Questions

7. **Miss Anne McIntosh** (Thirsk and Malton) (Con): For what reason the time allocated to questions for oral answer to the Secretary of State for Environment, Food and Rural Affairs has been reduced to 45 minutes; and if he will review that decision. [52657]

The Leader of the House of Commons (Sir George Young): Following a request from the official Opposition, the Government increased the time allocation for questions for oral answer to the Deputy Prime Minister. As a consequence of the pressures on the time available for oral questions, it was necessary for changes to be made to the rota. The status of the oral questions rota will, of course, be kept under review.

Miss McIntosh: I am grateful to the Leader of the House for that reply. I know that you, Mr Speaker, and, indeed, the Leader of the House and the whole House, put great store on there being sufficient supervision of Departments of State. In asking the Leader of the House to review his decision, I would suggest that the Department for Environment, Food and Rural Affairs is a Department whose responsibilities bear greater scrutiny than 45 minutes allows. We have had the unfortunate incident over the sale of forestry and a number of delayed decisions, which we on the Environment, Food and Rural Affairs Committee are not able to consider because of the delay before the summer recess—I am thinking here of bovine tuberculosis, the natural environment White Paper and the water White Paper. Please will the Leader of the House review his decision and give proper scrutiny of that great Department?

Sir George Young: May I pay tribute to the work that my hon. Friend does, as Chair of the appropriate Select Committee, in holding that Department to account? Of course we will keep this matter under review, but I just say to her that the time available for DEFRA questions is longer than that for 10 of the other oral questions sessions.

HOUSE OF COMMONS COMMISSION

The hon. Member for Caithness, Sutherland and Easter Ross, representing the House of Commons Commission, was asked—

Recycling

8. **Mr Philip Hollobone** (Kettering) (Con): What recent progress the House of Commons Commission has made in improving the recycling of paper and other materials used on the House of Commons part of the parliamentary estate. [52658]

John Thurso (Caithness, Sutherland and Easter Ross): The amount of waste recycled in 2010-11 was 49.2%, and the amount of paper and cardboard that has been recycled has more than doubled since records started in 2002. The two Houses are due to let a new waste collection contract this summer, and this will require the contractor to work in partnership to meet the waste reduction and recycling targets set by the House. The new contract will also include a pilot scheme to recycle compostable waste.

Mr Hollobone: What are the recycling targets set by the House, and can we not do far better than we are doing at the moment?

John Thurso: Parliament's recycling target for office waste was set at 60% for 2010-11. The actual recycling rate achieved in the year was below target, at 49.2%, largely because of a significant reduction in the recorded amount of glass waste and, thus, in the proportion of total office waste recycled. The House is looking to recycle 75% of office waste by 2020-21.

Rifle Range

9. **Diana Johnson** (Kingston upon Hull North) (Lab): What the cost to the House of Commons Service of the rifle range on the parliamentary estate was in the latest year for which figures are available. [52659]

John Thurso: The range is situated in the House of Lords, so there is no direct cost to the House of Commons other than in respect of that percentage of the estate which is paid for by the House of Commons.

Diana Johnson: Given the continued sniping about some of the family-friendly measures that have been introduced, such as the crèche, and the need for the House of Commons and the House of Lords to make cuts to their budgets, are we not shooting ourselves in the foot by continuing to pay for a rifle range in the House of Lords?

John Thurso: I am most grateful to the hon. Lady for her attempt to brown the covey, but I suggest that she has to take a more targeted approach. This is a matter entirely for their lordships.

Business of the House

11.32 am

Hilary Benn (Leeds Central) (Lab): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commending 2 May will be:

MONDAY 2 MAY—The House will not be sitting.

TUESDAY 3 MAY—Consideration in Committee of the Finance (No.3) Bill (day 1).

WEDNESDAY 4 MAY—Consideration in Committee of the Finance (No.3) Bill (day 2).

THURSDAY 5 MAY—General debate on social housing in London. The business has been nominated by the Backbench Business Committee.

The provisional business for the week commencing 9 May will include:

MONDAY 9 MAY—Opposition day [unallotted day] [half day]. There will be a half-day debate on an Opposition motion, subject to be announced, followed by a motion to approve an instruction relating to the Welfare Reform Bill, followed by a motion to approve a European document relating to trafficking.

TUESDAY 10 MAY—Second Reading of the Energy Bill [*Lords*].

WEDNESDAY 11 MAY—Consideration in Committee and remaining stages of the Armed Forces Bill.

THURSDAY 12 MAY—Business nominated by the Backbench Business Committee.

FRIDAY 13 MAY—Private Members' Bills.

I should also like to inform the House that the business in Westminster Hall for Thursday 5, 12 and 19 May will be:

THURSDAY 5 MAY—A general debate in which Members may raise any issue. This debate, nominated by the Backbench Business Committee, will follow a similar pattern to the pre-recess Adjournment debates in which Members were able to raise any issue. Members are advised to consult the Order Paper to seek information on how to provide advance notice of the subject they intend to raise. The debate will be responded to by the Deputy Leader of the House.

THURSDAY 12 MAY—Subject to be nominated by the Backbench Business Committee.

THURSDAY 19 MAY—A debate on the Severn crossings toll, followed by a debate on the constitutional implications for Wales of the Government's proposals for constitutional reform.

Finally, I am sure that the whole House will want to wish Prince William and Kate Middleton the very best for tomorrow and a long and happy life together.

Hilary Benn: I am grateful to the Leader of the House for that reply. On behalf of the Opposition, I join him in sending best wishes to the happy couple for tomorrow.

Members welcomed Tuesday's statement from the Foreign Secretary on Libya and the wider middle east, including the very disturbing developments in Syria, which I am sure those on both sides of the House will wish to condemn. I trust that we will continue to be kept informed.

Will the Leader of the House tell us when he will announce final sitting dates up to the next Queen's Speech and on what date it will be held? Will he tell us when he expects the Health and Social Care Bill to return to the House following the current pause? As the Public Accounts Committee warned this week that there is no plan to deal with the risks being taken with the health service, and virtually everyone at the Royal College of Nursing conference expressed no confidence in the Secretary of State for Health, even this Government must realise that they have a very big problem on their hands. Mind you, Mr Speaker, the nurses were only taking their lead from the Prime Minister, who lost confidence in the right hon. Member for South Cambridgeshire (Mr Lansley) quite some time ago. The Health Secretary must be desperately hoping that his famous mantra,

"no decisions about me without me",

will apply to his own career prospects.

Will the Leader of the House clarify the comments of the Deputy Prime Minister at this week's listening event on the NHS reforms? He is reported as having said:

"We will make changes, we'll make significant and substantive changes to the legislation which at the moment is—if you like—it's suspended in the House of Commons".

Will the Leader of the House tell us how long this suspension will last, whether there will be an oral statement on the outcome of the listening exercise before Report and when the Prime Minister will finally admit, as the Secretary of State for Work and Pensions has now done publicly, that NHS waiting times are rising as a result of these botched plans?

Talking of which, when can we expect a statement from the Secretary of State for Business, Innovation and Skills on university tuition fees, given that for some reason he did not take part in yesterday's debate? The Government's promise to students and parents could not have been clearer: fees of £9,000 would be charged only in exceptional circumstances. Now we know that that was another broken promise. Of the 80 universities that have so far revealed their plans, more than two thirds propose to charge the £9,000 maximum fee for some or all of their courses. Such is the incompetence of the Government that it seems never to have occurred to them that that would happen, so as well as qualified applicants losing out on university places this year, in future years universities are likely to face either more reductions in funding or fewer places for students as the Government desperately try to balance the books. When are we going to see the long-promised White Paper on higher education? Does its continued absence not prove the folly of pushing through a policy on fees before having determined a policy on higher education?

May we have a debate on Government policy on placements in Whitehall for those who would not normally get the opportunity to work there? I ask, of course, because a number of Liberal Democrats who have been given work experience as Government Ministers seem to be very unhappy about the way in which they are being treated. Tuesday's edition of *The Times* reported that they are being frozen out of decisions within their Departments. One Lib Dem Minister was quoted as saying that he has "no idea" what his boss is doing, a Tory member of the Government has described his Lib

[Hilary Benn]

Dem colleagues as "yapping dogs" and the Secretary of State for Energy and Climate Change has threatened to sue fellow members of the Cabinet. I think the deputy leader of the Lib Dems got it right recently when he admitted:

"The coalition…is not a love affair, or a marriage or even a meeting of minds."

Whatever it is, it is going horribly wrong.

I wonder whether the Leader of the House could suggest to the Prime Minister, notwithstanding his well-publicised concerns, that he might in this particular case consider taking out a super-injunction to prevent any more of these unseemly revelations and so protect this relationship from further public embarrassment. While he is at it, the Prime Minister could also seek one to cover the news this week that someone is making a musical about the Deputy Prime Minister. I would not wish that breach of privacy on anyone, least of all the right hon. Member for Sheffield, Hallam (Mr Clegg).

Sir George Young: I am grateful to the right hon. Gentleman for his questions. The fact that over six months he has not really pressed me on the forthcoming business shows, I think, a general level of satisfaction with the way in which the Government are conducting the business of the House.

On the serious issue of keeping the House in the picture, the right hon. Gentleman generously recognised that on Tuesday we had a statement from the Foreign Secretary. On the last day before the recess we found Government time for a debate on north Africa and the middle east. Next Tuesday is Foreign Office questions, and I can assure the right hon. Gentleman that we will want to keep the House in the picture on the disturbing position in north Africa and the middle east.

The dates that the right hon. Gentleman asked for will be given in due course, although it may be some time before we announce the date of the end of the Session. I seem to remember asking my predecessor for the dates of the Easter recess right up until the February before, so for him to press me on the date of the possible Dissolution next spring is perhaps just a little premature.

On the Health and Social Care Bill, the right hon. Gentleman will have seen that we are not planning to have its remaining stages within the next two weeks. There will be adequate time for the House to reflect on any amendments. May I say to him that the building blocks for that Bill were in position under the previous Government—foundation trusts, practice-based commission, patient choice and use of the private sector?

The right hon. Gentleman then asked a number of questions that were also asked in yesterday's half-day Opposition day debate on higher education. The issues raised by the Opposition spokesman in that debate were replied to by the Minister for Universities and Science, my right hon. Friend the Member for Havant (Mr Willetts), and it seems to me entirely appropriate that he should deal with that issue.

On waiting times, I do not know whether the right hon. Gentleman has had an opportunity to look at the 2010 annual report from the Department of Health, but it makes it absolutely clear that for admitted patients,

"The median time waited has been relatively stable around 8 weeks since March 2008, but is subject to seasonality with previous years showing increases in average waiting times in the early part of the calendar year."

Likewise, for non-admitted patients,

"The median time waited has been relatively stable around 4 weeks since March 2008, but is subject to seasonality with previous years showing increases in average waiting times in the early part of the calendar year."

The statistics published a fortnight ago for the period up to February confirm that position.

Concerning the coalition, we have a coalition Government with two parties, and it is my view that there is more cohesion in government between those two parties than there was in the previous one-party Government when the two previous Prime Ministers were at war with each other.

I was interested to hear what the shadow Leader of the House was up to during the Easter recess. Like many of us, he was campaigning for local government elections, and I see from the *Lincolnshire Echo* that he was in Lincoln on 22 April. I am not sure what he was wearing, but the report said:

"The Rt Hon Hilary Benn MP visited the city to support Labour's local election candidates. She joined Birchwood candidate and local campaigner Rosanne Kirk".

Several hon. Members *rose—*

Mr Speaker: Order. I am not sure that we require any further references to the *Lincolnshire Echo* or to matters of sartorial taste. What we do need are some questions about the business of the House, and I know that a fine example will be set by Mr Sajid Javid.

Sajid Javid (Bromsgrove) (Con): In February, I visited Syria in a delegation of MPs and we urged Government Ministers there at every opportunity not to ignore the cries for freedom that are sweeping through the region. Sadly, but predictably, they have resorted to violence against their own people. May I ask the Leader of the House to urge the Foreign Secretary to pursue international sanctions immediately against Syria and to urge our ally Turkey to do more? Also, can we have a debate on it?

Sir George Young: I am grateful to my hon. Friend. He will know that the Syrian ambassador's invitation to the royal wedding has been withdrawn.

My hon. Friend will have an opportunity on Tuesday to ask my right hon. Friend the Foreign Secretary about the issue, but he will have seen reports in the press of the discussions that we are having with our allies about the possibility of sanctions against Syria.

Mr David Winnick (Walsall North) (Lab): I acknowledge that the Foreign Secretary will be asked parliamentary questions when we return on Tuesday, but does the Leader of the House not recognise the need for another debate on the Libyan situation, bearing in mind the general unease about the fact that mission creep and regime change seem to be taking place despite denials by Ministers?

If I heard rightly that the invitation to the Syrian ambassador—the ambassador of that blood-stained regime—has been withdrawn, I very much welcome that.

Sir George Young: That invitation has indeed been withdrawn. A statement was made by the Foreign and Commonwealth Office at 11 o'clock.

The Government are prepared to find time, where appropriate, for debates on the middle east and north Africa. Indeed, we have already found time for such debates. We want to keep the House informed and to give it opportunities to make its views known, so I can give the hon. Gentleman the assurance that we will be prepared to find time for a further debate if necessary.

John Hemming (Birmingham, Yardley) (LD): I have reports that in the Balderstone and Kirkholt ward in Rochdale someone is going around collecting postal ballots, opening them, removing and throwing away the Lib Dem local election vote while leaving the AV vote inside, resealing the envelopes with Sellotape and sending them off. Does the Leader of the House recognise that there remain concerns about the integrity of the postal voting process, and should the law be changed to deal with the Electoral Commission's recommendations?

Sir George Young: That sounds rather like a criminal offence, and if there is any evidence that it is going on I hope that it will be referred to the police.

Keith Vaz (Leicester East) (Lab): May we have an urgent statement next week about the call by France and Italy to reform the operation of the Schengen treaty? Although Britain is not part of Schengen, successive Governments have asked for greater border checks before people reach the UK border. May we have a statement on that very important matter?

Sir George Young: I cannot promise a statement next week, but as I said a moment ago, the Foreign Secretary will be answering questions on Tuesday. If the right hon. Gentleman does not have a question down, he may catch your eye, Mr Speaker, during topical questions. I will forewarn the Foreign Secretary that a question on the subject may be forthcoming from the right hon. Gentleman.

Mr Edward Timpson (Crewe and Nantwich) (Con): With 3.5 million people in the UK—one in 17—suffering from a rare condition at some point in their lives, may we have a debate on how we can support those people and have better care and medical expertise at their disposal in order to help build on the excellent work done by rare disease charities, such as CLIMB in my constituency, which does excellent work on behalf of those with metabolic diseases?

Sir George Young: I pay tribute to my hon. Friend for raising that subject, which strikes me as an appropriate matter for a debate in Westminster Hall. I am sure that Members on both sides of the House will want to join him in raising the profile of some of the rare diseases that are often ignored within the medical profession and by medical research. Alternatively, the Chair of the Backbench Business Committee is in her place and will have heard his request, so he may wish to present himself at her salon at 1 o'clock on a Tuesday to bid for such a debate.

Mrs Jenny Chapman (Darlington) (Lab): Two hundred manufacturing job losses were announced in Darlington yesterday. When can we have a debate on the Chancellor's understanding of the word "growth"?

Sir George Young: I am obviously sorry to hear about the loss of jobs in Darlington, but as the hon. Lady will know, 400,000 new jobs have been created in the private sector over the past 12 months, and the Office for Budget Responsibility forecasts a net increase in employment of 900,000 over the next five years, so there is evidence that the private sector is replacing the jobs that are lost in the public sector. I believe that the economy is on the right track.

Chris White (Warwick and Leamington) (Con): On Good Friday, I had the great pleasure of attending an outstanding performance of the mystery plays at the Playbox theatre in Warwick, which is designed specifically to support young acting talent. It is an excellent example of how theatre can help to engage young people and develop their confidence and other skills, which is extremely valuable for their future careers and contribution to society. Will the Leader of the House provide Government time for a debate on how we can support and fund such initiatives?

Sir George Young: I applaud the Playbox theatre and the work that it is doing. My hon. Friend is right that we need to do more in that area, which is why the Government recently commissioned Darren Henley to lead an independent review of cultural education.

Mr John Spellar (Warley) (Lab): May I thank the Leader of the House for finally getting a Minister to reply to my persistent questions on the disgraceful claim made by Baroness Warsi that the Conservatives failed to win an overall majority at the general election because of electoral fraud, predominantly in the Asian community? The claim was completely refuted by the Electoral Commission, which reported only two prosecutions and one conviction. However, the reply was from not Baroness Warsi but another Minister, and it did not apologise for, defend or mention her outrageous claims. I realise that Baroness Warsi is a serious embarrassment to the Government, but will the Leader of the House arrange for an oral statement from the Government to come clean about this shabby episode?

Sir George Young: I reject the right hon. Gentleman's remarks about my noble Friend. He has had a reply from the Minister responsible for electoral administration, who was the appropriate Minister to reply to the allegations he made. He has received that letter, a copy of which I have in front of me, but if he believes that there are further issues he needs to raise, I am sure that he will reply and get a further answer.

Robert Halfon (Harlow) (Con): Can we please have a debate about the achievements of Mrs Thatcher, so that we can kindly educate our coalition allies about how she turned Britain into a nation of home owners, restored our place in the world and crushed militant trade unionism?

Sir George Young: As someone who played a modest role in Baroness Thatcher's Administration, with a slight hiatus at one point, I disagree with the reported comments of the president of the Liberal Democrat party. The two reforms that were highlighted in the speech, namely the right to buy and the privatisation of the utilities, were actually continued under the succeeding Labour Government, so they cannot have been all bad.

Jeremy Corbyn (Islington North) (Lab): I would like the Leader of the House to return to the question of Libya and the middle east. I acknowledge that the Government have made a number of statements on the situation in Libya, but it is very obvious that there has been an enormous amount of mission creep, that British military personnel are now involved in Libya and that increased arms supplies are going to what is now termed the transitional government. We need not just statements to the House, but a debate and a Government motion that can be voted on, because what is happening now is clearly a huge extension to the terms of the motion that we voted on a few weeks ago. Can the Leader of the House assure us that there will be such a debate, with a voteable and amendable motion?

Sir George Young: As the hon. Gentleman knows, the Government have provided time for a debate on a motion, so our good faith is there for all to see, but, as I said in response to an earlier question, I would not rule out a repetition of such a debate.

Dr Julian Lewis (New Forest East) (Con): Given that the number of children's heart surgery units will be reduced from 11 to six or seven, and that an NHS consultation document places Southampton in the top two of those 11 for quality ratings, can we have a statement from a Conservative Minister—an appropriate Minister—about why only one of four options being put forward includes the continuation of Southampton's children's surgery unit for heart problems? We would not want—would we?—a competition in which the people who won were actually declared the losers, in this field any more than in the general election.

Sir George Young: Like my hon. Friend, I have a constituency interest in Southampton general hospital and I have received a number of letters about the review of children's heart surgery. Clinical experts consider that one of the core standards for improving care is to undertake a minimum of 400 child heart operations per year and an optimum of 500, and there is uncertainty about whether the Southampton centre can meet that key criterion. The review team is taking evidence about whether Southampton can achieve that in collaboration with the John Radcliffe hospital in Oxford, and at this stage it would not be appropriate for me to comment on the merits of individual centres.

Andrew Miller (Ellesmere Port and Neston) (Lab): I do not know whether the Leader of the House has noticed this, but around the back of the Cabinet Office there is a bit of a whiff as the bonfire of the quangos smoulders on. Occasionally, a few things are dragged off and raked from the embers, but serious issues are starting to emerge as a result of some of the quangos that are being absorbed back into Government, given their statutory duties to provide independent advice to the Government. I have had representations from several people from several organisations, including the Health Protection Agency, stating a lack of clarity about how the Government are going to deal with the matter. Can we have an urgent debate about that important issue? I believe that the integrity of scientific advice, in particular, could be jeopardised if we do not have the correct formula.

Sir George Young: In one sense we can have an urgent debate, because we will shortly have the Second Reading of the Public Bodies Bill, currently in another place, in which the "bonfire of the quangos" to which the hon. Gentleman refers is taking place. There will be an opportunity to debate our proposals for public bodies and to ensure that adequate safeguards are in place.

James Morris (Halesowen and Rowley Regis) (Con): Can we have a debate about the performance of the retail sector? The high streets in places such as Halesowen, Blackheath, Cradley Heath and Old Hill in my constituency are vital to the local economy, and I am not aware that we have been able to hold a specific debate about the retail sector.

Sir George Young: I welcome the information yesterday that retail sales in volume have increased by 1.3% over the past 12 months and in value by 4.5%. That is some evidence of the recovery to which the Prime Minister referred yesterday, and I should welcome such a debate. There will be a debate on the Finance Bill next week, and there may be an opportunity to debate some of the Government's measures to promote economic recovery.

Valerie Vaz (Walsall South) (Lab): The New Art Gallery Walsall, in my constituency, has an amazing collection that was started by Jacob Epstein and his family. The gallery is now closed on Sundays, the very day when people can visit, but it costs only £35,000 for it to open then. I have asked the relevant Minister to intervene, but he has refused, so can we have an urgent debate about what powers the Minister has to keep that vital resource open?

Sir George Young: I am not sure whether the hon. Lady was present during Culture, Media and Sport questions, but it strikes me that that would have been an appropriate question to have put during that session. I will pass her suggestions on to my right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport and see whether there is any role for him, the local authority, the Arts Council or some other funding body to play.

Christopher Pincher (Tamworth) (Con): Can we have a debate about local government finance? My local councils, including Staffordshire county council, have succeeded in freezing the council tax while protecting front-line services, yet people throughout the country are rightly concerned about those councils—and we know which party runs them—that are cutting public services while sitting on a huge cash reserve.

Sir George Young: I agree that the purpose of reserves that local authorities hold is to see them through difficult and challenging times such as these. I have noticed that authorities such as Manchester and Liverpool have been cutting services while sitting on very substantial reserves, but I commend the performance of my hon. Friend's local authority.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Can we have a debate about the effects of the Chancellor's Budget on social and working men's clubs? Clubs such as the TA club in Guisborough in my constituency provide an affordable venue for working people who need a meeting or reception space for christenings and weddings, and for other community groups. The 20% rate of VAT and the added duty on alcohol have had a severe effect on how much profit the club can bring in to keep that community space open, so can we please have a debate on the Floor of the House about the issue?

Sir George Young: We have just had a very substantial debate about the Budget, and we will deal with parts of the Finance Bill next week, so it might be appropriate for the hon. Gentleman to raise those subjects then. I commend the work done by the working clubs in his constituency.

Brandon Lewis (Great Yarmouth) (Con): Small and medium-sized businesses play a major role in the economy of Great Yarmouth, particularly with reference to the importance of tourism, and I welcome the Government's work to target the sector, recognising that it can drive growth. We can do more, however, particularly with regard to regulations, so can we have a debate in the House about the specific needs of SMEs?

Sir George Young: I commend the SMEs in my hon. Friend's constituency, which are doing such heroic work, and measures have been announced in the Budget. A new capital fund is being set up to help SMEs to access capital, as identified by the Rowlands review; we have announced a moratorium exempting micro-businesses and start-ups from new domestic regulations for three years from 2011; and we are going to drop proposals for specific regulations that would have cost £350 million a year to implement. I am sure that SMEs in my hon. Friend's constituency will welcome that.

Ian Murray (Edinburgh South) (Lab): The Leader of the House will be aware of the Government's programme to reduce regulations on business, but the Government's consultative Red Tape Challenge website asks the public whether the Equalities Act 2010, which is primary legislation, should be scrapped. Can we have an urgent statement in the House if that is the Government's intention?

Sir George Young: We have no plans at the moment for primary legislation on that subject.

Stephen Mosley (City of Chester) (Con): Earlier this month Cheshire fire and rescue service was crowned fire service of the year at the inaugural emergency services awards. Cheshire has seen a 73% drop in fire-related injuries, a 64% drop in business fires and more than 300,000 home safety assessments completed over the past five years. Can we have a statement on fire service performance from the Minister responsible, allowing me to highlight the hard work and commitment of Cheshire fire and rescue service staff and to congratulate them?

Sir George Young: I join my hon. Friend—I am sure all Members in his county will—in commending the work of Cheshire fire and rescue service in bringing down fire-related injuries. I am sure that because of the fantastic work of that particular service there are people who are alive today who might not otherwise have been.

Thomas Docherty (Dunfermline and West Fife) (Lab): You will recall, Mr Speaker, that I have previously raised with the Government the excellent report on firearms by the Home Affairs Committee. Can I press the Leader of the House to state whether the Government, when they get round to replying to the report, will simply issue a statement or publish a White Paper on firearms?

Sir George Young: I commend the work that the Home Affairs Committee has done on this important subject, in which I know the hon. Gentleman has a particular interest. The Government will be responding in full to that report, and I expect that to happen at the end of May or in early June. The response will take the normal form of a publication that will be available, and it might then be up to the Backbench Business Committee to decide whether it wanted a debate on the subject.

Mr Matthew Offord (Hendon) (Con): Councils and local authorities are working particularly hard to increase recycling rates in their areas. Is the Leader of the House aware that trade waste is not currently included in recycling rates? Can he advise on what measures the Government have to change that anomaly, and may we have a debate on the wider issue of recycling generally?

Sir George Young: My hon. Friend raises a very important issue. I will take up the matter with the Secretary of State at the Department for Communities and Local Government to get a detailed response to the proposition that my hon. Friend has shared with the House.

Kevin Brennan (Cardiff West) (Lab): May we have a debate on reforming Prime Minister's questions? The current Prime Minister sometimes seems to be quite casual—some might even say careless—with the facts at Prime Minister's questions. If there was a hooter at the Clerk's desk that sounded every time the Prime Minister made a factual error, that might help to prevent the patronising of people who are just putting him straight with the facts.

Sir George Young: But why should the hooter just be confined to the Prime Minister? Why should it not apply equally to Labour Members?

Bob Blackman (Harrow East) (Con): Last Sunday, we heard the very sad news that Sathya Sai Baba had died in India. Sai Baba was a unique Hindu ascetic who was renowned among millions of followers worldwide and hundreds of thousands within the UK. There has been no Government statement issuing an expression of sympathy to the hundreds of thousands of followers in this country who are praying for his soul and for his return. Will my right hon. Friend prevail on the appropriate Government Minister to issue a suitable message of sympathy?

Sir George Young: I am grateful to my hon. Friend. I would like to share his comments with my right hon. Friend the Foreign Secretary, who is probably the Minister who has responsibility, to see whether an appropriate tribute might be made.

Diana Johnson (Kingston upon Hull North) (Lab): I was recently contacted by my constituent Beryl Wilkinson about the distress caused by the mismanagement by Places for People and Hull city council in dealing with the cuts to the Supporting People grant. May we have a debate on how this coalition cut is hitting councils, housing associations and voluntary groups, but most importantly the vulnerable people whom the grant is supposed to support?

Sir George Young: I am sure that the management of the city of Hull is in much better hands than it was under the previous Labour Government, when it was one of the worst administered local authorities in the world—*[Interruption]*—or rather, in the country. The hon. Lady regularly raises issues about that local authority, but we had a debate on the revenue support grant before the amount was settled, and other local authorities have been able to cope with the allocations that were made without coming to the difficult decisions to which she has referred.

Andrew Bridgen (North West Leicestershire) (Con): Many patients in my constituency will have been listening to Labour Members' comments about NHS waiting times with increasing concern. May we therefore have an urgent debate on NHS waiting times so that I can have an opportunity to reassure my constituents and put facts before politics on this most emotive of issues?

Sir George Young: I very much hope that the Opposition choose the subject of the NHS for their half-day debate on Monday week. I commend to my hon. Friend's attention the document I have here—the 2010 annual report—which has the statistics, and the press release that was put out earlier this week which brings waiting times up to date. He will also see in a separate publication that there are more cataract operations and more hip replacement operations, and I hope that his constituents will find that reassuring.

Mr Peter Bone (Wellingborough) (Con): May I urge the Leader of the House seriously to consider having a debate on Libya? The circumstances have changed, as we are now talking about regime change rather than a ceasefire. It would be helpful to the Government to have that debate and to have the support, or otherwise, of the House.

Sir George Young: I have listened to the representations that have been made in all parts of the House for a further debate in Government time. Without giving any assurances now, I would like to share that strong feeling in the House with my colleagues and reflect on whether it might be appropriate to have another debate in Government time on Libya and related matters.

Point of Order

12.4 pm

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Mr Speaker. This morning in my constituency, a group of 40 police officers arrived at a site, handcuffed one of my constituents and forcibly detained a group of them in a building on the site. They then undertook a search of the site, supposedly for materials that could be used for criminal damage. It appears that raids like this are going on across London at the moment as some form of pre-emptive strike before the royal wedding. The constituents who were detained in my area were to meet me this morning; they are from a group called Transition Heathrow. They are a group of environmentalists who took over a derelict site as part of their campaign against the third runway and have transformed that site into a market garden. It is supported by me and by a number of local councillors and local residents.

I believe that this disproportionate use of force is unacceptable, and I would urge that a Home Office Minister comes to this House to explain exactly what is happening today and what are the grounds for that action, and also contacts the Metropolitan police commissioner to explain that many of us feel that this is disproportionate and no way to celebrate this joyous wedding.

Mr Speaker: I am grateful to the hon. Gentleman for giving me advance notice of his point of order. He will understand, and the House will appreciate, that I am very loth to comment on a matter that might be, and probably is, the subject of continuing police inquiries. Moreover, it is not a procedural matter for the Chair. Nevertheless, it is a matter of extreme importance to the hon. Gentleman, and probably to a great many others besides, about which he has registered his concern in the presence of Ministers. I do not know whether a statement will be forthcoming. However, the hon. Gentleman is an extremely experienced Member. There will be ways open for him to pursue this matter through the House, and I rather imagine that he will do so.

London Olympic Games and Paralympic Games (Amendment) Bill

Second Reading

12.7 pm

The Minister for Sport and the Olympics (Hugh Robertson): I beg to move, That the Bill be now read a Second time.

Since 2006, when the London Olympic Games and Paralympic Games Bill was passed, enormous progress has been made in preparing London and the rest of the UK for the games. There is, rightly, huge cause for confidence as we look forward to next summer. Politically, the games continue to enjoy broad cross-party support from all parts of the House in the way that was first evident at the time of the bid and subsequently during the passage of the original Bill. I am particularly grateful to the right hon. Member for Dulwich and West Norwood (Tessa Jowell) for her continued support and for all the work she did to promote the Bill and during the early part of the Olympic process. I am also grateful to our coalition partners—and I was going to say to Members from the other, smaller parties, but they have clearly left early to enjoy the royal wedding.

I will briefly update the House on progress. The build programme is now 70% complete and, I am glad to say, on time and marginally below budget. The Lee valley white water centre, the first of the newly built 2012 venues, was completed last year and opened to the public earlier this month. The construction of the first Olympic park sporting venue, the velodrome, was completed in February this year and handed over to the London Organising Committee of the Olympic Games and Paralympic Games last month. The remaining facilities are on track and nearing completion. If hon. Members have not yet had the opportunity to tour the Olympic park, I strongly encourage them to do so. The scale of what has been achieved, particularly for anybody who remembers the site in 2005, is genuinely impressive. I should like to place on record my thanks to John Armitt, David Higgins—the recently retired chief executive—and the whole of the Olympic Delivery Authority for what they have achieved.

The deadline for applications for Olympic tickets closed two days ago. We have seen unparalleled levels of interest from people right across the United Kingdom, with over 20 million ticket applications, and public support for the games remains high, particularly in comparison with the experience of previous host cities. Almost a quarter of a million people have applied to be London 2012 games-maker volunteers. I have no doubt that the same atmosphere of celebration that we are seeing for tomorrow's royal wedding, and which will be seen again in next year's diamond jubilee, will be seen once again in the build-up to, and during, the games.

Mr Edward Timpson (Crewe and Nantwich) (Con): A concern that has been raised about other sporting events is that, despite high ticket sales, the stadiums have not been full. What guarantees can my hon. Friend give to those who hope to receive tickets that they have the optimum chance of attending the events and, more importantly, that those who wanted to go but cannot do not see empty seats when they watch the Olympics on television?

Hugh Robertson: Given the almost unparalleled level of interest in ticket applications, it is pretty unlikely that anybody who has gone through the process of securing a ticket for London 2012 will not turn up. I think that anybody who has a ticket is disproportionately likely to turn up. We must also remember that these Olympics are different from any others in that 75% of the tickets are available to the general public. There will therefore not be the problems that are seen at some events that have large numbers of corporate seats. We are all well aware of the negative impact that empty stadiums would have. I suspect that we will face the reverse problem and that there will be so much demand for events that there will be a lot of disappointed people who cannot get tickets, and that there will not be empty seats on the day.

Mr Mark Field (Cities of London and Westminster) (Con): To pick up on that point, will the Minister make clear what arrangements there will be for a secondary market for tickets? I appreciate that there are draconian measures to stop ticket touting, but presumably there will be an opportunity for a legitimate secondary market for those who have applied, in the rather complicated way, and who by July or August 2012 realise that they will not be able to take up their allocation.

Hugh Robertson: I absolutely agree with my hon. Friend. There is the quid pro quo that if one has tough anti-touting regulations, one has to make it as simple as possible for people who buy tickets in the legitimate expectation that they will attend an event, but who then cannot do so, to exchange their tickets and get their money back. That is what happens in major sporting events the world over. There are a number of sporting events across the United Kingdom where that already works well. There is a very good system at Lord's for test match tickets, and Wimbledon has a smart system in which people hand in their tickets as they go out and they are simply recycled. LOCOG is absolutely clear that there has to be an efficient, easy and simple mechanism for exchanging tickets legitimately in order to discourage touting.

Turning to the business before the House, the London Olympic Games and Paralympic Games Act 2006 sets the legal framework.

Mr Andrew Love (Edmonton) (Lab/Co-op): I want to raise this issue before the Minister moves on to the terms of the Bill. It relates to the Olympic legacy, and in particular to the main stadium. The Minister has received a letter from Tottenham Hotspur football club regarding the arrangements for the decision relating to West Ham United. I wonder if he can say whether he has responded to that letter, and what he believes to be the latest position regarding the stadium.

Hugh Robertson: I have to tread a little carefully in answering that question because we are under threat of judicial review and the lawyers on all sides will be watching what I say carefully. *[Laughter.]* I hear knowing chuckles from former Ministers on the Labour Benches. I am confident that the process we followed was absolutely in line with what was expected, and that the process followed by the Olympic Park Legacy Company under Baroness Ford was correct. The hon. Gentleman is right that we have received what is technically called a pre-application letter from Tottenham Hotspur, and

[Hugh Robertson]

indeed one from Leyton Orient. We have responded to the letters within the terms advised by the lawyers and we wait to see what happens next. I am entirely confident that the correct process was followed.

Mr Love: I thank the Minister for that reply. Tottenham Hotspur has raised concerns about transparency in relation to these matters, and about the procedure that was used. Does he believe that he has satisfied those concerns, and has he made public the issues that Tottenham Hotspur was concerned about?

Hugh Robertson: I have not made those concerns public, and that is, rightly, a matter for Tottenham Hotspur. I am confident that the process followed by the Olympic Park Legacy Company was robust, correct and inside the law. As I said, we have responded to the letters and wait to see what happens next. At this point it is difficult, and very possibly dangerous, to say a great deal more. Suffice it to say that if we can get to a stage where the legal threat is lifted, I and everybody else in the process will do all that we can to help Tottenham Hotspur find a new ground.

Bob Stewart (Beckenham) (Con): Is there an allocation of tickets for disabled ex-servicemen and women, perhaps through the Royal British Legion? If not, is that a possibility?

Hugh Robertson: My hon. Friend raises an extremely good point, which I will answer peripherally before coming on to the main question. He knows that, like him, I spent a bit of time in the armed services. I am sure that everybody in the House wants to ensure that injured servicemen in particular are properly looked after in this process. We have concluded an agreement that the armed forces will conduct the flag raising at the medal ceremonies, so they will be very much at the centre of the games. The organising committee has also agreed to take on a number of injured servicemen for work experience. We are trying to set up a similar agreement within the Government Olympic Executive. If I remember rightly, although this happened some months back, there was an allocation of tickets through one of the service charities—I think it was Help for Heroes.

Most encouragingly, through the Battle Back programme, a number of servicemen—although not yet servicewomen, but I hope that that will change—have got on to the Paralympic training programmes run by a number of sports as part of their rehabilitation. A couple of months ago, I met two young men in Manchester—one of whom was injured in Iraq and one of whom was injured in Afghanistan—who are training with British Cycling for the Paralympic team. That was impressive and incredibly inspiring, because instead of dwelling on the unfortunate nature of what had happened, they had found a way to move forward through sport. I took Lord Coe to Headley Court last summer, where we found a young Scots Guardsman who had had both his legs and his left arm blown off, and who was hoping to compete in the Paralympics as a javelin thrower. Lord Coe, who despite being a runner knows a bit about javelin throwing, was able to take him through it. I think that he is now about seventh in the world. There is every expectation that as he gets fitter and better, he will have the opportunity to compete in the Paralympics. I am sure that Members from across the House wish all people in that position well.

The 2006 Act sets the legal framework within which organisations such as LOCOG, the Olympic Delivery Authority and the Mayor's office are empowered to deliver the games. It also provides the legislative means through which we will meet Government commitments given to the International Olympic Committee on how the games and the games environment will be managed. The Act includes powers to regulate advertising and trading in the vicinity of Olympic and Paralympic venues, and to manage traffic on the Olympic route network and around games venues. It also makes the touting of Olympic and Paralympic tickets an offence.

As we move into the operational phase of preparations, building on the excellent work of LOCOG, the ODA, the Government Olympic Executive and others, the Bill brings forward amendments to ensure that the original intention of the legislation can be effectively delivered in practice. This is entirely normal as the delivery of an Olympic games moves through its cycle, and the amendments are small in comparison to those made before previous games. The Bill is limited in scope: it is confined simply to amending sections of the original Act and contains no new issues.

Mr Mark Field: Although I accept, as the Minister says, that the Bill makes minor amendments to the legislation that came in some five years ago, does he share the concern that has been expressed by some constituents, with which I have sympathy, that because of the nature of the agreement with the International Olympic Committee, we risk having almost a state within a state in the vicinity of the Olympic park during August 2012? There will be rights of seizure of infringing articles, essentially to protect the interests of the sponsors who, I accept, have put significant amounts of money into the games. Does he share the concerns about the undermining of fundamental liberties that we all take for granted because of the agreement with the IOC to stage the Olympics here in the UK?

Hugh Robertson: I think the best way of answering that is to say that I note the concerns. There is a fine line, and we knew what we were getting into when we bid for the event in 2004. All of us who supported the bid recognised that there would be one or two uncomfortable moments over matters such as that, but believed that it was worth having those uncomfortable moments for the greater good that would be generated.

We will be the only city in the modern Olympic cycle that has hosted the games three times—we did so in 1908 and 1948, in case Members get caught out at the pub sports quiz. The Olympics will be a fantastic opportunity to showcase this country in a way that almost nothing else can provide. I touch wood as I say this, but there is every chance that they will be a fantastic shop window for this country—not only for our ability to deliver major construction projects but for how we host people, for our tourism industry, for businesses and for sport in this country.

We need only look at the number of sports events that are coming to this country in the wake of London 2012 to realise that the good of hosting the Olympics is

incalculable. That is even before we consider the fact that the Olympic park site was the largest industrial wasteland anywhere inside the M25 and it now has a brand-new Westfield shopping development springing up on its doorstep, the largest shopping centre built anywhere in Europe and the only one in which Westfield is investing outside the Australian sub-continent. We can also consider the traffic and transport changes. The price is that when we are staging a world event of such a nature, we have to have restrictions to preserve the £700 million that sponsors have put in. I absolutely acknowledge that that is a little bit uncomfortable, but I think it is a price worth paying for the greater good.

Mr Field: I accept that the 1908 and 1948 Olympics were nothing like as commercialised as next year's will be. Such commercialism probably goes back to the Olympiads in 1984 in Los Angeles and 1996 in Atlanta. There is a sense that there has been creeping power in the hands of large commercial interests, with ever more draconian measures being put in place. For example, particular brands of soft drink will be barred within a particular radius. Has that always been the case in the modern Olympic era since there has been more commercialisation, or have commercial interests used an increasing amount of strength to ensure that we have the draconian measures that we will debate today?

Hugh Robertson: There is no sense at all that the requirements of the London Olympics are any more draconian than has been the case in immediately preceding games. The starting point for that train of events was the 1996 Atlanta Olympics, which were an advertising free-for-all. One sponsor paid a huge amount to the organising committee to be a tier 1 sponsor, or whatever the equivalent of that was, and then its immediate commercial competitor took one of the teams out for a press conference and emblazoned it with the company's logos. Those Olympics, with all the ambush marketing around them, led to some of the regulations that now exist.

I am personally very comfortable with the regulations, because the great success of the London Olympics has been in raising more than £700 million from commercial sponsors. That is a remarkable effort in the teeth of the type of recession that we are hopefully just coming out of. To get that amount of money from big multinationals, we have to give them some confidence that their brand is being protected. That is why they have invested the money.

Such regulations are not a particularly Olympic phenomenon. Exactly the same things happen at almost every other major sports event, including a host of events that we are trying to attract to this country. They happen at cricket world cups, and I am pretty sure that they happen even at highly commercial events such as the Indian premier league. Exactly the same regulations apply at football World cups. They are standard, and they are in place to protect the vast amounts of sponsorship income for such events.

Gavin Barwell (Croydon Central) (Con): In answering my hon. Friend the Member for Cities of London and Westminster (Mr Field), the Minister referred to the ability that the games give us to showcase British success stories. He mentioned in particular the remarkable achievements of the construction projects, particularly on the Olympic park site. Does he agree that it is a shame that visitors to that site will not be able to see the names of the British companies that have constructed the venues and done such a fantastic job? The regulations prevent advertising of the companies that have completed the venues.

Hugh Robertson: That is an interesting one. I think it is pretty much a fact of public record who has built the various stadiums. The construction company responsible for the Olympic stadium, for example, has done a fantastic job, as anyone who has been down there will say. I would be very surprised if that company thought it was getting squeezed out of the action, because everybody will know who it is. There may well be a stone somewhere or other that records who built the thing—I do not know—but my hon. Friend is right that the company cannot emblazon the outside of the stadium with advertising logos. If it had wanted to do that, it could have applied to be a tier 1 sponsor, and it has not done so. I guess that is because it thinks the building speaks for itself, and having watched it appear from start to finish, I have to say that it does.

Any more takers for interventions? Then I will get back to the 2006 Act and the Bill. This amendment Bill addresses three main matters: advertising and trading, ticket touting and the enforcement of traffic management regulations. Regulating advertising and trading near Olympic and Paralympic games venues is a requirement of hosting the games in the host nation contract. Parliament recognised during the passage of the 2006 Act that tailored provision was needed for the games, both to act as a stronger deterrent to ambush marketing and illegal trading and because existing powers alone were not adequate for such a major event.

The 2006 Act set out the broad framework for regulations that would provide the details. We need those regulations not only to fulfil the guarantees given to the IOC as part of the bid but to protect public space, so that spectators can access venues and we can maintain a celebratory atmosphere around the games. Following the ODA's general notice about the regulations in June 2009 under the previous Administration, my Department launched a consultation on the proposed draft regulations on 7 March. The regulations will be reconsidered in light of the responses to the consultation before being laid in Parliament in draft and subject to the affirmative procedure later this year.

However, the 2006 Act provides the ODA and the police with powers to enforce the regulations, including the power to seize articles that are used to contravene them. We want to amend the Act to provide that any article seized by either ODA enforcement officers or the police is dealt with by the ODA instead of the police. The effect of that change will be that during the games, police time will not be spent filing and dealing with seized property. I hope that everybody can see the sense of that—the police will have better things to do. Instead, officers designated by the ODA, who are likely to be enforcement officers from local authorities who are familiar with dealing with street trading and advertising offences under existing law, will deal with breaches of advertising and trading regulations and handle any articles that are seized. Protection, and I hope a sense of proportionality, will be assured by the fact that the

[Hugh Robertson]

ODA is a statutory corporation established by the 2006 Act and, crucially, is subject to the direction of the Secretary of State.

Bob Blackman (Harrow East) (Con): Can my hon. Friend tell the House the extent to which the ODA will have control? Olympic venues are not confined to east London. They cover the whole of London, and Olympic football events will be held all over the country and the sailing will be down in Weymouth. Where will the ODA limits apply, and what will happen to people who cross those boundaries?

Hugh Robertson: My hon. Friend asks a very good question. The key thing in dealing with people in that respect is applying a sense of proportionality. The regulations are designed to address big, corporate ambush marketing stunts, not individuals who through some error, act of omission or forgetfulness, or otherwise through no fault of their own, take the wrong thing into a venue. They will simply be asked to hand that over, as is normal.

Any venue that is an Olympic venue will be affected—effectively, there is a curtain around every venue, meaning not just the park, but anywhere that an Olympic event takes place. All football stadiums used for the football competition are covered. Outside London, the venues for sailing at Weymouth, for rowing at Eton Dorney, and for white water rafting at Broxbourne, and the mountain biking venue, are covered. If that is a pub quiz question, I think I have got the lot.

Mr Kevan Jones (North Durham) (Lab): The Minister says that local authorities will have an enforcement role. Has he estimated what additional costs they will incur in enforcing the regulations?

Hugh Robertson: I apologise if I did not make that clear. The enforcement officers will, if possible, be drawn from local authorities precisely because those people have the expertise. We are in the process of working out the full costs of that as part of the consultation.

Mr Jones: Local authorities are having their budgets slashed by this Government. Will the Minister therefore make the argument for additional money to be given to the affected authorities because of the additional costs that they will incur in implementing this measure?

Hugh Robertson: Provision has been made in the budget for extra support to be given to local authorities for a variety of services—the Mayor has control of that budget and the local authorities affected are happy with the settlement, which may surprise the hon. Gentleman. There is contingency funding, precisely for any large bills. If a case is made, and if we think there is real hardship, we could look at using that.

Mr Jones: The Minister says that the Mayor controls the budget for London, but also referred to authorities outside the London metropolitan area. How will they access additional funding if they incur additional costs in implementing the regulations?

Hugh Robertson: There is a distinction between the costs that the hon. Gentleman originally asked about—the costs for enforcement officers—and more general costs. Some of those general costs are covered by the extra funding made available, but others are not, precisely because local authorities knew what they were getting themselves into when they made bids for those events. They knew what the likely cost would be at the bidding stage. It would be ridiculous for anyone who made a bid, for example, for the Olympic sailing event, to say that they did not know that there would be some associated security costs.

Mr Mark Field: Will the Minister clarify the situation in respect of powers of seizure over individuals, rather than powers to deal with corporations? Essentially, is the ODA stepping into the shoes of local authority enforcement departments, or will it use powers other than those that would be exercised by a local council officer?

Hugh Robertson: The answer to that is, "Not quite." The powers would normally be exercised by the police. Obviously, because of the considerable security obligations on the police at the time of the games, which my hon. Friend will understand, we have decided in the Bill to pass responsibility for enforcement officers to the ODA. The ODA will use only trained people who understand what they are doing and who will act proportionately. The suggestion is that those people are most likely to come from local authorities, which have such enforcement officers anyway. They have the necessary expertise and—I hope—sense of proportionality to carry out those functions satisfactorily.

Mike Freer (Finchley and Golders Green) (Con): The Minister spoke of the ODA being the enforcing authority in respect of ambush marketing, but then spoke of the venues. However, the ODA controls the venues, so it would not need the power to enforce. There is therefore an inherent exclusion zone around the venues. How big is the exclusion zone in which the ODA protects against ambush marketing?

Hugh Robertson: If I understand my hon. Friend correctly—he can ask again if I do not answer him—the venues are not controlled by the ODA. The ODA hands the venues over to the London organising committee as part of the preamble to the games. At the time of the games, there is a clean area around each of the venues, for all the reasons we have discussed. If there are any contraventions of the advertising regulations in those clean areas, the enforcement officers come into play.

Mike Freer: To clarify, is it true that there will be no further enforcement outside those clean areas?

Hugh Robertson: Correct—yes.

Infringing articles seized will be dealt with in accordance with clause 1, which sets out rules on how long articles can be held, when they must be returned, and conditions that must be met before they may be disposed of. Clause 2 will introduce a quicker procedure for making any amending advertising and trading regulations. The first and hopefully final set are out for consultation now.

Finally, the 2006 Act does not give us the ability to amend the regulations quickly once they have been made, but requires the ODA to give lengthy notice of any regulations at specified times before they come into effect, and provides that they must be laid in draft and approved by Parliament before being made. Effectively, that means that we are unable to alter the regulations in exceptional circumstances, for example if a games venue or road event changes at the last minute for security or other reasons. To resolve that, we propose to change the procedure used for any amending regulations under the 2006 Act to the faster, negative resolution procedure. The procedure for the principal regulations will remain as it is now.

On ticket touting, the games will be the largest sporting event this country has ever staged, with around 11 million tickets on sale. Unfortunately, ticket touts may seek to exploit the opportunities that that presents to profit at the expense of genuine sports fans. That is why the 2006 Act made the touting of games tickets, by which I mean selling or offering to sell tickets in public or in the course of business other than with LOCOG consent, an offence that attracts a maximum fine of £5,000.

The Bill contains a provision that will increase the maximum penalty for touting of Olympic and Paralympic tickets from a fine of £5,000 to a fine of £20,000. That increase is driven by the support of the Metropolitan police as a way of providing a more effective deterrent to the touting of Olympic and Paralympic tickets. In effect, it means that the police have recognised the threat of organised crime, rather than individual ticket touts, to the London Olympics. In doing that, we are not criminalising any new conduct; we are simply increasing the maximum penalty available to the courts in response to the obvious threat that touting poses to the games and to the UK's reputation.

Visitors will come to the Olympics and Paralympics from all over the world, and we want to encourage them to do so. We would not want their visit, or their memories of the experience, tarnished by being confronted by strings of ticket touts, as has happened at some previous games. We intend to make the disincentive very strong and want to send a clear signal to touts that their activities will not be tolerated.

I should emphasise that this measure is aimed squarely at touts. Nothing in the law at present, or as a result of this change, prevents those who have games tickets from selling them at face value to family and friends. LOCOG will also run an official ticket exchange—this answers a point that was made earlier—so that people who find that they can no longer use tickets that they have bought legitimately can dispose of them.

Therefore, the law-abiding public have absolutely nothing to fear from this measure. The people who will—I hope—think twice are people and organised gangs who might be tempted to engage in touting and whose threat has been identified by the police. They should get the very clear message that the Government and the police take this matter seriously, and that the financial penalties for this conduct are severe, and indeed sufficiently severe to disincentivise them.

Bob Blackman: This is a key issue for the large numbers of people who have purchased tickets in the proper way. During my search for tickets—I hope I am successful in the ballot—I noted that a large number of unofficial websites are attempting to market tickets in advance of anyone receiving them. Clearly, they will seek tickets from those who are successful in the ballot. What action can be taken against those organisations and companies and to get those sites removed from the web?

Hugh Robertson: Two things come to mind. During my time as a Minister, I have become aware that some of these sites encourage people to subscribe even though they do not have any tickets at all and the whole thing is a blatant con trick. I recall the tragic case of some New Zealanders who came over for a rugby match at Cardiff Arms park on the basis of a set of tickets from one such website. It was a complete sham, but they had travelled all the way over here and gone to pick up their tickets, only to find there was nothing there. The point about the Bill is that it will enable us to take more effective action. A disincentive of £20,000 to someone perpetrating large-scale commercial ticketing fraud is likely to be much more effective than a disincentive of £5,000.

Mr Don Foster (Bath) (LD): Will the Minister join me in praising those in the police who are involved in Operation Podium and who managed to close down more than 100 websites even before the start of this year?

Hugh Robertson: I absolutely agree, and I thank my right hon. Friend for making that point. As he says, Operation Podium has already started and it will continue as we get closer to the games.

Simon Hughes (Bermondsey and Old Southwark) (LD): I apologise for missing the beginning of the Minister's speech, but this is the issue on which I want to ask a question. Can I assume that when the allocation of tickets by ballot is made—and I am one of many hoping to be lucky—the data on who has been allocated tickets, especially large numbers of tickets, will not be made publicly accessible, in order to prevent the abuses that he and others have mentioned? There is a chance that—as with the telephone hacking—people could obtain that information and start illegally reselling tickets. Some assurance about the security of the process would be helpful.

Hugh Robertson: I can absolutely give my right hon. Friend those assurances. The firm conducting the ticketing operation was selected precisely because it was able to give those assurances. Nobody wants any breach of security, and the ticketing process has several features—although I do not want to go into details—that will make it extremely difficult for people to operate in that fashion.

Mr Love: May I press the Minister on the illegal use of the internet? Although some sites may have been closed down, I expect that 10 times as many opened up the next day. What specific measures have been taken and what publicity is planned to ensure that what happened to the New Zealanders does not happen to other people coming to this country?

Hugh Robertson: The short answer is that that is what the Bill is intended to do. The advice from the police is that there is a threat that organised gangs will target the London Olympics precisely because they will be such a prestigious global event. It is that threat that warrants

[Hugh Robertson]

the increase in the fine from £5,000 to £20,000. That threat has been identified in a way that was not apparent when the original Act was passed, and the advice is that a much meatier fine is required to address it.

A key issue for the games is the effective movement of the games family to and from venues. Before Members seek to intervene, I should point out that that does not mean the IOC; it means the athletes and the officials who need to get to the events. At the risk of going back to the pub quiz, the Atlanta games in 1996 had a significant problem with athletes and officials being able to get to events on time. We can imagine the frustration of any young man or woman who has trained for some 20 years to reach this seminal athletic moment, but cannot get there in time because of a traffic jam because the host city cannot shift people around the city to order. The 2006 Act allowed for the creation and enforcement of traffic management measures specifically for the games to enable their smooth running and to deliver journey time commitments made to the IOC on the movement of athletes and other games family members.

These included powers to create an Olympic route network, and I am grateful for the work done by the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) when he was a Minister to enable the ODA and local traffic authorities to make traffic regulation orders for defined Olympics purposes, and for the ODA to set levels of penalty charges, in accordance with guidelines and subject to consultation and approval. The Act also relaxed, for London Olympic events, the restrictions on the making of special event traffic orders.

Mr Christopher Chope (Christchurch) (Con): The A31, which is the main route to the Weymouth venue, has a bottleneck at the Canford Bottom roundabout. The Highways Agency proposes to replace the roundabout with what is described as a hamburger junction. Can my hon. Friend assure me that that work is not time-sensitive to the Olympics, given the powers to which he has referred? At the moment, the Highways Agency proposes to go ahead without proper consultation on this sensitive issue which could waste a lot of taxpayers' money.

Hugh Robertson: After some six years with this brief, I thought that I had come across almost everything, but the Canford Bottom roundabout and the hamburger junction are new to me. I would be interested to learn whether the right hon. Member for Dulwich and West Norwood is an expert on either of those issues. The best thing would be for my hon. Friend to write to me and, with the Department for Transport, I will try to provide him with an answer.

Mr Chope: Perhaps before the end of the debate the Minister of State, Department for Transport, who is in her place, would be able to respond. It is a live issue and I know that my constituents would be interested to hear the answer today.

Hugh Robertson: With all due respect, my hon. Friend has been in Parliament long enough to know that other Ministers cannot jump into debates and I will stick by the commitment I have just made. Everybody knows that the traffic issues in and around Weymouth are testing, to put it mildly, and if my hon. Friend writes to me, I will make sure that he gets an answer.

Mr Chope: Perhaps I could have one more go—

Hugh Robertson: My hon. Friend can have another go, but he will not get a different answer.

Mr Chope: On the wider issue of the route network, games officials and competitors will not need to travel 24 hours a day. Will my hon. Friend assure me that traffic restrictions will apply only when they are travelling?

Hugh Robertson: Yes. There will not be a blanket restriction in force throughout the games. It will only be in force when required for the purposes of the games.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I thank the Minister for his kind words. When we launched the Olympic network consultation some years ago, there was general acceptance by the public—apart from an outcry in the *Evening Standard*, which was quickly contained—that athletes and officials need to be assured that they can be where they need to be. The only concern was the potential for abuse by those who think that they are more important than they are. Can the Minister reassure us that only those who are entitled to priority through traffic management will get it?

Hugh Robertson: I thank the hon. Gentleman for his intervention and for the initial work he did on this issue. I can give him that absolute assurance. In the early days of the Committee on the original Bill there was a lot of talk about Zil lanes for plutocrats and other such things. The message has now got through that this is a necessary measure to ensure that we can deliver athletes and officials to events on time so that they can take part in the games. I am about to come to the necessary enforcement measures, which were due to be in traffic legislation that never made it on to the statute book. We thought that this would happen in 2006, but it did not and it is now being tightened up as part of this Bill.

As with the Bill's other provisions, since 2006 further detailed planning has been undertaken and further information has become available, leading to a number of technical amendments that are needed to ensure that the intentions of the 2006 Act can be properly implemented. The first of these, in clause 4, will expand the power conferred on the ODA and traffic authorities by the 2006 Act to make temporary traffic regulation orders at short notice for Olympic purposes, as set out in the 2006 Act, by removing the usual requirement to make such orders for immediate changes to traffic, especially for Olympic purposes. On the point made by the hon. Member for Poplar and Limehouse, clause 5 will allow for civil enforcement in relation to contraventions of those notices, and will clarify the provisions allowing the ODA to set the levels of charges, including penalty charges, for the enforcement of orders made for Olympic purposes both within Greater London and outside.

Gavin Barwell: Can my hon. Friend give the House an idea of the level of those penalty charge notices? Has the ODA reached a view on that?

Hugh Robertson: No final decision has been taken, but I can assure my hon. Friend—if this is what is worrying him—that it will be proportionate. There is quite a large ceiling in the 2006 Act. It is fair to say that this point caused us some concern back in 2006 on a cross-party basis. The application of charges will be proportionate. I think that this clause was called the granny clause, because nobody wants a little old lady straying briefly into one of these lanes by mistake and then getting hammered by an enormous fine.

Bob Blackman: One of the principal concerns of residents in my constituency is that the whole of Harrow and Brent could be turned into a very large car park for the duration of the games, with people coming from outside London, from the north and north-west, parking their cars and getting on the Jubilee line to Stratford. What regulations is the Minister proposing to allow the local councils to implement appropriate parking controls to prevent that from happening?

Hugh Robertson: No such provisions are proposed in the Bill. I could see that being quite a controversial power to grant. It is a matter for the local authority, and if it thinks that there is such a threat, it should take action. However, I hope that I can put my hon. Friend's mind at ease by saying simply that the central tenet of the transport ban is that these are public transport games, and that the connectivity to the Olympics site is now fantastic, either via the Javelin train at King's Cross—the area most likely to see the problem he mentioned—or through the upgrades to the tube lines. As I said, however, we suspect that the vast majority of visitors from outside London will probably come in to King's Cross St Pancras and transfer on to the Javelin train. One can get to Stratford in seven minutes from there. I thus hope that the availability of public transport, and the ticketing system itself, will ensure that that problem does not occur.

Bob Blackman: If my hon. Friend came to Stanmore and Queensbury when Wembley station was in operation, he would find that all the residential streets are jam-packed—people come off the M1, park as soon as they can, and get on the Jubilee line to go to the stadium. The suspicion is that that is precisely what will happen for the duration of the games. At the moment, the local authority in Harrow has failed to take any action, and I am concerned about whether the Bill gives any special powers to enable the local authority to act for the duration of the games, rather than having to impose draconian measures for longer.

Hugh Robertson: There is no such measure in the Bill. I would need to take the advice of the drafting clerks, but my hon. Friend is putting before me a general problem that arises when there are large-scale sporting events. I am not sure, therefore, that it would not fall outside the scope of a Bill that is purely for the Olympics. All we could do with the Bill—and I am not even sure we could—would be to provide measures for the period of the Olympics and Paralympic games afterwards. What he raises sounds like a more general problem driven by sporting events at Wembley stadium and elsewhere. If the problem is worrying local residents—I presume he would not have raised the matter otherwise—it is for the local authority to take action.

Mike Freer: On the general point about the extent of the Olympic route network, especially the alternative network, which includes the north circular in my constituency, can the Minister confirm what traffic impact studies have been undertaken? Obviously, a commitment has been given to suspend all roadworks on the network, but what about in the neighbouring areas? If there is a problem and traffic is diverted, we need to ensure that the surrounding streets can cope with that diverted traffic, so we need measures to ensure that all roadworks in the area are suspended.

Hugh Robertson: I can confirm that part of the commitment on the Olympic route network is that there will be no roadworks on that network. It would be slightly self-defeating otherwise. However, the Mayor, with whom we have discussed the matter at great length—we also discussed it with his predecessor—is aware that London's reputation hinges on keeping the city moving during this very busy period, when the eyes of the world will be upon us. Everybody involved knows that a logjam would have serious national implications, so roadworks will be suspended on the ORN and, I hope, in the areas around it.

Jim Fitzpatrick: I seek some reassurance. While we are on the question of reputations and the Jubilee line, will the Minister have a quick word with his former hon. Friend the Mayor of London and ask him to get a grip? The Jubilee line's reputation at the moment will be a huge disincentive for anybody thinking about using it to get to Stratford. It is a really important artery, but its reputation is suffering more and more each week.

Hugh Robertson: I can absolutely give the hon. Gentleman that assurance. I know that the Mayor has for obvious reasons made the smooth running of the Jubilee line during the Olympics one of his top priorities. We are aware of the need to ensure that it runs efficiently.

Clause 7 makes the necessary provision for civil enforcement in relation to moving-traffic contraventions—for example, banned U-turns and no-entry routes—in Greater London, including the procedure for setting penalty charge levels for such contraventions. This provision is needed because the 2006 Act was drafted on the assumption that the moving-traffic parts of the Traffic Management Act 2004, to which the 2006 Act refers, would be implemented in time for the games. That has not happened, however, so we have introduced the clause to fill the gap.

Clause 8 makes the necessary provision for civil enforcement in relation to moving-traffic contraventions outside Greater London on bus lanes, the definition of which will include "games lanes" on the ORN. Again, this includes the procedure for setting penalty charge levels for such contraventions. As with clause 7, this provision is needed to fill the gap that would otherwise be left by the non-implementation of the moving-traffic parts of the 2004 Act. Finally, clause 6 addresses the current limitations on the special event powers in section 16A of the Road Traffic Regulation (Special Events) Act 1984. Although all these were relaxed to some extent by the 2006 Act to allow for road closures for London Olympic events, this clause further relaxes them to enable other types of restrictions to be imposed by an order under section 16A of the 1984 Act, such as

[Hugh Robertson]

parking controls or one-way streets. Clause 6 also allows for civil enforcement in relation to the contravention of such orders. There will be events during the games where the special event powers are usually used, such as for the marathon, and using familiar powers will make the process run more smoothly. That is important.

In conclusion, I began by saying that the enormous progress made in preparing for the Olympic and Paralympic games is a cause for national celebration.

Richard Ottaway (Croydon South) (Con): I apologise for intervening during the Minister's conclusion, but I wanted to catch him before he sat down. Will he say something about the public disagreement over funding between the British Olympic Association and LOCOG? I suspect he hoped that this would not come up, but it was a surprise to many of us that it had not been resolved. If there is surplus money to made out of the games, why is it not going back to the taxpayers, in particular the council tax payers of London who are paying more than the rest of the country?

Hugh Robertson: I thank my hon. Friend for that intervention—I nearly got through, didn't I? I am glad to say that the dispute between the British Olympic Association and LOCOG, which was covered extensively in the media, has now been resolved. If there is any profit from the games, it will be divided by a formula that is set out in the host nation contract, which means that 20% goes to the International Olympic Committee, 20% goes to the national Olympics committee—in our case the BOA—and 60% is invested in community sport.

I started doing this job in opposition in 2004, and it is fair to say that in nearly six years on the beat I have not seen a single budget forecast for the games that produces an outrun profit. Without revealing too much of the inner workings of the Olympics budget, I fear that the worry has been on the other side of the equation—that we might not be able to balance the thing. That is now not an issue; the budget is balanced and will work well. At one stage I thought that the whole dispute was a slightly arcane argument about a minor part of the contract and a profit that will most likely not exist, so I was slightly perplexed as to why it had become such a big issue. Frankly, I think that it became a big issue because there was so little else to write about, as the construction and the organisation of the games were otherwise in such good shape. I am delighted that the thing has now been resolved and that we can all concentrate on rather more sensible matters.

As I also said at the beginning, the increasingly refined planning work that is now being carried out had identified a small number of technical issues that needed to be addressed to ensure that the legislation passed in 2006 worked as intended. It is also my intention—an intention that will be shared across this House—that the enforcement of the measures in the Bill and the 2006 Act will be sensible and proportionate. The issues that the Bill seeks to resolve are minor and technical, but they are also essential to providing the building blocks that will underpin a truly memorable games-time experience. On that basis I commend the Bill to the House.

1.2 pm

Tessa Jowell (Dulwich and West Norwood) (Lab): Let me begin by saying that the Opposition are delighted to support the legislation. I thank the Minister and his officials for the opportunity to be briefed ahead of this debate. As he clearly indicated, the provisions in the Bill will allow us to discharge the obligations that we undertook when, five years ago in Singapore, we won the right to host the Olympic games. I also welcome, as he did, the extent to which we have managed to maintain the contract for cross-party support for the Olympic games. For eight of the 10 years of this project I had the privilege of being the Minister with whom the buck stopped. It is not often in government that one is dealing with a project one knows will extend beyond a general election, and which therefore must be beyond the interests of the governing parties at the time, and held in trust for the people of this country. The Olympics are one such project.

Let me turn briefly to the provisions in the Bill, which the Minister dealt with in considerable detail. The Bill builds on the 2006 Act, which was passed by the Government of whom I was part, updating and refining that legislation in light of operational understanding based on the enormously impressive planning, modelling and further consultation that has taken place since. The Bill updates the legislation in relation to advertising and trading regulations—crucial for public confidence—increases the maximum penalty for ticket touting, and deals with the management and enforcement of the Olympic route network and the additional traffic flows that the Olympics will create. This legislation represents another piece in the overall jigsaw of a multitude of measures that have been put in place to address the complexity of the logistical planning for the event and the degree of discipline required for operational delivery.

As we know, the Olympic park was the largest public sector building project in the whole of Europe. In its success lie many of the tests that should be applied to future developments on such a scale. However, even at this stage, before the park is finally complete, we can have growing confidence that it is a statement about the confidence and competence of UK plc. I pay tribute, as the Minister did, to the leadership of the Olympic Delivery Authority, and in particular to John Armitt and David Higgins. Their partnership needs to be remembered for many years to come, as they are the people who made these Olympic games possible. I would also like to include all the staff of the Olympic Delivery Authority, which is, quite frankly, the best public service organisation that I have ever had the privilege to work with. Every single member of staff should take credit for that. I would also like to take this opportunity to pay tribute to those who were my officials—they are now the Minister's officials—in the Government Olympic Executive. They have done an outstanding and professional job in dealing with some of the difficult issues with the LOCOG budget and in maintaining both budgetary control across government and logistical consistency.

There is still some time to go, so this is not a moment for over-congratulation on the achievement, but we can take satisfaction from the extent to which the UK Government, working with their partner agencies, have done a reasonably good job of confounding the chorus of scepticism that usually accompanies such major projects. Just to recap on progress, as the Minister said,

this great project—the biggest and most complex construction project in Europe—is, at this point, on time and under budget. The building work across the park is almost complete. Two or three weeks ago the final piece of turf was laid in the field of play in the Olympic stadium. I will return to this point, but I believe that the final sod came from Scunthorpe—a powerful statement about how the whole of the UK has contributed to the effort in the Olympic park.

At the end of July the Olympic Delivery Authority will hand over the stadium, the aquatic centre, the handball and basketball arenas, the international broadcasting centre and the main press centre. The white water park at Lee valley is now complete, and the work at Stratford station will also be completed. The anticipated final cost of the construction and development of the park now stands at £7.3 billion, with around £500 million of contingency available. However, another tribute to John Armitt and David Higgins is the fact that something like £780 million of savings have been made.

I should also like to refer to the importance of sustainability in the park, about which my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) has made many speeches in the House. When I last visited the park, I realised that the wetland area looked just as it did on the PowerPoint presentations that I used to make five or six years ago. That is a measure of just how professionally this project has been realised. Trees have been planted that were indigenous to the lower Lea valley 200 years ago.

I would also like to remind the House that once the games are over, more than 2,000 great crested newts will be repatriated from the sanctuary further up the Lea valley that they have been given during the construction process. I am not sure whether that fact will become an issue in the forthcoming mayoral contest, but there will be a post-games moment of celebration with the newts' homecoming.

Jim Fitzpatrick: I hesitate to ask, but does my right hon. Friend think that one of the mayoral candidates is more favourably disposed towards newts than the other?

Tessa Jowell: The passion of our former hon. Friend, the former Member for Brent, East and former Mayor of London, for newts and many other great issues relating to London is well known.

One of the disciplines that has shaped the Olympic project has been confounding what would otherwise have been inevitable. This shows the importance of the Government working with the private sector and other agencies, because it is only the Government who can turn the tide in relation to those inevitabilities. The first example is the importance of bringing benefit not only to London but to the whole of the United Kingdom. A report that I commissioned showed that, had we done nothing to diffuse the benefits around the UK, the disproportionate benefit through displacement from other parts of the country would have been in the region of £4 billion. That would not have been new growth, but displacement to London, with a net additional growth benefit to London. It was because of that that, in the early stages of letting some 1,000 contracts, members of the Olympic Delivery Authority and many of us who are here today toured the country beating the drum to raise awareness of the need to bid for Olympic projects.

There was a considerable degree of success. To illustrate that point, the basketball arena—the largest temporary structure ever built—was constructed by a firm in Glasgow; Neath provided the steel for the aquatic centre, which will probably be the iconic symbol of our Olympic park; Bolton provided the steel for the Olympic stadium; Doncaster provided the steel cabling for the roof of the stadium; and the turf came from Scunthorpe. So 1,000 companies around the country, two thirds of them small and medium-sized businesses, won contracts to help to build the Olympic park and the Olympic village, with hundreds more involved in the supply chain.

I shall now turn to the second "inevitability". I know that my hon. Friend the Member for West Ham (Lyn Brown) is a passionate advocate of the benefits for the people who live in the five Olympic boroughs, including her own constituents in Newham. There was a great fear that the Olympics would be an oasis that had very little relation to the five boroughs, and that the opportunities provided by the games—not only the construction process and the availability of jobs, but also the legacy—would simply pass the communities of the east end by. We are still to be judged on how far we have succeeded in that regard. The risk of falling behind the expectations of local people in east London must be a continuing spur to us all to ensure that those expectations are realised.

By the time the park is complete 30,000 people will have worked in it, 20% of whom will be residents of the six host Olympic boroughs, including Barking and Dagenham. That is well above the original target of 10% to 15%, but we must always believe that we can go further. Local people will have access to more than a third of the apprenticeships, and will be well placed to qualify for the more than 50,000 jobs that will be created in the area once the commercial development is complete. New homes will be built, and Stratford City—the UK's largest retail centre—will be open in 2011.

For those who are sceptical about regeneration, it is worth placing on record the fact that half the original investment in the Westfield centre has now been recovered through the part-sale of the asset by Westfield to a pension fund and other investors. That is regeneration in action. That is what east London needs, but it would not have got it if we had not won the right to host the Olympic games. The Minister talked about engaging the rest of the country. We have seen the enthusiasm for tickets, and it is important that we recruit volunteers from around the country and that the regional benefits of the games are widely enjoyed.

We are pleased to see that the Bill's provisions on advertising and trading during the games are pragmatic and reasonable. It is also sensible to reduce the burdens likely to fall on the police during the period, particularly given the pressures that they will have to cope with as a result of the cuts in their numbers in 2012. The provisions in the Bill are only a small part of the overall proposals on advertising and trading, many of which are being dealt with through secondary legislation and consulted on at the moment. I am confident that the Government are doing what is necessary to ensure that the regulations are appropriate, allowing the majority of businesses to continue to operate as normal and allowing freedom of movement for people coming to the games. We welcome the proposal to raise the maximum penalty for ticket touting at the Olympics from £5,000 to £20,000. The fact that tickets for the opening ceremony in Beijing

[Tessa Jowell]

were on sale at five times their face price provides all the persuasive evidence that we need that this provision is important.

We will obviously seek to probe further in Committee into the application of the provisions. The key determinant of whether they will be seen as draconian and disproportionate, or appropriate for facilitating the smooth running of the games, will be the way in which they are applied in practice. When the Bill comes to Committee we might give further consideration to how the non-legislative aspect of the application of these powers can be achieved.

We know, of course, about the controversy associated with the Olympic route network, and we have all made it clear that this is a prerequisite of becoming a host city. The choice of whether to have it is not one available to us—a point of which the people of London need constant reminding. Those people also need to be persuaded by the evidence of the reasonable way in which this will be policed.

When the Minister winds up the debate, will he consider whether the final approval of the violation charges for abuse of the Olympic route network should lie not with the Secretary of State but with the Mayor of London, which would be more directly consistent with the Mayor's other powers? The potential fines might be controversial across London and for Londoners, so it is right for the elected Mayor of London to have a say over the level at which the charges are set.

In just 456 days, Britain will host the opening ceremony for the London 2012 Olympic games. Already in the Minister's speech and in the interventions we have heard so far, representations have been made for those in our country who should enjoy special consideration. I think everybody will want to see that special consideration, whether it be to injured members of the armed forces or others, properly respected. I hope the House will also acknowledge the close anniversaries of winning the right to host the Olympic games and the terrorist bombings on London, which followed the day after our great success in Singapore. I hope there will be a place to recognise and honour the victims of 7/7 and those whose lives were changed for ever.

In 456 days' time, 4 billion people will turn on to watch the opening ceremony in the Olympic stadium in east London, and we will have the chance of a lifetime to demonstrate what it is about our great city of which we are so proud, as well as our competence and our capability to deliver for the people of this country and visitors from around the world the largest peacetime logistical operation. I believe that we can have every confidence in looking forward to that. Perhaps the most important way of maintaining that confidence is to maintain a degree of humility at the privilege bestowed on us and at the responsibility we have on behalf of the international Olympic movement. We should remember that, in doing this, we are helping to honour the dreams and ambitions activated by the prospect of the Olympic games for every single citizen across our country.

1.23 pm

Mr David Burrowes (Enfield, Southgate) (Con): As a London Member of Parliament, as a mad sports fan and, indeed, as an owner and friend of newts—they cropped up in the previous speech, and they are not a monopoly interest of the previous Mayor—I am delighted to take part in this Second Reading debate. In acknowledging the commitment of previous Ministers in bringing the Olympics to London, I would particularly like to pay tribute to the present Minister for Sport and the Olympics, who told us in his opening speech of being six years on the beat. He is certainly a reassuring presence as he helps to guide us through the preparations for the Olympics.

Earlier this week, I got into the mood and experienced the emotions associated with the Olympics. I experienced frustration, anxiety, disappointment and then a final adrenalin push as I wanted to get to the end of the line before time ran out. Obviously, I am referring to applying for my tickets to attend the Olympics. We shall get a taste of national celebration tomorrow with the royal wedding, and we look forward to the Olympics when we will again have the opportunity to raise this country's flag and be proud of what we can produce.

Next year's Olympics and Paralympics will provide a great opportunity for the people of London and of this country to celebrate sportsmanship and sporting excellence—sportsmanship of which, sadly, we saw too little evidence in last night's champions league semi-final. The dedication and focus of athletes from across the world will set a fantastic example to young people. The investment that this Government and the previous Government have put into new facilities across the country will revive interest in fitness and games at every ability level and inspire the next generation of sportsmen and women, as well as promote a generation of more physically active people. In my neighbouring constituency of Broxbourne, the Lee Valley white water rafting centre is already open to the public, in advance of what will prove to be an excellent facility for canoeing and kayaking.

Furthermore, 2012 will provide an opportunity to celebrate Britain, our culture and our values. As we welcome thousands of visitors to London, we have an opportunity to showcase what it means to be a free country, which can ensure that an event of great size runs smoothly, successfully and enjoyably—without resorting to overbearing methods or controls. The world is watching, British taxpayers are watching and London council tax payers are certainly watching, and we must make certain that all those who support the Olympics can be proud not only of the performance of team GB, but of the manner in which the games are held and our infrastructure copes.

There are real challenges to achieving that. Some will seek to sell tickets illegally, as has already been mentioned, or fob people off with fakes, thereby cheating fans and supporters out of their money and tarring the spirit of the games. Some may try to advertise around Olympic grounds and spaces in a way that unfairly and misleadingly associates their products with the games, tricking those who view them into thinking that the companies or individuals involved are sponsoring or are officially endorsed by athletes or the Olympic games. We saw an example of that at the recent World cup, when orange-clad women were advertising the beverage that they wanted to push. Such ambush advertising is unfair not only on consumers, but on those who have donated and contributed towards the holding of the events that we will be able to experience and enjoy next year. We can look at the criticism of monopoly branding,

but we should recognise the immense financial impact of the games—as the Minister said, £700 million is no mean amount of money, which has helped to reduce the burden on taxpayers.

Those representing London constituencies—I see several of my hon. Friends in their places—will be especially aware of the need to ensure careful planning and flexible powers, so that the sheer size and scale of both the Olympics and our city do not interfere with our commitment to provide accessible sites and quick transport links to and from Olympic venues. This needs to be done proportionately, without inhibiting the free flow of normal business in and around London.

The Bill will help to ensure that our 2012 celebrations will be unmitigated by those challenges in a way that is simple, efficient, targeted, transparent and affordable. The Bill contains simple solutions such as increasing the maximum fine for the unauthorised sale of tickets from £5,000 to £20,000—a serious deterrent to those who would take advantage of other people's enthusiasm for the games—without creating any new offence or a complicated set of procedures. The Bill will give the responsibility for dealing with property confiscated under advertising and trading regulations to the Olympic Delivery Authority enforcement officers, allowing them to make use of powers and procedures tailored for the period covering the Olympics, removing an unnecessary burden from the shoulders of the police.

The key principle, as has already been mentioned, is proportionality, particularly with respect to clause 1, which concerns the removal of infringing articles. As we know all too well, labels are part and parcel of the everyday lives of young people in particular, and the labels on their clothes and the bags that they carry around might technically fall into the classification of infringement. I hope that the Minister will reassure us that proportionality will be applied. I am not talking about planned and organised ambush advertising in contravention of the rules; I am talking about inadvertent advertising by people who attend the games with labels all over their bodies and the articles that they are carrying.

When I referred to proportionality, I did not mean just that officials should not seek to prosecute such people—indeed, we would not expect them to do so—but that the games should not get off to a bad start with the confiscation of articles. For instance, a young person might be carrying the latest man bag with a label emblazoned on it. We should bear in mind that, while it may be appropriate in some respects for local authorities to carry out the task of enforcement, they are, sadly, sometimes guilty of over-zealous application of new powers.

Hugh Robertson: Obviously I explained the position very badly in my speech. Not all enforcement officers will come from local authorities. The ODA will naturally look to them when recruiting officers, because they have some expertise, but anyone who is suitably qualified can do the job. As for the point made by the hon. Member for North Durham (Mr Jones), who is not in the Chamber at the moment, I have been told that under the contract that will be in force, local authorities will be reimbursed for the cost of losing officials if they are selected to act as enforcement officers.

Mr Burrowes: I am grateful for that clarification. Certainly all available expertise should be used, but I hope that there will be proper and clear guidance so that the public are aware of the application of those powers in advance, and can be reassured that we mean it when we speak of proportionality. I am thinking particularly of the seizure of articles to prevent future contravention of the rules. We do not want people to lose their possessions through inadvertent contravention because they did not know the rules. Common sense must be applied.

The measures in the Bill are efficient. They allow the ODA to make decisions quickly about traffic control, and enable ODA officers to respond speedily to any emergencies that require unplanned traffic control and road closures. I am sure that all Members welcome those powers, which will free up the police to focus on protecting the public and preventing serious crime. We are all aware of the extra risk of human trafficking and terrorism posed by the games.

The measures are also properly targeted. They will facilitate flexible application and enforcement of traffic control and advertising notices in specific, well defined areas, tailoring the force of notices to the times when those areas are being used for Olympic events. The north circular road runs through my constituency, and it is renowned for being viewed at a very slow pace by people sitting in traffic jams. I am pleased that the improvements introduced by the Mayor will be in place and that the roadworks will have been sorted out in good time for the Olympics. However, the north circular has a direct impact on my constituents and people in neighbouring constituencies, and although the improvements have helped road safety, it has been acknowledged that they will do little to deal with current congestion, let alone the additional impact of the Olympics. It is important for the traffic management orders to be dealt with proportionately and carefully to minimise the impact on my constituents and others in the area.

Crucially, the Bill will make the procedures surrounding the Olympics more transparent. The rules governing the way in which seized property will be treated, and how and when it will be returned or disposed of, are set out in detail in new sections 31A to 31E. I welcome that transparency, but I feel it should be taken further. Guidance should make clear to those who may consider advertising, trading or using their vehicles in a way that ignores the Olympic notices what penalties they can expect and how their cases will be treated.

At a time where we are making necessary cuts in expenditure to revive our economy and make it secure, the House should note that the amendments in the Bill are affordable. The ODA has estimated that it will incur only an additional £22,000 in costs by taking responsibility for confiscated property, a move that will save the police considerably more money. The loss of business revenue expected from the provision of amended advertising regulations along the games road race route is expected to be no more than £15,400, which is a small price to pay for the maintaining and enhancement of the integrity and success of our Olympic and Paralympic games.

This is a common-sense Bill which responds practically to the challenges that accompany the privilege of hosting the games. It does small things to ensure that the big and positive effects of the games—economic, social and sporting—are unhindered. It will, I believe, protect the

[Mr Burrowes]

interests of the many people who want to enjoy the games without losing time and money to those who seek to take advantage of what will rightly be a national celebration, surpassing even tomorrow's national celebration to become the greatest show on earth.

1.36 pm

Lyn Brown (West Ham) (Lab): This is not my first speech on the Olympics. I remember being in the House on the day that London won the Olympic bid, and describing my pride in the fact that it had been chosen and my excitement at being the Member of Parliament representing the area where the Olympic park would be based. Just in case any Government Members imagine that the Olympic park is an MP-free zone, let me state emphatically that it is not.

I am not sure whether any Members who are in the Chamber today have visited the Olympic site, but I agree entirely with what the Minister said earlier: the progress that has been made in turning what was effectively an industrial wasteland unto a beautiful park has been amazing. I am not the type of woman to wax lyrical about beautiful buildings, but I must say that I have become quite misty-eyed when looking at the buildings that we have managed to produce in the Olympic park. If Members have not been there, I urge them to go. It really is rather beautiful.

Before I deal with the provisions in the Bill, let me, as the local Member of Parliament, put the debate in context by speaking of the communities who will be most affected by the games, and who were promised when we placed the bid that they would benefit from them. I will not go into a long and detailed explanation or a statistical analysis of the poverty in London—a London which, despite City bonuses and high incomes, is also a place of real economic deprivation and hardship—but we should bear it in mind that the Olympic park is sited in the fourth poorest part of London, next door to Hackney and Tower Hamlets, which are respectively the poorest and second poorest parts.

The bid for the games was predicated on the leaving of an important legacy for my constituents and those of my hon. Friends representing east and south-east London constituencies. The bid document stated:

> "By staging the Games in this part of the city, the most enduring legacy of the Olympics will be the regeneration of an entire community for the direct benefit of everyone who lives there."

The ambition of the bid was big, but I did not and still do not believe that it is unachievable. The games present us with a once-in-a-lifetime opportunity to make a real and positive difference to an entire community in what is arguably the poorest area in the country. It is for that reason that the Olympic and Paralympic games must not be simply a fabulous sporting and cultural spectacle for a few weeks in the summer of 2012. They must become a mechanism for leaving lasting improvements in the health, housing, employment and skills of Londoners. To spend that much money and not achieve a lasting and positive legacy would be obscene. In years to come, the success of the 2012 games will be judged in two ways. It will be judged by the people's experiences of the games during the fortnight—the warmth of our welcome, the quality of the competition, the slickness of our organisation, and the sheer excitement of the moment as we cheer our Olympic hopefuls to victory. Most importantly however, especially in the east of London, the games will be judged by what they leave behind—by whether or not they have managed to kick-start a sustained regeneration and renewal of that part of the poorest area of the country. The test applied by local people will be how many new homes and jobs have been created, and how much prosperity has been generated.

We made some big promises on those matters to the International Olympic Committee; indeed, many say the ambitious vision we offered for the future was what led to our winning the bid. We made equally big promises to the people of east London about what it would be like to host the Olympics and what the long-term benefits would be, and we now need to make sure we fulfil those commitments.

The people of the east end, including the people of my constituency, talk to me about how excited they still are at the prospect of the games coming—and they are excited. Young children have been engaged rather well in the process of putting on the games. Children at schools in my constituency have come along to watch the building process as it happens, and they feel part of it. That excitement is still with the local people I represent—and, fortunately, local polling evidence supports that too. I must tell the Minister, however, that there is still a slight feeling of unease in the constituency. People are becoming worried that the games might steamroller them, instead of helping to advance their interests, and they wonder if the promises we made for the future will actually be realised, and whether the benefits will remain after the Olympic torch has moved on. That is the context in which we are discussing the Bill.

I note the Minister's assurance that the Bill does not make any significant policy changes, and that it is designed to deliver the intentions behind the original legislation. In the main, that is a good thing, although I admit to having been a somewhat critical friend of the former Government as we created the framework to deliver the games and its legacy. I am also pleased to note that the consultation on the Bill runs until 30 May, and I look forward to considering the results. However, I am sure Members will agree that the sensitivity and intelligence with which the provisions are implemented will be of greater importance than the details of the provisions themselves. It is crucial that local communities feel respected and engaged in all the planning and arrangements before the Olympics, to ensure that there is genuine access to the good things that they expect to come afterwards.

I understand that the consultation results will be published on the 2012 website, and I hope that they are made available very soon after the close of the consultation period, alongside a plan of action, so that those who will be most affected will know what is to happen. To be honest, I do not think that a notice on the website will achieve that end. I therefore ask the Minister to ensure that the fabulous local campaigning newspaper, the *Newham Recorder*, is involved so that it can fully inform its readership and my constituents of the results of the consultation and what actions might stem from it.

The Bill's provisions on advertising, trading, ticket touting and traffic management during the games period appear to be pragmatic and reasonable, and I wholeheartedly support the increase in the maximum

fine for ticket touting from £5,000 to £20,000 and gently ask if we think that that is high enough given the potential profitability of illegal touting. If we do not think it is high enough, might we put in place an elastic higher end to cover those who might profit more than hitherto expected from such illegal activity?

Businesses in Newham—particularly small and medium-sized enterprises—have not all felt that it is easy to participate in the supply chain. They still see London 2012 as a once-in-a-lifetime opportunity however, and I do not want any unreasonable or poorly designed measures to undermine it for them, or to lead to their incurring additional costs. I would hate to see them embark on a course of action that they then have to change or abandon because it does not accord with the branding rules or other measures we might introduce at a later stage. As the Minister has acknowledged, the Olympic branding regulations are complex, and local businesses located in the regulatory zone that are not official outlets could have their goods seized if their activities contravene them. I understand the need for the regulations, but local traders could find themselves in trouble simply by selling Coca-Cola to thirsty visitors.

Hugh Robertson: I can immediately set the hon. Lady's mind at rest on this point. There is a very tight exclusion zone around the venues that will absolutely not stretch into the areas in which many of her local businesses operate, so there is no chance at all of that happening. Also of course, all these regulations will be well publicised before the event. I do not think there is anything new in this set of amendments that would cause difficulty. Businesses do have to pay close attention to the provisions of the original 2006 Act, which includes a series of relevant measures under which if they were to start to advertise their business on the back of London 2012, they would almost certainly contravene regulations. Those regulations were contained in the original Act however, not in this set of amendments.

Lyn Brown: I am grateful to the Minister for that clarification. I agree that there was substantial debate on the previous regulations, but local businesses have raised issues with me to do with what brandings they can use outside the exclusion zone and whether that might contravene the rules. I understand that no official advice has yet been issued. If it has been issued, I would be grateful to be told that I am wrong, but if it has not yet been issued, I urge that it should be so and that it should be publicised in order to prevent future misunderstandings that could generate local resentment.

Traders are also anxious to see the detail of the fair compensation that will be available to them if their businesses are adversely affected. When the Minister sums up, I would be grateful if he could give an indication of when that information might be made available. It says in the consultation that tackling unauthorised trading within the regulated zones will probably be undertaken by council staff experienced in dealing with similar enforcement issues, but the level of unlawful trading, especially in the Olympic zone, is likely to be far higher than ever experienced locally before. I understand that additional funds will be made available to provide for enforcement officers, and I hope that those officers will come from local councils. It is essential that local enforcement officers are employed in order to ensure that there is appropriate sensitivity in the enforcement of regulations at the games—that refers to a point made by the hon. Member for Enfield, Southgate (Mr Burrowes).

I also expect that the enforcement officers will need additional support from the local police. Given that we are facing cuts of 8% to the local police force in 2012, I would be grateful if the Minister could guarantee, either today or at a later date, that that support will come from the local force. It is from the local force that I would particularly like to see the support coming.

We know that the designation of the Olympic park zone is likely to displace illegal activity to the adjoining areas. That will potentially have an impact on pedestrian safety and on legitimate established traders, with implications for council and police resources too. Again, I ask that finance be put aside to deal with that effectively.

London's bid for the 2012 games was brilliantly conceived and executed, and was predicated on a long-term legacy. In order to shape those outcomes, the reality needs to live up to the words, and there is still much more to do. The scale and nature of worklessness in Newham, where nine jobseeker's allowance claimants are chasing each vacancy, means that there is a need for additional support if local people are to develop the skills to take the jobs that will become available. I welcome the positive results from initiatives such as the Workplace project in Newham but I, like my hon. Friends in east London, have long argued that more needs to be done to ensure that the entire Olympics project creates new kinds of jobs, not only in construction, important though that is, but in hospitality, media, retail, sport and other sectors. Both local and central Government, including all Departments, must continue to work together to exploit the once-in-a-lifetime chance of marketing the area internationally during the games to bring long- overdue private sector investment and create prosperity in our region.

I wish briefly to discuss other things that are on offer but that we are perhaps not exploiting, and these relate to the tourist trade in east London. The area must be ready to play its part in London's offer to tourists from all around the world. The Olympic site, Stratford City, Canary wharf, maritime Greenwich, Brick lane, The O2, Greenwich peninsula and the Royal docks are obvious jewels in east London's crown that are ripe for marketing to businesses. We also have some less obvious tourist assets, which are perhaps unknown to many hon. Members and to many Londoners but which include: the Asian one-stop wedding shop in Green street, in my constituency; and the creative hubs at Three Mills, where "Bad Girls" was filmed, Whitechapel and Leamouth. The east end of London has a great history and a vibrant and hugely diverse local culture. It is well placed to attract the various types of, and the share of, tourists from this country and abroad, if only people knew about it.

I am grateful for your indulgence in widening the parameters of this debate, Mr Deputy Speaker, so that I can advocate properly on behalf of my constituents, and I offer a final thought in summation. The history of recent Olympic games offers many lessons. It shows that hosting this type of global event can renew local areas and transform the life chances of the people in them, as happened in Barcelona; it can leave underused stadiums, as happened in Athens or Sydney; or it can lead to local populations being priced out of the attractive

[Lyn Brown]

new housing, as happened in Atlanta. The experts are clear that the legacy momentum is the single most important factor determining the extent to which the games drive the transformation of the host city, with a significant element of that legacy needing to be delivered before the games begin. So the Government need urgently to take these lessons to heart. They must get a move on and galvanise the actions needed to secure the long-term benefits from the games if we are to emulate the success of Barcelona, as we should all sincerely hope we are able to do.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am allowing a bit of latitude and I hope that Members will still remember to refer to the Bill. I recognise that it is important to raise constituency interests and I will keep allowing this latitude.

Gloria De Piero (Ashfield) (Lab): On a point of order, Mr Deputy Speaker. Earlier today, the Under-Secretary of State for Culture, Olympics, Media and Sport, the hon. Member for Wantage (Mr Vaizey) told the House that spending on the Government art collection would be frozen for the next two years. However, in a written answer given to me by the same Minister I was told that spending on new works of art for the Government collection would total £298,000 for the next two years. Could you arrange for the Minister to come back to the House to clarify what the true position is?

Mr Deputy Speaker: It is not a matter for the Chair to do that. The hon. Lady has rightly put this on the record and I am sure that the Government will have taken her comments on board. If clarification is needed, I am sure it will be forthcoming. I now call Mr Don Foster.

1.55 pm

Mr Don Foster (Bath) (LD): I am not only particularly grateful to you for calling me, Mr Deputy Speaker, but I am particularly pleased to follow the hon. Member for West Ham (Lyn Brown), who represents one of the Olympic boroughs and, as such, has rightly adopted a critical friend approach. What she could not disguise was her enthusiasm for and excitement about the 2012 Olympics and Paralympics, which my party shares. Liberal Democrat Members were delighted to be supporters of London's bid and we were highly pleased with its success. We continue to be full supporters of the work that is going on and we are absolutely confident that not only are we going to have a brilliant sporting and cultural extravaganza in London and elsewhere in 2012, but that it will bring a lasting legacy to all parts of the United Kingdom.

I am also pleased to follow the right hon. Member for Dulwich and West Norwood (Tessa Jowell), who was right to say that we owe a debt of gratitude to all the staff who have worked in the Olympic Delivery Authority and the London Organising Committee of the Olympic Games and Paralympic Games. They have done fantastically well to ensure not only that the games look almost certain to be on budget and on time, but that they deliver the sporting and cultural extravaganza that we are looking forward to seeing. It would be remiss of this House if it did not also thank her for the work that she has done during the major part of the period leading up to the bid and since. Although she was successful in achieving many things, two stand out in my mind: the setting up of an organisation that is delivering so well and, in particular, the work she was able to initiate to ensure that we are using these Olympics to inspire young people, not only in this country but all over the world, about sport; and the remarkable but undersung achievement of obtaining, for the first time ever, permission from the IOC for another type of branding—the Inspire mark. It has inspired many people to undertake activities linked to the 2012 games that might otherwise not have happened, and she deserves full praise for that.

The right hon. Lady was right to say that there is cross-party support for the games and it would be wrong of me not to illustrate that by saying how delighted I am that this Minister has responsibility for the 2012 games. He not only provides a very safe pair of hands and is extremely knowledgeable but, as he rightly says, he has been round the block on this issue for as long as many of us have. This excitement is not confined to us in this Chamber, but it is shared all the way around the United Kingdom. That is demonstrated by not only the fantastic success of the ticket sales, which I shall discuss further in a moment, but the very large number of people, which is far in excess of the number we need, who have applied to be volunteers—games makers—for the Olympics and Paralympics. That illustrates people's real enthusiasm. In retrospect, we got one thing wrong: I am referring to the fact that at the moment many people do not know whether or not they have been chosen to be games makers and, thus, whether or not they should have applied for tickets. I know that a number of these people would have preferred the games makers to be appointed ahead of the ticket application process, but I say that with the benefit of hindsight.

We are proud supporters of the Olympics and the Paralympics and we support the measures in the Bill. We are all huge fans of the wonderful and brilliant briefings that we get from the House of Commons Library. The one on this Bill is no exception. In its opening sentence, it makes it very clear that this is not a major Bill but merely one that

> "makes a small number of technical amendments to the advertising and trading, ticket touting, and traffic management provisions of the London Olympic Games and Paralympic Games Act 2006."

You have been very generous, Mr Deputy Speaker, in allowing people to range on much broader subjects than this not very major Bill, which deals with a few technical amendments.

Those amendments are important, none the less, but before I deal with them, let me say that I am particularly delighted that the Bill's title includes the word "Paralympics". As the former Secretary of State and Minister with responsibility for these matters, the right hon. Member for Dulwich and West Norwood will know, during the passage of the 2006 Act, on which many of us spent many happy hours, it was necessary for me to table an amendment to ensure that the word "Paralympics" was included in the title and got the same prominence as the Olympics. My zeal for the Paralympics at that time has paid off more recently because the British Paralympic Association has agreed

that it will base its pre-games training camp in the wonderful city of Bath and the fantastic facilities of Bath university's sports training village. To follow the tradition established by the hon. Member for West Ham, I can reveal that that news was announced in my wonderful local newspaper, *The Bath Chronicle*.

The measures in the Bill—to stick to your ruling, Mr Deputy Speaker—deal with advertising and trading provisions, as the Minister has rightly said. The 2006 Act sought to ensure that we have measures in place that meet the IOC requirements and that, crucially, protect the important sponsors for the games from things such as ambush marketing. Any Member who has seen the draft version of the relevant regulations, which, as we have heard, are out for consultation, will be pleased, I am sure, that the proposals offers a light-touch approach while meeting our obligations. It is sufficient to deter illegal activity while avoiding the heavy-handed approach that has marred some previous games. I was delighted to hear the Secretary of State confirm in answer to a question earlier today that the measures will be used "sensitively" whereas the Minister, using a different phrase, has said in this debate that they will be used "proportionately". I think we would all agree that whether the approach is light touch, sensitive or proportionate, that is what we want it to be—we want all three.

It was probably not sensible for the 2006 Act to suggest that the police, with their myriad other concerns, should be responsible for dealing with goods confiscated from illegal street trading, so it makes sense for that responsibility to be transferred to the ODA. Notwithstanding the large number of interventions that the Minister had to deal with about who the ODA officials would be—I suspect that largely they will be trading standards officers from local councils—the Bill deals only with who will look after the confiscated goods and the rules for handing them back.

Another reason it makes more sense to move that responsibility to the ODA is that the rules used by the police for handing back such goods are incredibly bizarre and come from a Victorian era. The rules that these measures are based on—the ones used by trading standards officers—are much clearer and much simpler and will therefore be easier to follow. It is right that we should have clear rules about when goods—even vehicles—must be handed back and the Bill provides them for us.

It also makes sense to have measures in place to ensure that we can deal with changes made at short notice to games venues or the timing of events so that we can continue to meet our obligations to the IOC and our sponsors. Given that Parliament has already agreed to such procedures for the Commonwealth games in Glasgow, I see no reason why we should not be doing exactly the same for London 2012.

The need for contingencies for last-minute changes to venues or event timing applies equally to transport and the Olympic route network. That is what these small technical measures deal with. It makes sense to address traffic regulation orders, traffic regulation notices and special events notices to ensure that everything that can be done is done to keep London moving during the Olympic and Paralympic games. As other Members have said, particularly the hon. Member for West Ham, we must be ever vigilant to ensure that everybody in London is aware of the implications of the imposition of the Olympic route network. The last thing we want is a lot of bad publicity from people claiming that they were not given notice that their regular car parking space would disappear for a few weeks during the Olympics and Paralympics, or from a corner shop that finds that trade drops remarkably because people cannot stop outside it. The right hon. Member for Dulwich and West Norwood said that Londoners are well aware of the need for such measures, and although that may be true, every single person needs to be given plenty of notice not only of why these changes are important but of what the impact on them will be.

Incidentally, I also welcome the huge amount of work that the ODA is doing on traffic demand management, which is rarely talked about in these debates. It is all very well to put in place all the measures to find routes, but we have to remember that businesses in London must continue to operate. It is crucial that we work with those businesses and try, for instance, to persuade them to move the operation of their business to different times so that they are not moving around at a time when we need the route network and other roads in the vicinity to get people to and from the games.

As we have heard, the final measure in the Bill concerns ticket touting. The games provide a wonderful opportunity for many people to see a wide range of both Olympic and Paralympic sports performed by the best athletes in the world. For many games goers, this will be a real opportunity to engage with sports that they might not necessarily know much about. Having seen a demonstration of one Paralympic sport from the British Paralympic team, training in Bath, I am convinced that it will be the new hit sport in the United Kingdom. If any right hon. or hon. Member has not yet come across goalball, I strongly recommend that they go and find out about it. It is an amazing event with three people in a team who simply have to get a ball into the net of the opposing side. The only twist is that all the participants are totally blind and judge how to play entirely by hearing the sound of a bell inside the ball. It is fast, furious and exciting, and given that Channel 4 has the rights to film the Paralympics, I hope it will focus on that sport and that it will become a national winner.

As so many people are going to be excited by the games and are going to want to apply for tickets, not just in the recent round but in subsequent rounds—1.8 million people have applied, the statistics show that many of the sports are sold out, 20 million applications have been made for just 6.6 million tickets and more than 50% of the 650 sessions have been oversubscribed—pickings will be ripe for ticket touts unless we take appropriate action. Given the experience of previous games, for example the allegations in Beijing in 2008 that meant that not only outsiders but Olympic officials and the families of competitors were caught up in ticketing scams, it is absolutely right that we should do everything we can in that regard.

I referred in an intervention to the excellent work of Operation Podium, which has already closed down a large number of illegal sites and will no doubt continue to do so. It was interesting that people working on that project said categorically that the £5,000 fine was insufficient to deter the ticket touts. More recently, the Minister has said that we need to do more about this issue, as has the Home Secretary. I think it is absolutely right that we are increasing the fine from £5,000 to £20,000. I am told

[Mr Don Foster]

that in a top-flight football match it is possible for ticket touts to get away with about £100,000, so a £5,000 fine will be seen merely as a business expense whereas a £20,000 fine will make it much more likely that touts will stop and think.

I think that what is proposed in the Bill is absolutely right and that the level is right, but I say gently to the Minister that if we are doing this for the Olympics, why are we not beginning to do something about all the other sporting events? The Lawn Tennis Association is already asking us why, if we can do this for the Olympics, we are not applying it to Wimbledon. I know that there are complications because we desperately want to get the legitimate, secondary ticket exchange market operating more effectively. I know it is not easy, but the House has to spend a bit more time discussing what we are going to do about ticket touting.

It is absolutely critical that for the Olympic and Paralympic games we have a robust, efficient, speedy and effective ticket exchange scheme. Many people who bid for tickets in what was meant to be a marathon not a sprint, but which ended up being a marathon with a sprint ending, have overbid because they did not think they would get the full amount. A lot of people are going to be worried about having a lot of tickets on their hands and will not want to use ticket touts but to do things legally, and we have to assure them that a system is in place. It is regrettable that details of the official ticket exchange scheme have not yet been made fully public and it is important that that is done at the earliest opportunity.

Hugh Robertson: I thank the right hon. Gentleman for giving way. I can see the hon. Member for Washington and Sunderland West (Mrs Hodgson) twitching in her seat, given her private Member's Bill, so I thought it might be helpful if I cleared up this point. We have brought the regulations forward in response to a specific threat that has been identified by the Metropolitan police as part of Operation Podium. We also asked the police about ticket touting more generally and they have not identified a more generalised threat. As the right hon. Gentleman is aware, this issue was considered by the previous Government and the Select Committee on Culture, Media and Sport in the previous Parliament and they both said that there was insufficient evidence of the need to go for a more general ban on ticket touting.

Mr Foster: I am grateful to the Minister for that response. I apologise to the hon. Member for Washington and Sunderland West (Mrs Hodgson)—I hope that she is going to say a little more about this issue and I think she was absolutely right to bring forward her private Member's Bill. On its Second Reading she referred to this very specific point and no doubt she will expand on that in a few minutes.

As I have said, the Bill contains a relatively small number of technical adjustments to the largely excellent 2006 Act and it has my full support. The right hon. Member for Dulwich and West Norwood said that we had 554 days, I think it is, before the Olympics begin, but I will be getting excited sooner because the torch parade will begin 70 days before that. That is when the real excitement will begin for what is going to be a wonderful sporting and cultural extravaganza in this country, bringing real and lasting benefit to businesses, sport, culture, tourism and many other aspects of our life. I am confident that it is going to be a great spectacle that will have a lasting benefit and I think that these small additional measures will ensure that it will be even better than it might otherwise have been.

2.14 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I am very pleased to follow the right hon. Member for Bath (Mr Foster), who I wish had been able to attend the Second Reading of my private Member's Bill, as I would have had another supporter in the House for what I was trying to achieve.

I welcome the Bill, which makes some very sensible amendments and additions to the 2006 Act. I am pleased that the Government have so far demonstrated that they are as committed to delivering a vibrant and memorable games as the previous Government were, even if they are not quite so keen on parts of the legacy side of things. I am referring specifically to the free swimming and the school sports partnerships, which have been scrapped.

Hugh Robertson: I am going to take this only so far, as this has been a consensual debate thus far and I do not want change that. I am absolutely prepared to take criticism from the hon. Lady about this if she will tell me what she would have cut from the sports budget had that not been done.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I have allowed latitude but I do not want us to get into a political row. This has been a good debate so far and I am sure that the hon. Member for Washington and Sunderland West (Mrs Hodgson) will think about how her speech is going to continue.

Mrs Hodgson: I did not intend to expand on that point, but if I had responded, without your intervention, Mr Deputy Speaker, it would have been only to say that such decisions were above my pay grade.

I want to place on record my praise for the London Organising Committee of the Olympic Games and Paralympic Games and the Olympic Delivery Authority for the excellent way in which the preparations for the games are coming together. It would also be remiss of me not to congratulate my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell) again on the integral role that she has played in securing the games. The fact that we have them here in the UK in the first place is one of her greatest achievements. We talk about legacies, and that is her legacy to the country from her time as the Olympics Minister.

As we have heard, this week saw the close of the application process for the tickets. I had planned to apply for tickets but then decided that I would wait and test out the resale forum that the right hon. Member for Bath was just asking for more details about. I am interested in seeing how that works, and hon. Members might be aware why I am so interested in that issue. I believe that that mechanism could be rolled out to tackle ticket touting across the board for all major sporting, cultural and live entertainment events, as I suggested on Second Reading of my Sale of Tickets

(Sporting and Cultural Events) Bill. I am sure that the Minister and other hon. Members will not be surprised that it is on the subject of ticket touting, and therefore clause 3 of the Bill, that I wish to concentrate my comments today.

I agree wholeheartedly with the provision to increase the fine for those prosecuted under section 31 of the 2006 Act. I know from my own meetings with officers from Operation Podium that touts caused serious problems at the Beijing games, and it is absolutely right that the Government and the police should do everything within their power to ensure that the same does not happen here. As I told the House on Second Reading of my Bill in January, those officers from Operation Podium told me, when I met them to discuss my Bill, that a fine of £5,000 would be seen as an occupational hazard by the real hard core of touts, particularly as it is possible to make that much profit or more on a single ticket to one of the premium sessions, such as the opening or closing ceremony.

The right hon. Member for Bath has mentioned Wimbledon, which happens every year but for which debenture tickets have been known to sell at mark-ups of £10,000 each. The Olympics takes place every four years, but it is not in the UK every four years or even every 40 years, so for many of our constituents, even the relatively well-off ones, being able to go to them is a once-in-a-lifetime opportunity. It would therefore be no surprise whatever to see tickets going at astronomical mark-ups. That prompts the question that my hon. Friend the Member for West Ham (Lyn Brown) asked—whether even a £20,000 fine would be seen as nothing more than an inconvenience to some of the hardcore, criminal, organised touts. However, I understand that Ministers have to draw the line somewhere, and I am fairly confident that £20,000 is sufficient to deter the touts at the bottom of the pyramid—the kind of chancers who might ordinarily get half a dozen tickets to a gig to sell on. I hope that when big operators are caught, the prosecution will assess the offence as a lifestyle crime and claw back more substantial amounts of money by using the Proceeds of Crime Act 2002. Perhaps the Minister can clarify that issue in his closing remarks.

The next key part of the drive to stamp out touts from the Olympics is to remove their market as far as possible. By that I mean making sure the public know that tickets they buy from anywhere other than the official website—and, from next year, I believe, the official resale or exchange forum—have been sold to them illegally. For many, although not all, this will serve to change their attitude to buying from a tout. Of course, the task of changing attitudes might be difficult, because touting for almost every other form of live entertainment, as we heard in response to the right hon. Member for Bath, is still allowed and condoned by this Government—as it was, it must be said, by the previous Government. Indeed, some Opposition Members came along to the Second Reading of my private Member's Bill to say that they thought ticket touting was a classic case of the free market in action and that touts were nothing more than entrepreneurs. It is good to know that the spirit of Baroness Thatcher is still unashamedly alive on the Tory Back Benches, but it makes one wonder whether the Minister might have a small Back-Bench rebellion on his hands today.

However, I notice that some of my main adversaries during the debate on my private Member's Bill are not present today. Perhaps the Minister has already neutered their free-market tendencies—I hope that they are recovering well. Presumably, they might say that Olympic tickets are indistinct from tickets to a 200-capacity U2 gig, and are an asset to be traded like any other. Either way, I am pleased that the amendment is being made today and that touting's parasitical nature and criminality are being taken seriously by both the police and the Minister.

During the course of the conversations that the Secretary of State and his ministerial colleagues will have had with police and officers on the inclusion of clause 3 in this Bill, I hope that they will have been sufficiently convinced of the egregious nature of ticket touting to engage with me now and look for ways of ensuring that fans of other sporting and live entertainment events will enjoy similar protection. After all, Ministers must have been very convinced by the evidence presented to them, as we have already heard.

A Home Office press notice on 10 March stated, in a direct quote from the Home Secretary:

> "The focus of the government and everyone involved is to deliver a safe and secure Olympic and Paralympic Games that London, the UK and the world can enjoy. It will not be spoiled by ticket touts."

That is great, and I could not agree more. Allowing touting, either by not legislating or by not enforcing that legislation, would be hugely detrimental to ordinary fans who want to get along to the games. We know that because we can see how detrimental it is every night of the week in towns and cities up and down the country to fans who want to go to gigs, matches, festivals and shows.

In the Home Office press release, Assistant Commissioner Chris Allison, the national Olympic security co-ordinator, stated:

> "We do not want our Games blighted by touts....Touts are part of organised criminal networks, often involved in other crimes, and we are committed to dismantling them layer by layer."

The Minister intervened on the right hon. Member for Bath to say that that relates in particular to the Olympic games, but I have been presented with evidence showing that those criminal networks are not only set up to take advantage of the Olympic games, but that they already exist and are taking advantage every time a bout of tickets goes on sale.

Hugh Robertson: I made an undertaking on Second Reading of the hon. Lady's Bill to look at that issue again, notwithstanding the advice of the Select Committee and, indeed, the position we inherited from the previous Government. It was made abundantly clear to me that there was no such evidence. She told me on Second Reading that there was evidence, but when I asked the Home Office directly I was told that there is no evidence of a more generalised threat. There is evidence of a specific threat towards certain high-profile events, of which the Olympics are one.

Mrs Hodgson: I do not want to get into an argument with the Minister—heaven forbid—but when I met officers from Operation Podium and from the Met's team on money laundering, I was told that they had evidence and that they were dealing with touts on a large, organised criminal basis and in relation to all

[Mrs Hodgson]

touting. They said specifically that they were working towards the Olympics, and there have already been arrests under Operation Podium, but this concerns gangs that were already operating and making large sums of money; the industry runs to £10 billion.

I could not agree more with what Chris Allison said, but it is interesting to note the difference between the Home Office and the Department for Culture, Media and Sport on this issue. The Minister committed on Second Reading of my Bill to looking further into the matter, and I am pleased that he has done so, as obviously his conversations have led to clause 3. I hope that Ministers now see that there is a problem. The Minister is still saying that the problem relates specifically to the Olympic games—

Hugh Robertson: Specific high-profile events.

Mrs Hodgson: "Specific high-profile events": that recognises that the problem could go beyond the Olympic games. If the Minister does not mind, I will take what he just said as a very positive sign that perhaps my campaign could still catch hold, and I could go some way towards convincing him of the need for further legislation.

I am aware that the hon. Member for Hove (Mike Weatherley) spoke to the Secretary of State's office on 17 March about setting up a meeting with representatives from the live entertainment and sporting industries, him and myself to discuss this matter. I believe that he is yet to receive a response to that request, but I hope that it will find its way into the Secretary State's red box soon. Many prominent entertainment and industry professionals are very keen for a chance to put their case to the Secretary of State, and could perhaps bring the further evidence that he might require on the criminality, and how widespread the problem is, not only for major sporting events but for festivals and music gigs.

To conclude, I support the Bill and its aims wholeheartedly and look forward to it reaching the statute book in good time, preferably before people get to hear whether their ticket applications have been successful, because they may then be tempted to tout them. Clarification on whether the Bill will be passed before people find out whether their ticket applications have been successful would be very helpful. As I said, I hope that in the course of arriving at clause 3 the Government's position on touting more generally will have shifted sufficiently to mean that they will now engage meaningfully with me and other hon. Members from both sides of the House who want more action to be taken to protect fans of all live entertainment, sporting and cultural events from exploitation by touts.

2.27 pm

Richard Ottaway (Croydon South) (Con): One of the noticeable features of today's debate is the largely all-party spirit in which it has been conducted. The Minister has been though this for many years, in opposition and now in government, and forms a formidable trio alongside the right hon. Members for Bath (Mr Foster) and for Dulwich and West Norwood (Tessa Jowell). I pay tribute to all three for the way in which they have maintained the all-party consensus on the subject.

One of the Secretary of State's smarter decisions was to reappoint the right hon. Member for Dulwich and West Norwood to the Olympic Board, which I suspect was largely because of her non-partisan approach when in government, which she has continued in opposition. She has left us, however, with the ultimate sports quiz question: "Why did the last sod come from Scunthorpe?" I do not know the answer to it, but I suspect that it may not just be a sports quiz question; it may appear in lots of comedy shows. Perhaps the Minister can inform us of the answer when he winds up the debate. Anyway, the right hon. Lady has left the question tantalisingly there.

The games are a once-in-a-lifetime opportunity, and that has resonated through the debate. Everyone recognises that point, and those who are hostile to the games seem to be fading away as the Olympics get closer and the obvious enthusiasm for them continues. As a London Member, I am proud of my city's ability to put on the games, and my constituents are beginning to join in the enthusiasm around them.

The games present a huge opportunity for London, and for the United Kingdom as a whole. I am sorry that the hon. Member for West Ham (Lyn Brown) is not still here—*[Interruption.]* Oh, she is still here, but she has moved on to the Opposition Front Bench. She spoke about the way in which her constituency has been regenerated, and I look not just at her constituency, but at the east end of the capital, of which I am a part. For it to be regenerated for £9 billion is a pretty good deal, because it involves not just that £9 billion, but what it is levering in, and the regeneration that the Minister and the shadow Minister mentioned. I join them in paying tribute to the way in which the Olympic Delivery Authority has brought that about.

I remember John Armitt saying that there was never a better time to build the site, because he had a competitive materials market in which to operate and plenty of labour at the time. We should be grateful for large mercies in that respect, but he took his opportunity and has done a great job. The stadium was, I think, completed a few weeks early and on budget, which is tremendous, and all those concerned are to be congratulated.

I congratulate also the London Organising Committee of the Olympic Games and Paralympic Games on its continued meticulous planning over the past few years. Its attention to detail has paid off, and it culminated in a very successful ticketing exercise. I am hugely impressed by the statistics, which show that more than 20 million tickets have been applied for by 1.8 million people, and that it is the biggest ticketing exercise ever undertaken in the United Kingdom. That is sensational stuff, it bodes well and I, like others who have spoken, will be very surprised if there are empty seats in virtually any stadium during the games. I will not follow the right hon. Member—my right hon. partner—for Bath in his enthusiasm for specific sports, but some will obviously be more attractive than others.

While I am on the subject of LOCOG, as chairman of the all-party London 2012 Olympic and Paralympic games group I welcome its co-operation with that group. Thanks to LOCOG, the House has had briefings which many Members have attended; indeed, it has been probably one of the best attended all-party groups. We have had meetings on volunteering, ticketing and the Paralympics, and we have an upcoming meeting on the education programme, a very important briefing on 23 May on

the torch relay route and another briefing planned on the cultural Olympiad. It is thanks to the co-operation of LOCOG that the meetings have been so successful, and I also congratulate the Minister and his Department on the seamless transition before and after the election, which has been maintained throughout.

I welcome this important Bill. It might be a small, logistical and technical Bill, but its impact will create ripples across everything that is being done, so in truth everything that has been said today has been in order, because of the Bill's knock-on effect. For many years I was involved with the British Paralympic Association, whose headquarters were in Croydon. The association has now moved, and I am well aware of its difficulties involving advertising and trading, and the fact that after the London Olympic Games and Paralympic Games Act 2006 it had to cease trading because of the use of the Olympic and Paralympic symbols. It is relying on a grant for the period of the games, and one of my concerns is that afterwards it will have to start raising funds again but will have lost its database and its hard core of sponsors and suppliers who have helped it over the years. I recognise, however, the importance of the advertising and trading features in the Bill.

I recognise also the importance of the traffic management proposals. The Minister said that these are "public transport games", but that was a reference to public transport access to the games. The knock-on effect in the rest of London will be quite profound, as my hon. Friend the Member for Harrow East (Bob Blackman) pointed out. London is very sensitive to traffic. It will flow quite normally during a holiday period, but just a small bottleneck can have a huge and profound impact, causing jams throughout the capital, which often knock on into the outer suburbs.

I therefore welcome the proposals in the Bill. The use of the Olympic lanes will be very important. Perhaps the Minister could clarify when they will be introduced and removed, given the knock-on effect. I believe that there is to be a moratorium on roadworks throughout this period—in fact, I think, for most of next year. Can he confirm that?

Hugh Robertson *indicated assent.*

Richard Ottaway: The Minister is nodding, so there is no need for him to deal with that when he winds up.

Let me draw to the Minister's and the House's attention the report by the Foreign Affairs Committee entitled "FCO Public Diplomacy: The Olympic and Paralympic Games 2012", which has quite a cross-over into the Bill. Unusually for a Select Committee report, it is fairly uncritical of the Government because it expresses the belief that they are on the right track in enhancing the perceptions that the rest of the world has of Britain—a responsibility of the Foreign Office.

It is interesting to learn that in the world's perception, the UK is seen as

"fair, innovative, diverse, confident and stylish",

but we are also seen as

"arrogant, stuffy, old-fashioned and cold."

The games present us with an opportunity to change the world's perception of this country. We want to be seen as a welcoming, diverse, tolerant and generous nation, and the games give us a huge opportunity to illustrate that we are just that. At the Barcelona and Sydney games, people were able to change the world's perception of those countries to their benefit, whereas the Beijing games, with the surrounding human rights issues, and Athens, with the lateness of the construction programme, formed an adverse perception. Germany's hosting of the World cup hugely enhanced the world's perception of that country.

Andrew Bingham (High Peak) (Con): I am not sure whether my hon. Friend is a football supporter, but does he remember the similarly good impression of this country that Euro 96 gave to football fans across Europe? I remember the event quite well; it was a football odyssey that portrayed British football grounds and football supporters in a good light.

Richard Ottaway: My hon. Friend is absolutely right. There is a risk involved in this. If we get it right, it enhances perceptions; if we get it wrong, it is very dangerous. All it would need is a serious traffic snarl-up or a security issue for the world to form a very different perception of Britain. That is why the measures in the Bill are rather important. The way in which we deal with an adverse situation will be very significant. Let me give a small illustration. The situation with the trapped Chilean miners was a disaster for Chile, but the Chileans turned it round completely in the way that they dealt with it and got the miners out. If we have a difficult situation during the Olympic games, how we deal with it will be as important as ensuring that it does not happen in the first place. One of the proposals in the Select Committee report is that a rapid rebuttal unit should be established to deal rapidly with an incident during the games. That is important, and I believe that it is in hand.

The Olympic games present a huge opportunity. The world can come together and, just for a few days, speak with one voice focused on a single event. I understand that we will have nearly 100 Heads of State coming here next year, which in itself presents a logistical exercise in how on earth we deal with them. Let us show the world that we can do this in style. Let us demonstrate that we can put on a good show and show the world that we are tolerant, diverse, welcoming and generous—great British values that are of huge importance. It is well within our ability to do so.

2.39 pm

Rushanara Ali (Bethnal Green and Bow) (Lab): I am delighted to speak in this debate as a Member of Parliament from one of the host boroughs, the London borough of Tower Hamlets. I join other hon. Members in welcoming the Bill. My hon. Friend the Member for West Ham (Lyn Brown) highlighted the positive sentiments and great pride that were felt by people around the country on the wonderful day when we celebrated winning the Olympic bid. The bid highlighted London's diversity, dynamism, creativity and youth. It will be remembered for the wonderful, imaginative image that Britain showed the world of a city that is incredibly exciting, a place that is incredibly welcoming, and a place in the east end that is famous for its heritage, resilience and character.

Many of my constituents in Bethnal Green and Bow can see the Olympic stadium at the end of their streets, and the games have already started to impact on their lives. Many communities in London rightly expect to

[Rushanara Ali]

have a central role in the games, and they deserve a stake in the Olympic legacy, whether in the areas of employment, environmental impact or sport. My constituents, like me and other people from the host boroughs and across London, feel passionately about the games and want them to succeed. We are proud to be a host borough and to host the Olympic park, and look forward to showing the world the east end of London at its best.

My right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell) has recalled Labour's original vision of the games as an engine for physical and social regeneration in the east end. It is a great opportunity to showcase a vibrant and proud London, and the great opportunities that it has, especially for young people. We hope that the games will inspire them for the rest of their lives, and that in years to come many of them will recall next year's Olympics as the thing that inspired them to become sportsmen and women and to make their country proud.

There are of course deep concerns. There are well-founded concerns in my constituency over the recent cuts to school sports funding, youth facilities, and community and elite sports facilities. Some of the organisations that are losing funding are working to get volunteers engaged in the Olympics.

Hugh Robertson: Just to be absolutely clear, there are no cuts to elite facility funding. The money that the previous Government pledged to UK Sport, which deals with elite facilities, has been honoured in full. Community facilities, which are delivered through the whole sport plans, were protected by raising the amount of money that sport gets through the lottery.

Rushanara Ali: I thank the Minister for that response, but he should consider visiting my constituency and some of the organisations that will be affected by the cuts. As I was saying, one of the organisations— *[Interruption.]* If the Minister will let me, I will finish my sentence. One of the organisations that I visited recently, which is engaged in preparing young people to be volunteers, is losing funding and will struggle to get people into those opportunities. There are many other examples of funding cuts that are affecting young people. Perhaps the Minister can reassure me that funding will not be cut—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am going to help reassure the hon. Lady. We are dealing with the Bill and I have allowed a lot of latitude for Members to stray off it. However, we should not be scoring political points when dealing with the Bill. By all means, the hon. Lady may mention her constituency and the benefits of the Olympics, but I will not allow this to stray into a political row that has nothing to do with the debate.

Rushanara Ali: Thank you, Mr Deputy Speaker. I hope that I will not stray beyond the Bill, but I would like to turn to the subject of employment.

Hugh Robertson: That is not in the Bill. It is an amending Bill.

Mr Deputy Speaker: Order. I am sure that the Minister is going to wait, and that if he wishes to intervene, he will do so in the correct way.

Rushanara Ali: Thank you, Mr Deputy Speaker.

There is great concern in my constituency about the need to ensure that the opportunities that will be offered as a result of the Olympics, such as the 100,000 job and volunteering opportunities, can be taken up by local people. Although that is not specifically related to the Bill, it is important to those of us who represent constituencies in the east end of London that local people, particularly young people, can receive such benefits, especially given the current unemployment situation. I hope that more effort will be made to encourage and support young people and others to get into those jobs.

I turn to policing and enforcement, on which I welcome many of the clauses in the Bill. In the face of the resource constraints on local police services, can the Minister assure us that there will not be additional pressure on the police in constituencies such as mine, and that every effort will be made to ensure that they are properly supported?

May I also ask the Minister for clarification of the level of input and support that might be required from local authorities such as Tower Hamlets in the logistical and preparatory work, including on policing, alongside the work that will be done by the ODA? That is particularly significant for my constituency, because the local authority is facing major cuts—some £72 million over the next four years. I hope that the Bill will not mean any hidden costs for host boroughs, but I know that there are concerns about how the costs will be met.

I reiterate the point that other Members have made about ticket touting by welcoming the suggestions in the Bill to do with penalties. All possible measures should be exhausted to ensure that those who are involved in organised crime and seek to exploit local people are properly fined and punished.

I turn to the subject of traffic regulations. People in my constituency understandably feel let down and disappointed by the changing of the Olympic marathon route away from the east end areas of Tower Hamlets and Poplar and Limehouse. Despite that change, local people will still experience some of the disruption associated with the games during the weeks when they are taking place, and I hope that their sentiments are recognised. I have had hundreds of letters from constituents, particularly young people, who feel that the change was a betrayal of the original commitments, and it is right that that sentiment is recorded today.

Tower Hamlets is the only host borough that will not be hosting any of the games. It is a source of great pride that the other host boroughs will host events, but there is a great deal of disappointment in Tower Hamlets. I hope that the Minister will take on board the need for every effort to be made to ensure that people in constituencies such as mine are engaged in the games and have the opportunity to take part in other ways. The marathon was going to be a free event available to people in one of the poorest boroughs in the country. I hope the Minister takes that on board.

As other hon. Members have cited their local newspapers, I ought to do the same to keep in tradition. The *East London Advertiser*, one of the great east end papers,

which recently had to move from my constituency, ran a spirited campaign, working with local young people, London Citizens and TELCO—the East London Community Organisation—to try to get LOCOG to change its mind. Unfortunately, the campaign was unsuccessful, but local people might have an opportunity to organise and hold an alternative community marathon so that they can be involved. I hope we can rely on support for that from the Minister and from LOCOG if that goes ahead.

LOCOG has responded by welcoming that campaign and by trying to create other opportunities for the area by way of early access to job vacancies and so on. However, unfortunately, those initiatives fall short, and I hope the Minister takes on board some of those points so that we can have a proper legacy and make the most of the Olympics. Showcasing Brick lane and business opportunities are welcome, but as many young people have pointed out, there is more to the east end and Tower Hamlets than curry houses.

Justin Tomlinson (North Swindon) (Con): The hon. Lady can help on legacy by championing the school Olympics principle locally, which I have been doing recently. That is a tangible way in which MPs, as community leaders, can make a big difference and encourage a legacy for young people.

Rushanara Ali: Colleagues and I are working with LOCOG on that, and a number of schools have engaged, which is welcome. However, the hon. Gentleman will understand that a host borough which expected a high-profile event, was willing to put up with disruptions and so on, and was so optimistic, was clearly greatly disappointed when the proposed marathon route was cancelled. Given the poverty in the borough, and its enormous enthusiasm, much more could be done. We have just under 500 days before the Olympics, and opportunities could be seized in that time. I therefore ask the Minister, and LOCOG and other agencies, to use the final few months to do everything they can to create a genuinely lasting legacy.

On pollution and the environmental consequences of the games, given the previous Government's clear ambition and focus on employment, the reduction in pollution and investment in public transport, recent reports have caused deep concern. I hope that we will be reassured that every effort will be made to ensure a reduction in congestion and that there are no unnecessary disruptions to local people as they move back and forth from work and so on during the weeks of the Olympics.

In conclusion, I reiterate my support for the Bill, but I felt it important to emphasise the wider issues of employment and the sporting legacy and others that affect constituencies such as mine. This is a once-in-a-lifetime opportunity for the many people who live in constituencies such as mine. They are incredibly excited and passionate about it, and they want a chance to get involved. I hope that, as we move towards the games, the Government will ensure that the people of London have the chance to make the most of these wonderful and exciting games.

2.55 pm

Mary Macleod (Brentford and Isleworth) (Con): The Olympic and Paralympic games are events like no other. To have them happening here in London is a once-in-a-lifetime experience. I may be biased, but I believe that London is the best city in the world and I am confident that we will deliver a world-class games.

Andrew Bingham: On that point, does my hon. Friend hope to emulate the Manchester Commonwealth games of a few years ago, which were excellent?

Mary Macleod: I thank my hon. Friend for his intervention. Although London is the best city in the world, Manchester comes a close second and I am sure that the success of those games bodes well.

The hon. Members for Bethnal Green and Bow (Rushanara Ali) and for West Ham (Lyn Brown) talked about the pride felt at winning the bid, and that was shared across London and the country. It will be an opportunity to show what London and the UK can do. The Olympic games is the ultimate sporting event in the world, bringing together competitors from almost every nation. It is synonymous with the almighty struggle to be the best in each sport, as encapsulated in the Olympic motto, "Citius, Altius, Fortius" or "Faster, Higher, Stronger".

Hosting the Olympic and Paralympic games in London provides an unrivalled opportunity to showcase the best of what our country can offer—a world-class sporting event, fantastic venues and accommodation, open and welcoming hospitality, and creativity and quality from the opening ceremony to the overall look and feel of the event, including the marketing, food and drink and merchandising available. Get it right and the London Olympics and Paralympics will provide the very best advertisement to the world of why London, and the UK as a whole, is the place to be for business, hospitality, tourism, sport and entertainment.

But the games are also about creating a lasting legacy, not just in east London but elsewhere in London and across the country. There will of course be many physical legacy elements from the games. The Olympic park will give an exciting new impetus to east London and will generate new housing and business opportunities. All Londoners will benefit from the improved transport links that have been put in place for the games.

However, to get the most out of the games, we also need to focus on the non-physical legacy aspects. In particular, we must ensure that the good work that has been done to encourage children to participate in sporting events linked to the Olympics continues and helps to foster a renewed interest in sport before, during and after the games. In London, and especially in the Hounslow area of my constituency, we have a significant and growing problem with childhood obesity. The best legacy we could have would be a long-term increase in the number of young people taking part in regular sporting activities. The Mayor of London's Get Set programme aims to address this and I am pleased that the majority of schools in Chiswick, Brentford, Isleworth and Hounslow are already signed up to it. Schoolchildren can focus on how they can demonstrate the Olympic values of friendship, excellence and respect, and the Paralympic virtues of courage, determination, equality and inspiration. The programme is also continuing to develop sporting ambassadors, which has been successful across the borough of Hounslow.

As a London MP, I believe that it is important to get local Londoners involved. The volunteering scheme has seen all ages and backgrounds offering to take part in

[Mary Macleod]

what is a great community cohesion scheme. It is also important that London residents benefit from the games as they have contributed to the cost. I hope that people across London—and especially in west London—feel those benefits.

The Bill builds on and strengthens provisions put in place in the 2006 Act and addresses some important matters. On advertising and trading, it is vital that we safeguard the look and feel of the games and avoid the potential for the over-commercialisation of the event. I welcome therefore the measures to extend the powers to seize unauthorised and fake merchandise. Many companies have contributed to the success of the games by developing official products and services, and their rights need to be protected, so we cannot allow ambush marketing to infiltrate the areas around the venues. We also need to take a sensible approach to implementation and focus on the mass sale of merchandise, not on seizing items of clothing worn to the event.

The presence of ticket touts is unwelcome. I am sure that the increase in the fine to £20,000 will help greatly to deter them. The ticket sales approach for the Olympics was a new one to most people, and such was the desire to attend the games that many people registered for significantly more tickets than perhaps they could afford, so I was glad to hear from the Minister that it will be possible for people to resell tickets at face value to family and friends without the prospect of being criminalised. Given the issues near the deadline, it would be good to provide the opportunity to buy tickets to those unable to get the ones they wanted.

My hon. Friends the Members for Croydon South (Richard Ottaway) and for Harrow East (Bob Blackman) talked about traffic management, which is critical to the games' success. The sheer size and scale of the games is daunting. It has been suggested that the Olympics is equivalent to hosting 26 world championships simultaneously, so it is a huge challenge to implement. Clearly a top priority is to ensure the safe and smooth-running of the games. That is critical for the games family and spectators. At the same time, however, we must also keep London moving and working smoothly for residents, workers and businesses. It is not just the east London area directly around the Olympic park that will feel the impact of the increase in people; there are competitive venues and training camps across London, and the route to and from Heathrow airport, which runs through my constituency, will also form a significant part of the Olympic route network during the games.

Companies such as Fuller's brewery in my constituency have expressed concern that they need to have as much notice as possible of the details of planned road closures across London. For example, significant changes to working practices, such as night deliveries, might be required to keep our pubs fully stocked with beer, and it will take time to develop new contracts for drivers and resolve issues such as noise in residential areas. We should also consider those who drive in and around London and the possibility of allowing cars still to come into London, perhaps between 7 am and 10 pm. It would be worth ensuring that those who work and need to use the roads can still do so.

I am sure that local authorities will be involved in the detailed planning of traffic management and road closures, particularly where there are known traffic issues. Everywhere in London has them to a greater or lesser extent. An issue for me will be along Chiswick high road, where the right turn into Sutton Court road coming off the A4 will be closed, forcing more traffic on to the high road. I will be speaking to my local team to ensure that they are considering the matter closely and not creating traffic problems in areas around London.

In summary, I welcome and support the Bill. The London Olympics and Paralympics provide us with an outstanding opportunity to showcase the best that we have to offer to the world, and I look forward to 2012 with great excitement. Let us make these the best games ever and show what can be achieved on such a great scale. Let it help young people aspire to go on and do great things; let us create a strong feeling of Britishness and community cohesion; let us do all we can to create a strong, lasting legacy for the whole of London; and let us use this as an opportunity to get more people re-engaged or involved in community and competitive sport, creating stronger communities, a greater team spirit and a healthier nation.

3.5 pm

Bob Blackman (Harrow East) (Con): It is an honour to follow my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) in speaking about the important Bill before us today. I rise as someone who, in a former guise, served as the Conservative Olympics spokesman in the Greater London authority, during the formative period when much of the work was initiated. I was also the deputy chairman of the GLA's economic development, culture, sport and tourism committee for four years. We were responsible for the scrutiny of the Olympics and the development of the whole process.

I well remember the initial scepticism felt by most people in London when we began bidding for the games. That changed to wild enthusiasm when we heard the wonderful news on 6 July 2005, which followed that brilliant presentation. I compliment Lord Coe and Tony Blair, the Prime Minister at the time, who did so much excellent work to ensure that we were successful. However, we then woke up on 7 July to the horrors of the bombings on London transport and the security alert. That made us think of what could happen during the Olympics if we are not properly prepared, serving as a terrible early warning for everyone.

I well remember the early concerns about the site. The hon. Member for West Ham (Lyn Brown) encouraged people to visit the site. I have been there on many occasions, the first time when there was absolutely nothing there. It was an industrial wasteland, and one needed great vision to imagine what would happen in the interim period—something that has indeed happened, and which I welcome. We had concerns about financing the Olympics and in particular about the budget. We should remember that the redevelopment of Wembley stadium was an absolute fiasco. At the same time, we were considering the development of a vast range of venues. It is therefore extremely good news to everyone concerned that the completion of the various venues is coming in on budget, or possibly even below budget.

We were also concerned about the cost to Londoners. I well remember the previous Mayor announcing to the assembly that the cost to a Londoner would be no more than the daily cost of a Walnut Whip. The only problem is that the daily cost of a Walnut Whip over 25 years is

likely to lead to diabetes and long-term health issues, which is precisely the problem that London is facing in having to pay for the games over an extended period. Londoners have also felt a great deal of frustration, particularly in west and north-west London, at having to pay for the cost of the games, while those living close to the edge of east London are experiencing the benefit, yet incurring none of the costs. That will be an important issue later.

We were also concerned that the costs had escalated, so it is good news that the budget is coming in the right way. The other concern that I would like the Minister to consider is the fact that national lottery funding was diverted to assist the games, as a result of which national lottery funding for large areas of London was removed. We were promised at the time that this funding would be returned from the profits from the subsequent land sales. We must not lose sight of that opportunity.

Part and parcel of this whole process has been the regeneration capability in that part of the world. The legacy of the games will not be just a sporting one, but a real legacy for the lives of east Londoners in particular. The key challenge will be to ensure that we do not allow what are, quite frankly, rabbit hutches to be put up at the Olympic park, leading to low-cost housing, thereby building in all the problems that were once part of the east end and which we are now addressing. I trust that the powers that be will ensure that that does not happen.

The venue development has been a wonder to behold. The fact that the venues are coming on stream much more quickly than expected and will be ready for public use and test events as early as this summer is an excellent testimony to all the hard work done by the ODA and LOCOG. I remember grilling the leadership of the ODA and LOCOG and feeling comforted that we had such excellent people at the helm making all this happen. I am delighted that the decisions taken by the appropriate people at the time to employ those people has borne fruit, and we should pay tribute to them.

Turning to the Bill, I want to raise an issue relating to the sporting events. We should remember that most people think of the Olympic games as consisting of the swimming, for about a week, and then the athletics. We are talking, however, about a broad range of events—about 26 of them—taking place throughout July and August, and into September, in the Olympics and Paralympics, that can create an explosion of great sporting legacy for the people of this country and encourage young people, in particular, to take part in sporting events that they would never have dreamed of taking part in.

I pay tribute to the ticketing arrangements so far. When I signed on to the website to bid for my tickets, I was sceptical about whether it would work. I found it very easy to access and to use, however, and the people who designed the process should be complimented on it. It is sad that there were problems on the last day, given the extended period of time in which people could apply for tickets. The fact that the advertising would lead to an increase in the number of people applying at the last minute was predictable, and it is sad that there was overloading of the system towards the end. However, I think that we have got the ticketing arrangements right.

I have one fear in that regard, which is that, if we are not careful, we could see rows of empty seats at the qualifying events, which are being sold at lower prices. I know that many sessions are oversubscribed, but I suspect that that will not apply to the qualifying events. I hope that schoolchildren across London will be given access to any such unsold tickets, so that they can have an opportunity to attend some of those undersubscribed events. That would have the dual purpose of filling the empty seats and encouraging young people to participate.

I take the point made by the hon. Member for West Ham about the fines for ticket touting. I draw a distinction between people who have bought tickets and pass them on to friends or family if they are unable to use them, the tout in the street who is trying to make a turn on tickets, and the seriously organised individuals who are making this a business. The proposal in the Bill to raise the fine to £20,000 is welcome, but I would ask the Minister to consider in Committee introducing a much higher upper limit, particularly for those who are turning ticket touting into a business. We could perhaps fine those involved in organised ticket touting £100,000, with tiered levels of fines for those involved in the various other aspects of the activity, and with clear guidance as to how the fines should be implemented.

On travel arrangements, we must remember that London has to keep moving and that other sporting events will be taking place while the Olympics and Paralympics are going on. There will be a full programme of premier league football throughout most of the period of the games, as well as champions league matches and a wide range of other sporting events taking place across London. We must remember that spectators going to those events will not want to be inconvenienced by the fact that the Olympics and Paralympics are taking place. The potential closures of roads and lanes presents a risk to regular drivers, as they could be seriously inconvenienced, particularly if they are not aware of the arrangements that are in place.

Let me repeat a point I mentioned in interventions. There is a massive danger that large parts of London, particularly west and north-west London, become glorified car parks for people wishing to use the tube network for the last part of their journey to the Olympic venues. I believe consideration needs to be given to encourage local authorities to introduce temporary measures for the period of the Olympics, rather than imposing potentially draconian measures unnecessarily throughout the whole year. Experience around the Wembley stadium area suggests that residents are severely inconvenienced when a minor event is going on at the stadium and draconian traffic control measures are implemented. Local authorities should be given the opportunity to address that issue in a particular way.

I believe we have the potential to run a very successful and brilliant event in 2012. I think we have an opportunity to create a lasting legacy for the east end, for the whole of London and for sport in general. I look forward to the newly re-elected Mayor inviting his predecessor, Mr Livingstone, to come along and play a part in the opening and closing ceremonies of the Olympic games, as we celebrate London at its best.

3.16 pm

Andrew Bingham (High Peak) (Con): I want to make just a few brief remarks about the ticket tout element of the Bill, which I fully support. People like myself who have applied for tickets often sit with fingers crossed, hoping for the best. Like others, I applied for more

[Andrew Bingham]

tickets than I would like in the hope of being lucky in the ballot and getting enough to go to watch what I would like to see. We are told that any tickets we do not want should be given back for re-sale. I am a little concerned, however, at the capacity of the website to deal with all this, as extra tickets will all be returned in a very short time. We saw what happened at the deadline earlier this week. That reinforces my concern: when people want to send their tickets back, if the web capacity is not able to handle it, they might take them elsewhere and hand them to touts.

Like many Members, I am a keen sports fan and I have been to many sporting events. Time after time, fans run the gauntlet of people outside the venues wanting to sell or buy tickets. True sports fans, or indeed music fans, might not have been able to get tickets for an event, yet the touts always seem to have a fistful of tickets.

I applaud the Bill and the increase in the fine, which I think will help to eliminate the problem. My hon. Friend the Member for Harrow East (Bob Blackman) commented on the increase in the fine, and I wonder whether we could increase it to £20,000 per ticket touted, which would be a severe deterrent, particularly to serial touts. As I said, my only concern is that the web capacity for ticket reallocation be sufficient to prevent people from getting fed up and selling their tickets to whoever it might be who then stands outside the grounds, selling them at a premium. That is my only concern; otherwise, the Bill is excellent.

3.18 pm

Mr Christopher Chope (Christchurch) (Con): I wish to address my relatively brief remarks to clause 4, which deals with traffic and is entitled "Orders and notices relating to temporary prohibitions etc. on roads". Under paragraph 15 of the schedule to the Olympic Route Network Designation Order 2009, the A31 from its junction with the A35, going east to junction 1 of the M27 is part of that network. It includes junctions, slip roads and roundabouts. Under section 11 of the London Olympic Games and Paralympic Games Act 2006, the Secretary of State is allowed to designate roads

"for the purpose of facilitating travel... to and from London Olympic events"

and for "other purposes connected" thereto.

I have a number of questions to put to the Minister, particularly about the interaction of this order and proposed works to the Canford Bottom roundabout, which is a notorious junction in the vicinity of Wimborne. It is encountered by people travelling west on the A31 after a period of travel on a single carriageway and it then continues with a single carriageway on the other side. Four other roads join it, so there is an intersection of six roads around one roundabout. I can confidently predict that at this time, on the eve of a bank holiday, it will already be clogged with traffic, particularly in a westerly direction. That is the situation during the holiday season, and of course the Olympic games will take place at the height of the holiday season next year.

Although we in Dorset are delighted that the Olympic sailing venue will be in Weymouth, for my constituents in the east of Dorset, Weymouth is at least an hour's drive away in normal conditions. We are not talking about a local venue, but about a venue some distance away.

The Minister and the Government have said all along that the intention is that the activities of local people and businesses should not be disrupted by the establishment of the Olympic route network. What concerns me is the interaction between these proposals and the Government's proposals to change the layout at the Canford Bottom roundabout. There has been a long-standing campaign for a flyover at Canford Bottom, but it would cost well over £10 million and is apparently unaffordable in the present circumstances. The Government have therefore produced an alternative proposal to replace the roundabout with what is described as a hamburger junction. There was a consultation meeting in my constituency on the subject at the end of last month. A hamburger junction is something of a rarity in my part of the world, and when I asked where one could be found, I was told that the closest was in Cardiff. Replacing a roundabout with a hamburger junction is certainly a novel approach.

Mr Foster: The hon. Gentleman is teasing the House to distraction. Would he be kind enough to give a clear description of a hamburger junction, so that we all know what he is talking about?

Mr Chope: I wish that I could. When asked to describe it at the meeting, the officials said that they preferred to refer to a "plan". However, I understand that it is a junction that looks like a hamburger. The main A31 carriageway—the meat in the hamburger, as it were—would go through the middle, and there would be light-controlled crossings for the four side roads. That is what is described by the Highways Agency as a hamburger junction. I hope that in due course the right hon. Gentleman will be able to have one in Bath, but perhaps before he commits himself he should have a look at the one in Cardiff to see whether it works.

Members' interest in this subject is becoming apparent, but, as will be appreciated, the people who live close to the proposed junction are even more interested in knowing whether it will achieve the objective that the Highways Agency says that it will achieve, which is to improve the operation of the junction on the A31. What worries local residents is the possibility that their ability to cross from one part of the constituency to the other—into Wimborne—will be impeded by the junction, because extra priority will be given to through traffic at the expense of local traffic.

In order to tease out such issues, there would normally be a fairly long period of consultation on a major highway proposal such as this. The project will cost £5.7 million. However, the Highways Agency tells me that there will be only a three-week window of opportunity for written representations, starting immediately after the local elections. The explanation seems to be that this junction needs to be changed as part of the ODA's remit to ensure that the Olympic route network delivers people from London to Weymouth within a specified time frame.

I am enthusiastic about clause 4 as it will enable the ODA to ensure that emergency action can be taken to deal with congestion around the Canford Bottom roundabout or anywhere else on the network without the need for major roadworks to be rushed through

between now and the time of the Olympic games. In responding to the debate, I hope that my hon. Friend the Minister will be able to assure me that the construction of this hamburger junction is not a crucial part of the Olympic route network, and that the network will be able to deliver its objectives even if this hamburger junction is not constructed. My constituents are sceptical about this solution; they think it may be the wrong one. They are concerned that it might be a cheapskate solution to a very serious problem, and that it would put back for many years, if not decades, the prospect of having a proper flyover at that junction. I hope we will get some clarity on this, and that I will be able to go back and say to my constituents with the authority of the Minister, "It doesn't matter whether or not we have a bit of delay in the consultation process. It doesn't matter if the construction of this hamburger junction as a replacement for the roundabout starts after the Olympics. It does not have to be completed before the Olympics." That would remove one of the major causes of suspicion among my constituents, which is that this solution is a means of trying to ensure that a few Olympic officials can travel through Dorset more quickly than they might otherwise, at the expense of the long-term inconvenience of local people.

When my hon. Friend ably opened this debate, I noted that he kept emphasising that these traffic management measures are designed to facilitate competitors and officials getting to the venues. As he will know, Weymouth is a long way from Canford Bottom—more than an hour's journey away—and I think a wise competitor or official will base their residence much closer to Weymouth. I therefore wonder what timetable might be put in place for the operation of this Olympic route network on the A31 during the games. Is it going to operate for 24 hours a day, or is it going to operate only when it is actually needed and competitors or officials are travelling to a venue? I ask that because at present it seems as though it is designed to enable all the Olympic organisation hangers-on to be able to travel at speed in their limos from London to Weymouth, when everybody else is being told that they will have to travel by public transport. I hope my hon. Friend will be able to give us some assurances on that.

This point is also of relevance in respect of the proposal to close off the junction at the Merley roundabout, which leads towards Poole. My hon. Friend will understand that if one closes a junction on a busy highway and prevents people from turning towards a major destination such as Poole, it will lead to considerable inconvenience for local people. It would be helpful to have an assurance that that inconvenience will be limited to times when it is absolutely essential to facilitate the transport of officials and competitors to the sailing events in Weymouth.

Paragraph 84 of the explanatory notes to the Bill states that one of the Government's objectives is

"to ensure the safe and reliable movement of athletes, officials and other members of the Games Family"—

capital "G", capital "F".

What causes me a bit of concern is what we mean by the "Games Family". Does it mean Uncle Tom Cobleigh and all, with the exception of local residents and potential spectators? Who does it mean? Paragraph (b) states that the objective of the Government is

"to deter workers and spectators from driving to the venues".

One way of deterring those people from driving to Weymouth is to ensure that the existing congested roads are kept around the Canford Bottom roundabout and that they are improved only after the 2012 Olympics.

The Government also clearly say that they want

"to minimise the impact of the 2012 Games on local businesses and residents going about their everyday business."

That is why I have sought the opportunity of this debate to seek these assurances. There is an argument for saying that clause 4 should be amended in Committee to make it clear that these traffic regulation orders are to enable the objective of moving athletes and officials around on the road network to be met more easily and that the wider "Games Family" should not be used as an excuse for inconveniencing people with the orders under this clause.

When some of my colleagues saw the reference in the Bill to pedlars they thought that I might wish to direct some remarks in that direction and to ticket touting. I could easily do so, but I wish the focus to be on the constituency issue to which I have drawn the Minister's attention. I would not want to detract from that particular matter, but I am sure that people will be able to look more closely in Committee at whether there is proportionality on the touting offences. I would like the Bill to contain something that makes it clear that people who sell their tickets, particularly any from LOCOG, will be penalised and will not be able to claim privilege when confronted by the forces of the law. I suspect that, as has happened during previous Olympic games, quite a lot of the people who are privileged to be given free tickets then sell those tickets for their own ends and the tickets get on to the secondary market. I hope that the Minister will give us an assurance that the provisions on touting will also apply to all Olympic officials and that there will be no opportunity for them to avoid the full force of the law if they are found to have contravened the Bill.

I hope that I have been able to put the Canford Bottom roundabout on the map, so to speak. This Minister is responsible for the ODA and so I hope he will realise that this is a significant issue and will be able to assure us that the best solution for the Canford Bottom roundabout is not dependent on its implementation before the Olympic games and the sailing events in Weymouth.

3.34 pm

Tessa Jowell: With the leave of the House, Madam Deputy Speaker, it gives me great pleasure to contribute to the conclusion of this debate. Since last year's general election, I have at no time felt a sense of relief that I am no longer the Minister responsible for the Olympics, but when I realised that I will not have to find a solution to the agony of the hon. Member for Christchurch (Mr Chope) over the hamburger junctions, I may for that alone have had a small moment of gratitude.

As we conclude this excellent debate, I am sure that hon. Members from all parties will want to thank Mr Deputy Speaker—your predecessor in the Chair, Madam Deputy Speaker—for his patience and for the latitude he gave to so many speakers. That does not suggest any degree of indifference among Members to the small number of technical changes proposed in the Bill, but rather an appetite for further opportunities to

[Tessa Jowell]

debate in the House the exciting prospect of the London 2012 Olympic and Paralympic Games.

We have covered a wide range of important issues that will have a material bearing on public enjoyment and the enhancement of the UK's reputation as we host these games. My hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) has developed great understanding and expertise on the subject of ticket touting. My hon. Friends the Members for West Ham (Lyn Brown) and for Bethnal Green and Bow (Rushanara Ali), who represent Olympic boroughs, gave moving speeches, full of passion, about the impact of the games. It is very easy to forget that impact, but they can see the faces and hear the voices of the people whose lives are diminished or enhanced by our hosting of the Olympic games. We should never forget that there are people in Newham and Tower Hamlets dealing every day with more disruption and disappointment as well as preparing for the excitement of being at the centre of this great global event. Many hon. Members also referred to the importance of maintaining confidence in the manner in which these small technical amendments will be applied in practice.

I thank the hon. Member for Croydon South (Richard Ottaway) for his leadership of the all-party group on the 2012 Olympic and Paralympic games. As he rightly said, it embodies the enthusiasm across the House for the prospect of the games in little over a year's time.

We know that this event will change our country in a variety of ways, some of which we can predict, some of which we cannot. We are hosting these games because we want to see more young people—indeed, people of all ages—taking part in and competing in sport, because we want this to be a celebration for the whole of the UK, because we are proud of our city and our country, and because we think we can showcase this great event to the world. We are hosting this great event because we want to see it bring lasting change. Much of that change will be in the private experience of villages, towns and cities around the country and of individuals who resolve to do different or perhaps greater things for themselves and their families as a result of their participation in the games.

Let us not forget when we visit the Olympic park, as I hope all Members will, that we will see before us change which without the Olympics would not have happened for 30 years. The tough job of turning that into a lasting legacy and bringing in inward investment, new jobs and new confidence will begin when the last of our visitors goes in 2012.

Finally, I would like to thank the Minister, the Secretary of State and the right hon. Member for Bath (Mr Foster) for the way in which they have worked to maintain the cross-party agreement on the Olympics which it has been so clear from this debate the House wants.

3.40 pm

Hugh Robertson: With the leave of the House, I will close the debate, which has been interesting. I am extremely grateful to hon. Members for their contributions and for debating the issues in the Bill in such a helpful and constructive manner. Let me run briefly through the questions and issues that have been raised. In an intervention, the hon. Member for North Durham (Mr Jones) asked me to confirm that the cost of enforcement officers will be reimbursed by the ODA via contracts with local authorities, and I can confirm that.

May I thank, once again, the right hon. Member for Dulwich and West Norwood (Tessa Jowell) not only for her positive contribution this afternoon, both at the start and the end, but for her contribution to this process from start to finish? I think there is wide recognition inside the Olympic movement that had it not been for her championing of this event at the very beginning we might not have been standing here debating it this afternoon. For that and so much else, we thank her. The comments that have been made today should tell her all she needs to know; her efforts on this front are genuinely appreciated across the House and in the wider world.

The right hon. Lady raised a number of points, the first of which was about how the regulations are applied. I think that we are at one on this issue. Indeed, the body of opinion across the House is very clear: the regulations need to be applied sensibly and proportionately and we will look at all the ways in which we could do that. As she correctly said, communication of what is required is absolutely key to making them work. We will consider whether it will be the Secretary of State or the Mayor who has the relevant powers. In nominating the Secretary of State, we were simply following the guidance set out in the original 2006 Act. Of course, a number of the powers concern things that take place outside London, so there is that element to consider. We will certainly make sure that Transport for London and the relevant local authorities are fully consulted. On the right hon. Lady's point about the victims of 7/7, I think that all of us who were in Singapore will have that seared on our minds for ever. That point was well made.

My hon. Friend the Member for Enfield, Southgate (Mr Burrowes) talked about a number of sports events in and around his borough. He will no doubt be delighted that next door we have also now secured the world canoe championships for 2015, which is yet another world-class event to look forward to. He asked about proportionality and the enforcement of regulations. I can confirm that the regulations will make express provision to exclude those who inadvertently wear logos to events. Clearly, there is a fine line to tread, because if a lot of people who "inadvertently" wear a logo all meet up in the middle there will be a replay of what we saw in South Africa, so the provision will require sensible application, which it will get.

The hon. Member for West Ham (Lyn Brown) as always made her case powerfully for her constituents. She was the first person to mention her local paper and I should think there is no better advertisement for the *Newham Recorder* than her. She asked about the £20,000 fine, which we will consider. Let me make it clear that the level of the fine was signposted in the original Act. With the £20,000 figure we are simply following the advice of the Metropolitan police and if that advice changes we will be prepared to alter the fine. The ODA will undertake an extensive campaign to publicise all the regulations for local businesses. There is already quite a lot more detail than there might originally have been on the London 2012 website. I hope that will help, but if the hon. Lady feels there is a further issue to address, I hope she will come back to me.

For the first time in the six years that we have been debating this issue I think that my right hon. Friend the Member for Bath (Mr Foster) managed to get through

an entire contribution without advocating Bath university over Loughborough, which is the normal course of things. I thank him for his contribution and for his support for the project. We are also grateful for the contribution that his party is making through one of its former leaders to the promotion of the school games. He emphasised the importance of communication about the Olympic route network and he was absolutely correct. Work has already been started by TfL in London and by the ODA outside it. I am told that already 60,000 letters have been distributed on the issue and 12 drop-in sessions have been held. That communication will continue as we move forward.

If the hon. Member for Washington and Sunderland West (Mrs Hodgson), my favourite sparring partner on ticket touting, thought that I was a little fierce earlier, I will put her mind at rest: I have a very open mind on the matter. There are arguments on both sides, as she knows and experienced during debate on the Sale of Tickets (Sporting and Cultural Events) Bill she promoted in January. The key thing is the level of threat identified by the police. After the debate in January, I asked about that again. I was told that a specific threat had been identified, but that it related to specific events, of which the Olympics is one such event, hence the need for this legislation. However, we will keep an open mind on this as we move forward.

The hon. Lady asked about the timing of the Bill's progress and of ticket re-sales. It is very difficult to give assurances on the timing. If we get it out of Committee according to the time scale currently envisaged, we hope that it will then proceed to the other place, where there is quite a legislative logjam. The plan was to try to achieve Royal Assent by the end of the year so that the preparatory work can be done to set things up, but I fear that the timings will not quite work. We will try to get the legislation through as fast as possible.

I wish to thank my hon. Friend the Member for Croydon South (Richard Ottaway) not only for his speech and his enthusiasm for this project from the start, but for his chairmanship of the all-party group and the sensible and helpful way in which he has supplied advice and guidance as the process has gone on. I do not know how many Members know this, but he has also personally been extraordinarily generous and helpful to potential yachtsmen and women trying to contribute in 2012 and to our rowing squads. I thank him for that as well as for his help to the British Paralympic Association. He really has been a true friend to this process.

My hon. Friend asked about the Olympic route network, among a number of other things. The idea is not to have it open any longer than is absolutely necessary. We all realise that it will be disruptive to some extent or another, so it will be open only when necessary and expedient for the efficient delivery of the games. I thank him finally for his Select Committee's report on public diplomacy. He said that he thought that 100 Heads of State might attend, but the last estimate I saw indicated that there will be more than 150, such is the popularity of London, so there will an opportunity for considerable public diplomacy.

The hon. Member for Bethnal Green and Bow (Rushanara Ali) spoke, and I am sorry, because she is absolutely key to the delivery. Huge benefits are accruing to the east end of London through the Olympics. There are 12,500 people currently working on the site who would not otherwise be there. Next door, in Stratford, the largest shopping centre in Europe is being built. The Olympic park will be the largest new urban park developed anywhere in Europe. There are huge training and employment benefits for people in the east end. I absolutely understand why she wants to fight as hard as she can for her constituents and get as much as she can for them, but it would help the process of delivery if she was prepared to advocate more positively the benefits it will bring.

We all know the current public funding position. The Government have fought very hard to deliver the Olympic games budget and keep it intact, and we have been successful in doing so. We will do exactly what we have promised to do, but local people must also play their part. I hope that the hon. Lady will step forward and be slightly more positive about this in future.

As far as policing is concerned, up to £600 million is available for policing the Olympics and a further £238 million is available in contingency funds, so there is, or should be, no shortage of money available.

My hon. Friend the Member for Brentford and Isleworth (Mary Macleod) talked very passionately about the legacy for sport and exercise of this whole process. That was a key part of the bid in Singapore and she is absolutely right to highlight it. She made the same point that my hon. Friend the Member for Enfield, Southgate made about the proportionate application of the regulations, and I hope that I have given her some reassurance on that front.

My hon. Friend the Member for Harrow East (Bob Blackman) mentioned in an earlier intervention local authorities and traffic problems. We can confirm that local authorities have such powers already, which they can use if they perceive that there is a problem. I confirm that the national lottery will be repaid on receipt of the land sales. I thank him for encouraging people to attend some of the less well-known events. Indeed, the early evidence from the ticketing process is that that is exactly what has happened, so I thank him for his advocacy of it.

My hon. Friend the Member for High Peak (Andrew Bingham) made the point about the resale capacity of the website, and he is absolutely right. With the exception of the relatively small blip on Tuesday night, the website has performed extraordinarily well. As my hon. Friend the Member for Croydon South said earlier, this is the largest ticketing exercise that this country has ever undertaken, and there was one tiny minor blip at the very last minute which was quickly corrected, so it has been a fantastic success. The resale issue is crucial—the Government are absolutely clear about that—if we are to have tough ticket-touting regulations.

Finally, I turn to my hon. Friend the Member for Christchurch (Mr Chope) and the Canford Bottom roundabout. Despite some encouragement from both sides of the House, I am not going to get into that issue this afternoon. I am going to stick to the line that I gave him during the many interventions that he tried me with earlier, not least because I, like him, am not entirely sure about a hamburger junction. We wondered whether it might be round and where the filling might be—all the various possible permutations.

The Minister of State, Department for Transport, my right hon. Friend the Member for Chipping Barnet (Mrs Villiers) was here earlier, and the best we can offer

[Hugh Robertson]

is that we will look into the issue and get back to my hon. Friend. We are not entirely clear that the Canford Bottom roundabout alterations are directly funded through the Olympic transport budget. Local authorities are carrying out a series of projects of their own accord in order better to host events, and it may well be that the Canford Bottom roundabout improvements are one such example, but we will find out and let him know.

This has been a good debate with many interesting contributions from all parts of the House. At the beginning, I said that the provisions in the Bill serve to ensure that the original intentions of the 2006 Act can be delivered. The commitments given to the International Olympic Committee on the restriction of advertising, trading, ticket touting and traffic management all play a major part in the delivery of a safe, successful and memorable games, and this Bill goes a long way to ensuring that those assurances can be effectively delivered.

I think that I speak for the whole House in putting on the record our thanks and gratitude to the many people who have worked in the many organisations that are seeking to deliver this project. The Olympic Delivery Authority has worked such wonders with the construction and, as several people said, finally laid to rest the ghost that we cannot deliver major construction projects on time and below budget.

The organising committee has met the various organisational challenges. Indeed, only fairly recently, one major media figure said to me, "It'll be ticketing. That's the one that'll go wrong," but that is yet another challenge that the games have met and—so far, as far we know—conquered.

The legacy is a difficult issue, and nobody would pretend otherwise. Everybody naturally talks it up a lot at the start of a process, but it can be quantified and formed only as we reach the end of the process. We are in the middle of the process at the moment, but I think that there is a real shape to the legacy now.

There is an enormous amount to be proud of in terms of what has been constructed on the park, what will be left on the park and in the surrounding area, and its effect on Olympic and Paralympic sport in this country, on people who play sport in their communities, on school children who will have the new schools Olympics, and crucially—we always tend to forget this—on 10 million young children in 20 countries throughout the world who have been touched by the really innovative and powerful international inspiration programme. So, to all the people who have been involved in the delivery of the project and, indeed, to our own civil servants and the Government Olympic Executive, I put on the record our thanks.

We meet at a good time in London's Olympics: the budget has held, the construction effort has gone well and is 70% complete, the organisational challenges have thus far been met and the legacy is taking shape. The right hon. Member for Dulwich and West Norwood was absolutely right to say that it has gone well thus far, but let nobody forget for a moment that construction is at its peak and a large number of challenges are yet to be met if we are to deliver a successful Olympics. Complacency is no part of the process, and there is a great deal to do, but at this moment the London 2012 project is in great shape. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

LONDON OLYMPIC GAMES AND PARALYMPIC GAMES (AMENDMENT) BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the London Olympic Games and Paralympic Games (Amendment) Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 19 May 2011.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed. *—(Mr Goodwill.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CHARITIES

That the draft Charities (Pre-consolidation Amendments) Order 2011, which was laid before this House on 3 March, be approved.*—(Mr Goodwill.)*

Question agreed to.

PETITION

Coastguard Services (Falmouth)

3.55 pm

Sarah Newton (Truro and Falmouth) (Con): The petition is from more than 7,500 readers of the "Falmouth Packet" newspaper and others.

The petition states:

The Petition of residents of Falmouth,

Declares that the petitioners believe that Falmouth Coastguard must be retained as a 24 hour a day operation, because the experience and expertise of the Falmouth Coastguard could not safely be transferred elsewhere.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to require the Maritime and Coastguard Agency to take into account the views of residents of Falmouth in the course of its consultation on the future of the Coastguard.

And the Petitioners remain, etc.

[P000919]

Variant Creutzfeldt-Jakob Disease

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Goodwill.)*

3.56 pm

Sir Paul Beresford (Mole Valley) (Con): I thank my hon. Friend the Minister for his attendance. I know that he has been looking forward to this Thursday afternoon with two and a half hours ahead of him in a warm Chamber. Looking at his smile, he is not taking that too seriously. I need to declare an interest in case there is any knock-on effect from the debate. If the Government were kind enough to go ahead with some of the suggestions I might make, there could be a negative financial effect on me personally, as I am a very part-time dentist.

I have been interested in this issue for a number of years, and I have raised it through questions and in an Adjournment debate. I am hoping that now we have a new Government and a fresh set of eyes on the issue, we might get some progression towards a little more prevention. Variant Creutzfeldt-Jakob disease—commonly known as variant CJD, and it will be from now on so that my tongue can get round it—is a fatal neuro-degenerative disease originating from exposure to bovine-spongiform-encephalopathy-like prions. Prions are small particles of protein. Prion infections are associated with long and clinically silent incubations and cause a spongy degeneration of the brain with a horrible and untimely death. There is no cure. The number of asymptomatic individuals with vCJD prion infection is unknown. It poses a risk to others via blood transfusion, blood products, organ or tissue grafts, and contaminated medical and dental instruments.

The emergence of vCJD and the confirmation that it originates from exposure to BSE raised a glut of public health concerns affecting endoscopy, surgery, dentistry, organ transplantation and blood transfusions. Exposure of the UK population to BSE was widespread, with over 181,000 cases in cattle and estimates of total infections of 1 million to 3 million cattle beasts. About 200 people, mostly from the UK, have been infected, although many more could be. Because of this, the UK is the largest reservoir of vCJD prions in the world. Much of the UK population born before 1996 has potentially been exposed to BSE-contaminated food, and the number of people who carry the infection but remain healthy is unknown.

The issue is particularly relevant in the light of recent deaths. For example, Jonathan Simms, who died aged 26 in Belfast, was given only months to live following his diagnosis in the summer of 2001. He had won a High Court battle which enabled him to receive controversial treatment with an experimental drug called pentosan polysulfate. He remained disabled, but his family and doctors said that his condition had not declined any further, and a slight improvement was recorded. However, he finally lost his battle in March.

From 1990 to February 2011, 170 people in Britain died from vCJD. Although the current wave of vCJD is apparently fizzling out, after peaking in 2000 with 28 cases, a big worry is whether there will be further waves a considerable time in the future.

I wish to touch on three topics in this short debate, and I assure the Minister that my speech will be short. The first is the development of a new blood test for vCJD; the second is the approval of a red blood cell filter that can catch vCJD, which we seem to be running around in circles about without coming to a conclusion; and the third is the use of cold sterilisation solutions on surgical and dental instruments, of which three are potentially available, including Rely+On. I would like to ask why those are not being used.

First, on the new blood test, the number of asymptomatic individuals with vCJD prion infection is unknown. Because of that, it poses a risk to others via blood transfusions, blood products, organ or tissue grafts, and contaminated medical instruments. A blood test for vCJD has been an important goal of medical research laboratories and companies around the world for many years. It has been very difficult to achieve because the infectious agent that causes vCJD has unique features that mean that the sensitive methods that doctors usually use to detect the presence of a germ, or other such agents, do not work.

Professor Collinge and others at the Medical Research Council's prion unit have recently developed a blood test to detect vCJD, or at least the prions. It exploits the powerful attraction between abnormal prion proteins and some metals, in particular some stainless steels. The test was applied to a number of patients, including those with vCJD, sporadic CJD and a number of other neurological diseases that are easily confused with vCJD, and to a number of healthy blood donors. As vCJD is rare, only a relatively small number of samples were available for testing. When the new test was run on 21 samples from different vCJD patients, 15 of the 21 samples from people with clinical CJD tested positive. So far, all samples from other neurological diseases or healthy blood donors have tested negative. The test is quite dramatic. Although it is at an early stage, it is able to correctly identify the majority of patients with symptoms of vCJD and has not yet given any false results for patients with other brain diseases or for healthy individuals. That is important both for early diagnosis of the disease in patients and for the development of a screening test that may detect silent infection in healthy individuals.

The initial studies provide a prototype blood test for diagnosis of vCJD in symptomatic individuals, which could allow development of large-scale screening tests for asymptomatic vCJD prion infection. If a screening test can be developed, it will be possible to estimate the number of infected carriers in the UK population and potentially to reduce the risk of accidental transmission of infection through medical and surgical procedures such as blood transfusions, and through dental instruments, which I must mention.

Variant CJD has predominantly been diagnosed when the patient has had the disease for some time and has developed symptoms that are coupled with extensive damage to the brain. The early symptoms of the disease, such as anxiety, depression and tingling pains in the legs, are regularly mistaken for many more common causes. Understandably, doctors do not jump to the serious conclusion of vCJD until other symptoms show forth, such as difficulty with movement or balance and loss of mental abilities.

Due to the rapid and crippling nature of the disease and the length of time it takes to carry out the series of tests required to reach a diagnosis, more often than not the patient's symptoms are well advanced before a definitive diagnosis is reached. A blood test will enable patients to

[Sir Paul Beresford]

establish a diagnosis early, or at least earlier. Although there is no cure yet, experimental drugs are being developed at the MRC's prion unit and elsewhere, with a view to holding clinical trials in the next few years. The unit wants to try such treatments on patients at an early stage, before irreversible brain damage has occurred. Early diagnosis would also give the patient and their family a quick and definite answer, allowing them to use the time that they have left as best they can.

Although the blood test is a monumental step forward in the fight against vCJD, it is important to be mildly cautious about the news. The results so far are encouraging, but further research needs to be taken forward. The researchers need to examine blood samples from much larger numbers of healthy people and those with other brain diseases, to get a better idea of how specific the test is in practice. That is vital before a version of the test can be considered for the routine screening of healthy blood donors.

Two steps need to be taken now that the blood test has been tested successfully in the initial study. The first is the planned testing of 5,000 American blood donors, which I understand has been set up. That will enable Professor Collinge and his team to eliminate the possibility of false positives. However, there is a stumbling block—a lack of funding. As I understand it, the Government are not keen to fund the research. There is a possibility that the MRC will fund that stage of it, but then the researchers would need to move on to seek funding for the next step, which would be to test 50,000 UK donors. That would give the Government an indication of whether vCJD was as widespread as feared, which would make it possible to consider whether the costly procedures that are currently in place to offset its spread are really necessary, or whether their use should be increased.

From the answer to a recent question by the hon. Member for Colchester (Bob Russell), we know that the Government have taken a number of steps to offset the spread of vCJD, including the removal of white cells from donated blood; the massively expensive importation of plasma used to manufacture fractionated blood products; and disallowing recipients of blood transfusions from acting as blood donors. Those are all extremely expensive steps, and at a time of spending cuts it would make sense to spend a little bit of money to get the test that I have described moving, to discover once and for all whether vCJD is as widespread as feared, and in turn whether those expensive procedures are really necessary.

Whether the test on 50,000 UK donors shows a prevalence of vCJD prions or a lack of patients with them, it is a crucial step in the fight against vCJD and should, without doubt, be a priority for Government funding. At the moment, the test does not work on other forms of prion disease such as sporadic CJD, but there is some hope that with further work, it will be available for such conditions in future.

I move on to the issue of blood filtering. Following an anonymous study of archived tissue specimens, the Department of Health uses in its risk calculations the estimate that 1 in 4,000 individuals may be silently infected with vCJD prions. Professor Collinge and his team believe that there is considerable uncertainty about that figure, and that the true number could be significantly higher or lower. It is also unknown how many of those infected will actually go on to develop the disease, the problem being that the incubation period in humans can be as long as 50 years.

Those unknowingly infected individuals could be active blood donors, and they could pass on the infection to other people, including through medical and surgical instruments used on them. Although the National Blood Service has taken several actions to try to minimise that risk, such as removing white cells from blood, a process known as leucodepletion, and spending millions of pounds on importing blood serum from the US, it is uncertain how effective those methods are in reducing the risk, or indeed whether they will really be justified should the number of infected people turn out to be exceptionally small.

ProMetic and MacoPharma are two firms that strongly recommend that the Department of Health implement the CE-marked P-Capt prion reduction filter as a matter of urgency, to safeguard the UK blood supply. It is a tailor-made medical device that has been developed by the medical technology company MacoPharma. It is a blood filter that removes all infectious prion proteins that carry vCJD, thereby dramatically reducing or eliminating the risk of transmission through infectious prions and ensuring as far as possible that all blood is safe for transfusion. It has been proved safe and effective and is ready to use, with more than 350 patients having been transfused with P-Capt filtered blood with no adverse effects. The filter has been CE-marked since 2006, meaning that it has passed the EU safety and efficacy test required for it to be used in the UK. The filter has been designed to work with existing technologies and procedures used by the UK National Blood Service, and its introduction would be simple and probably cost-effective. The P-Capt filter could also be used to protect against other transmissible spongiform encephalopathies, including prion diseases that have not yet been identified and named. However, the previous Government appear to have stalled on introducing prion filtration, which is proven to protect people against vCJD transmission through blood transfusions.

Blood contamination is a disaster well known to thousands in this country. Many people with haemophilia were infected with HIV and hepatitis in the '70s and '80s because they received contaminated blood from the NHS that was not particularly well screened, or not screened at all, for those viruses. Not only were people infected, but they unknowingly passed the infections to their families. Nearly 2,000 individuals have died as result of that blood calamity, and the figure is increasing.

The vCJD situation is potentially a ticking time bomb—a similar blood disaster could be waiting to happen. Like those who were infected with HIV and hepatitis, those infected with vCJD could be unwittingly passing it on to others, including those who receive their donated blood. To date, at least five people have been confirmed as contracting vCJD after receiving contaminated blood and blood products.

A number of researchers in the department of haematology at Cork university hospital investigated the filter's operational use and the quality of the filtered components, as well as whether the filtration resulted in any significant changes to blood group antigens. They found that 99% of "top-and-top" units, and 58% of "bottom-and-top" units, had a haemoglobin content of more than 40 grams. Haemolysis increased immediately

after filtration, but units remained within UK specification throughout storage. Prion reduction resulted in the loss of 7 to 8 grams of haemoglobin, and reductions in haematocrit of 6% to 9%, due to the filter containing 40 ml of saline, adenine, glucose and mannitol. There is no evidence of any immunologic changes of clinical relevance to the red blood cells membrane after filtration.

The Cork university researchers concluded that prion filtration does not appear to have a detrimental effect on basic in-vitro measures of red blood cell quality or on blood group antigens as assessed by in-vitro methods. However, prion filtration using the P-Capt filter results in some loss of haemoglobin, as I noted. The researchers also found during their study that the filter provides encouraging data on the safety of filtration, which means that it could be used, as was planned and recommended, in adults and children, but particularly the latter.

The Health Protection Agency findings that up to 40,000 people in the UK may be incubating vCJD without knowing it highlights the ongoing threat of prion diseases and the need to filter transferred blood to ensure that donors who are carrying latent prions do not infect recipients. P-Capt has been extensively and independently tested for more than three years. It has been proven not only to work, but to be safe and effective, for a wide range of prion proteins, and its implementation has been recommended by an independent UK safety committee.

As I mentioned, deaths from vCJD continue, and I suspect that there will be more. Only last year, researchers from Case Western Reserve university in the US identified a new human prion brain disease—similar to vCJD—that is also associated with a fast-advancing form of dementia. It is now more than a year since the UK's Advisory Committee on the Safety of Blood, Tissues and Organs—SaBTO—recommended that the Department of Health adopt the P-Capt filter. It is abundantly clear that those crucial safeguards against that vicious disease should be implemented without delay.

The SaBTO recommendation of the use of the P-Capt filter was subject to the completion of the prion-filtered versus standard red cells in surgical and multi-transfused patients study, which is known as the PRISM study. For those who are not aware, PRISM is the third safety study that has been performed on the filter. The two previous investigations, both of which demonstrated the clinical safety of P-Capt, showed absolutely no adverse events. The PRISM process was initially due to conclude in spring and summer of 2009, but it appears to have dragged on for much longer, which has caused considerable concern. The process should be progressed much more rapidly.

A recent parliamentary answer suggested that the tests would not be expected to conclude until mid-2012, although the original deadline was 2009. An interim report is due this summer and I hope that the Minister will confirm that. As the filter has been deemed safe for use since 2006, such a delay seems unnecessary and potentially dangerous for those currently receiving unfiltered, and therefore unprotected, blood.

Following the publication of SaBTO's recommendations, the Department of Health informed MacoPharma that an impact assessment was being prepared for Ministers, to help make a quick decision on implementation. This was in October 2009, but the impact assessment appears never to have been published and it has been increasingly difficult to understand the decision-making process. Given the potential impact of failing to protect the blood supply from vCJD contamination, such a lack of transparency is deeply worrying.

In Ireland, P-Capt is being used routinely in one pilot hospital and is currently undergoing a health technology assessment in relation to national policy and adoption. Of all places, Macau has a blood transfusion service that has started to use P-Capt to remove vCJD from red blood cell concentrates donated by Caucasians thought to be at risk of carrying the prion. Globally, over 90 million blood units are collected annually and MacoPharma is committed to providing solutions that safeguard this blood supply. The present process of leucodepletion used on UK-donated red blood cell concentrates is not sufficient to prevent people from being infected with vCJD. It is shown to remove only 42% of the total transmissible spongiform encephalopathies infectivity.

In terms of the financial costs of the filter, full implementation to filter all donated blood would cost around £1 per person in England. I think—and I hope that the Minister agrees—that that is a small price to pay considering the consequences if the problem escalates. Despite the fact that some people's genetic make-up may protect them from this disease, at least 89% of the population may be susceptible to vCJD if infected.

Lastly I would like to discuss briefly the situation relating to dental and surgical instruments. As we have seen recently in the news, there have been two separate incidents—one at Queen's hospital in Essex and another in Wales—in which patients have been told they have been put at risk of contracting CJD through surgery. Details have not been released about the case in Wales. However in the Essex incident, the mother of a patient who had an operation in the same operating theatre as those who have been contacted had developed an inherited form of CJD. That patient has since been tested and found to be carrying a gene that meant that she too could go on to develop the disease. Although the risk of the individuals concerned actually developing the disease is probably very small, it is of course extremely distressing for them, and in the interest of public health safety they will not be allowed to donate blood, organs or tissue.

Professor Collinge and his team believe that such incidents are not uncommon and that although the risk to patients from contaminated surgical instruments is believed to be small, it has not yet been quantified. His research team, working with Dupont, has recently developed an effective prion deactivation soak called Rely+On. However, despite actually having a commercial partner, it is not being used in hospitals and in fact DuPont is no longer manufacturing Rely+On. This soak is one of three—another was developed at Edinburgh university and another was produced by the Government-sponsored Health Protection Agency. None has been used in a hospital setting. The reason for this is that the Government have not given hospitals or commercial partners the incentive to use and invest in these products. If the hospitals were under pressure and the cleaner was provided at a commercially viable cost, the cost would be lower because there would be a huge market to sell it to and production could recommence. The Government need to give commercial firms the green light to go ahead by explaining to the companies that they will have a commercial

[Sir Paul Beresford]

market. That will inspire them to carry out the final tests and make changes to make the product more viable for hospitals to use. I understand that a qualified clearance has been given to Rely+On. It is qualified only at the second level because it froths in washer disinfectors. If a commercial green light was given, I am sure that DuPont and others would produce a product that did not froth. A future requirement could be set through a change to health technical memorandum 01-05 or even through the dreaded Care Quality Commission.

I ask the Minister to act now on these issues and not to let this valuable research sink without trace or these products go to waste. We are lucky in that vCJD does not seem to have had an enormous effect on our generation. However, it is the next generation and the one after that we should be thinking of and trying to protect. They are the ones who could well feel the ghastly effects of this crippling disease and who will be pointing the finger at our generation—and perhaps specifically the Minister—and asking why we did not get stuck into the problem and introduce more prevention now.

4.20 pm

The Minister of State, Department of Health (Mr Simon Burns): I congratulate my hon. Friend the Member for Mole Valley (Sir Paul Beresford) on securing this important debate and on his thoughtful and well-informed comments on a matter of public concern and genuine importance. I also pay tribute to his ongoing commitment to keeping the issue of variant CJD in the public consciousness, not least through his various debates on the Floor of the House and his questioning of Ministers.

My hon. Friend asked about the Government's response to vCJD, and I am happy to have this opportunity to update the House. Thankfully, the incidence of cases of clinical vCJD in the UK remains at a very low level, with a total of 175 cases recorded. Since a peak of 29 onsets in 1999 and 28 deaths—sadly—in 2000, the trend has fortunately been continuously downward. In 2010, there was only one new case. There have been no cases presumed to be associated with surgical or dental procedures and no known transmissions presumed to be associated with blood since 1999. The reality contrasts with some predictions that surrounded early discussion of vCJD in the late 1990s. Some people forecast large numbers of infections and deaths far in excess of what has come to pass. However, this is perhaps understandable given the uncertainties that still remain around the disease.

Although we can be pleased that the worst-case scenario has not materialised, we must remain vigilant and continue to do all we can to reduce risks to patients through potential transmissions via blood or surgical procedures. Many aspects of this condition remain unknown, and because of the unusual nature of the presumed infectious agent—the prion—are likely to remain so, as my hon. Friend alluded to. Existing measures have been put in place to reduce the risk of secondary vCJD infection passed from person to person, and it is vital that these are maintained unless evidence becomes available to indicate that they are no longer necessary or are otherwise ineffective.

Some measures put in place to protect against the transmission of vCJD also provide additional benefits to patients. One example is the continual improvement of decontamination practices across all of health care. This is vital to ensure that care is delivered *safely with* low levels of infection risk from all manner of infections, including vCJD, bacterial, protozoal and viral risks. The maintenance and improvement of existing, and the development of new, decontamination systems are essential for maintaining patient safety.

The Government take high-quality decontamination very seriously, and I can announce today that the Department of Health is commissioning a new programme of decontamination-related research. The Department will make available £2.4 million over the next four years to fund this research, which will include support for the development of cold plasma decontamination technologies, specifically for use in narrow channelled instruments such as endoscopes. Another study will aim to optimise the effectiveness of automated washer disinfectors used to wash and sterilise surgical instruments. Other projects will address new methods for detection of residual protein contamination on instruments following routine washing and disinfection.

In addition to decontamination, another vCJD risk-reduction measure that provides additional health benefits is the removal of white blood cells from all blood for transfusion. The removal of white blood cells not only reduces the risk of vCJD transmission, but reduces the risk of cytomegalovirus transmission, transfusion-associated lung injury and transfusion-related fever, and has other benefits. The provision of synthetic clotting factors for the treatment of all patients with bleeding disorders such as haemophilia is another measure associated with both reducing the risk of vCJD transmission and improved patient care.

Sir Paul Beresford: I thank my hon. Friend for his announcements and I note his repetition of some of the points that I have already made. Does he accept that there are already three commercially available materials that can be used for cold sterilisation—but which are not being used and to which the Government have given only semi-recognition—and could also be introduced extremely quickly? Secondly, I note his point about white cell depletion, but a filter has been available since 2006 that would take red blood cells out as well, greatly improving the restriction of the prion.

Mr Burns: I am grateful to my hon. Friend for that intervention. If he bears with me, I will come to both those points. I want to outline what the Government have been doing, but towards the end of my speech I have a number of comments to make in response to some of the valid points that he raised in his speech.

As I was saying, the provision of synthetic clotting factors for the treatment of all patients with bleeding disorders such as haemophilia is another measure associated with both reducing the risk of variant CJD transmission and improved patient care. Those products, although not suitable for all patients, eliminate all variant CJD and other blood-borne infection risks to those patients.

All the health care actions taken to reduce the risks of person-to-person transmission of variant CJD have costs. Estimates of the annual cost of blood-related

protection measures alone amount to approximately £40 million. However, many costs that are badged as variant CJD risk-reduction measures would be incurred even without that specific risk. Without a variant CJD risk, many of the blood-related measures, including leucoreduction and the use of synthetic clotting factors, would continue because of the wider safety and other benefits that they confer. The Government also continue to support payments to those affected by clinical variant CJD through the Variant CJD Trust. The trust has paid out approximately £39 million to patients and their families over the last 10 years.

In the latter part of his speech my hon. Friend talked about the risk of contamination via dentistry, which I would like to address now. There have been no known, or indeed suspected, cases of variant CJD transmission arising from dental procedures. However, there are still considerable scientific uncertainties that prevent us from quantifying the specific potential risk. The Department of Health has focused on improving standards of dental decontamination over the last decade, as the risk from blood-borne viruses—especially hepatitis B and C, and HIV—is a recognised risk in dental practices. Approximately 500,000 people in this country are infected with those viruses, and there are more than 1.5 million patient contacts every week in NHS dental practices. It is essential that the quality of local decontamination in practices must be of the highest standard.

The available equipment for and knowledge about decontamination is constantly changing, as my hon. Friend is aware. We update our policies to keep pace with those technical and scientific developments. An essential feature of the British Dental Association guidance, published in 2004, was the importance of both the sterilization and pre-sterilization cleaning components of the decontamination process. Indeed, the essential quality requirements in the Department's guidance, as set out in "Health Technical Memorandum 01-05", were similar to those in the British Dental Association's original A12 document.

Guidance from the Department of Health states that all dentists should use automated washer disinfectors as part of best practice. There are three reasons for this. First, they provide a consistent and reliable cleaning and disinfection process. Secondly, they contain the washing and disinfection process within a sealed unit, which helps to minimise the risk of spreading microbiological and chemical hazards. Thirdly, there is strong evidence that automated washer disinfectors are effective in removing the worst of the contamination from dental instruments and that they deliver a much greater degree of consistency in cleaning. This will reduce the worst-case risks to subsequent patients.

Also, following the recently commissioned research on optimising the efficacy of washer disinfectors, we expect their performance to improve significantly in the coming years. Initial research indicates that the use of automated washer disinfectors can reduce general protein contamination on instruments by a factor of up to 10,000. The reduction in hydrophobic proteins, similar to prion proteins, is roughly a factor of 100. Automated washer disinfectors are therefore very useful in improving the quality of instrument cleaning and reducing risk.

Sir Paul Beresford: I was not picking on dentistry specifically, because washer disinfectors are also used in hospitals. They are an excellent idea. They are very expensive, but we are going down the right road. The problem is, however, that the prion sticks to certain stainless steel instruments used in dentistry and elsewhere in hospital services, and the washer disinfector will not remove it. However, if the Rely+On, or one of the other two products, were utilised either in the soak beforehand or in the washer disinfector, that would make the process much more effective as far as the prion is concerned.

Mr Burns: Again, if my hon. Friend will bear with me, I will come to these points when I deal with a number of the issues that he raised in his speech.

The guidance encourages the purchase of automated washer disinfectors. However, no time frame has been stipulated and they were not part of the essential quality requirements that all practices had to meet by the end of 2010. A 2009-10 national survey on policy, equipment and procedures used by local dental practices in the decontamination of their instruments showed that more than 70% were at or above the standard required by Department of Health guidance. That figure is likely to improve further, as many other dental practices are close to the required performance level.

The British Dental Association was fully involved in the development of the guidance, and is supportive of the principles underpinning it. The guidance is also consistent with the BDA's advice sheet A12, "Infection Control in Dentistry", published in 2004, which states:

> "CJD and related conditions raise new infection control questions because 'prions', the infectious agents that cause them, are much more difficult to destroy than conventional micro-organisms, so optimal decontamination standards need to be observed. As a universal precaution, all instruments should be thoroughly cleaned before autoclaving, in order to remove as much matter as possible."

During 2006-07 and 2007-08, the Department of Health made £100 million of capital funding available through PCTs for use in primary dental care. One of the areas identified as suitable for that money was the improvement of standards of decontamination in primary dental care. Many PCTs have provided grants to practices to support the roll-out of automated washer disinfectors in primary dental care.

These and other variant CJD risk reduction measures will remain in place and we will continue to consider all other options where there is evidence of their overall efficacy, safety and cost benefit. For example, we closely follow the development by commercial and academic organisations of potential blood screening tests. While recent progress—as exemplified by the recent publication in *The Lancet* of the Government-funded prion unit's development of a prototype diagnostic test—is promising, there remains no test suitable for screening blood donations.

Another possible technology is, as my hon. Friend mentioned, prion filtration, which aims to remove the presumed variant CJD infective agent from blood. In early 2012 on completion of a clinical trial, Ministers will consider the possible use of prion filtration in addition to leucoreduction to reduce further the potential risk of infection from red blood cells. I trust that that helps to answer one of my hon. Friend's points.

Sir Paul Beresford: I thank my right hon. Friend again for giving way, and for his tolerance. His statement is interesting, although under the previous Government there was a demand by the Department to provide an impact assessment on the P-Capt filter, which should have been ready for Ministers in October 2009. Will he inquire whether that is available, and if so have a look at it? It would speed up the decision making.

Mr Burns: I can answer my hon. Friend instantly on that. I said just before his intervention that we expect the trial results in 2012, and the impact assessment will be completed only when the trial is completed. The impact assessment, then, will not be available until 2012 when the trials have been completed. I hope that that explains it, and satisfies my hon. Friend.

I would like to enter a note of caution that, as with all new technologies, it is important to consider all the potential costs and benefits to ensure that, as far as possible, the benefits they offer and the costs they incur—both financial and clinical— are fully understood. One example was when single-use tonsillectomy instruments were introduced in 2001 to reduce the risk of variant CJD infection. The instruments were withdrawn within a year, after the death of a number of patients. This clearly shows that no matter how good the intentions, there can, sadly, sometimes be unintended consequences with the introduction of thoroughly assessed new technologies.

My hon. Friend raised a number of issues, which I would like to go through methodically. He talked knowledgeably about prion filtration and effectively asked what was the Government's position on its use to reduce the risk of variant CJD. I can advise him that the independent Advisory Committee on the Safety of Blood, Tissues and Organs considers that there is evidence that a particular filter is able to reduce potential infectivity in a unit of red blood cells and has recommended—subject to satisfactory completion of the clinical trial—the introduction of filtered blood to those born since 1 January 1996. The Government are undertaking an evaluation of the costs, benefits and impacts to inform a decision on whether to implement that recommendation. As I said to my hon. Friend a few moments ago, that is expected to be completed in 2012, when we will also have an impact assessment, which could be studied.

My hon. Friend raised the issue of funding. The current funding by the Department is for studies led by Professor Collinge. Between 1996 and 2012 the Department of Health will have provided more than £18.2 million for studies led by Professor Collinge, which is in addition to his funding by the Medical Research Council. Through the RDD policy research programme, the Department currently funds two studies that underpin and are integrated with the MRC Neuropathogenesis Unit funding. The National Prion Monitoring Cohort funding is worth £3.04 million between 1 April 2008 and 31 March 2012. Secondly, the development of an effective treatment for prion infection by humans is funded to the value of £7.2 million from 1 February 2006 to 30 June 2012, in partnership with GlaxoSmithKline.

Sir Paul Beresford: First, I am astonished that the PRISM trials have taken so long. They were supposed to finish in 2009, and they have dragged on for a further three years. We really should be worried about the potential development of infection in the intervening period.

Secondly, the Minister has delighted us with the research figures, but they pale into insignificance in comparison with the volume of expenditure by the national health service on imports of blood products and blood serum from the United States in particular. Collinge's team have produced the test and one of the three soaks, so he has achieved positive results. It would be a mistake to stop now, rather than investing a little more funding to support the next stages of the test so that the tree that was planted initially can bear fruit.

Mr Burns: I always welcome any justified lobbying for extra funding, especially if it is for research. I do not think it appropriate for me to promise my hon. Friend the earth from the Dispatch Box this afternoon, but I will promise him that I will ensure that his request and his justification for the provision of further funds are drawn to the attention of the Under-Secretary of State for Health, my hon. Friend the Member for Guildford (Anne Milton). No doubt she will consider what he has said and write to him in due course.

Sir Paul Beresford *rose—*

Mr Burns: I feared that that might prompt another intervention.

Sir Paul Beresford: I thank the Minister sincerely, because it is unusual for Ministers to give way with such regularity. Perhaps it is also unusual for them to receive requests.

I understand that the Under-Secretary of State has considered the matter, and is looking to the private sector to fund the advances and further testing. The private sector is unlikely to do that because it has no incentive, but, as a Minister in the Department of Health looking after the nation's health, my right hon. Friend has every incentive, as has the Under-Secretary of State.

Mr Burns: I admire my hon. Friend's persistence and congratulate him on it, but I fear that it will not push me any further at this moment. I hear what he says about the meeting between my hon. Friend the Under-Secretary of State and Professor Collinge. I cannot comment on that, but I reiterate yet again that I will draw my hon. Friend's comments to the attention of my hon. Friend the Under-Secretary of State so that she can reflect on them. No doubt she will be in touch with him once she has had time to do so.

My hon. Friend mentioned the three decontamination products. They have not yet been proven suitable for use in the standard decontamination cycle in health care, and we must therefore await the conclusion of the research. Once we have seen the results of that research and, in one case, the impact assessment, we shall be able to seek to make positive progress.

Let me reassure my hon. Friend that the Government take the risks of variant CJD very seriously indeed. Because of the uncertainty surrounding it, we cannot be satisfied that we can stop looking for ways of improving and enhancing the protection of members of the public, and minimising the development and

spread of this particularly horrendous medical condition. Successive Governments have introduced a wide range of precautionary measures focused on reducing risk to protect public health. I assure my hon. Friend that we will maintain them and keep them under review as new evidence emerges, and that we will ensure that any new measures under consideration are effective, safe and appropriate.

Question put and agreed to.

4.45 pm

House adjourned.

House of Commons

Tuesday 3 May 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

The Commonwealth

1. **Julian Smith** (Skipton and Ripon) (Con): What progress he has made on his proposals to reinvigorate the Commonwealth; and if he will make a statement. [53519]

4. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What progress he has made on his proposals to reinvigorate the Commonwealth; and if he will make a statement. [53522]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): There has been a visible uplift in our relationship with the Commonwealth, and we have been working with key partners to reinvigorate this unique organisation. In particular, we support the work of the eminent persons group, and I look forward to its recommendations on how to build up the role of the organisation ahead of the Commonwealth Heads of Government meeting in October.

Julian Smith: Following the stunning showcase of Britain last Friday, does the Minister agree that diplomats and ambassadors should have a massive spring in their step as they promote trade and investment in the UK, to the Commonwealth and beyond?

Mr Bellingham: I agree completely with my hon. Friend. Last Friday was a remarkable event; it was Britain at its very best. I was in Guinea at the time, which is not yet a member of the Commonwealth. I watched part of the royal wedding on France 24 on a television in the deepest and darkest part of Guinea, and there was huge interest from everyone who watched that programme.

Stephen Metcalfe: Does my hon. Friend agree that given that there is more than $3 trillion of trade each year inside the Commonwealth, the organisation should be recognised as a beacon of trade globally and UK companies of all sizes should be encouraged to seek out commercial opportunities within the Commonwealth?

Mr Bellingham: Since the election nearly a year ago, my right hon. Friend the Foreign Secretary and his ministerial team have been to more than 30 Commonwealth countries, of which I have visited seven. I assure my hon. Friend that on the agenda for those meetings were trade diplomacy and building up business and enterprise with those countries. The Commonwealth has a vital role in pursuing the Doha development agenda.

Kate Hoey (Vauxhall) (Lab): The Minister will know that the Commonwealth Secretariat, which works for more than a third of the world's population, is run on a shoestring, yet we give billions to the European Union. Would our money not be better spent on maintaining our links with all the small countries and other Commonwealth countries, which have close links, deep loyalty and close family ties to the UK? In other words, should we not put the Commonwealth before the European Union?

Mr Bellingham: The Commonwealth does a first-class job, and it is exemplary in providing excellent value for money from its Secretariat here in London. I am delighted that the multilateral aid review by the Department for International Development concluded that the Commonwealth has a unique place in the international system and can play an even more significant role in development.

Mr Virendra Sharma (Ealing, Southall) (Lab): Does the hon. Gentleman agree that if the Commonwealth is to be reinvigorated and live up to its ideals, it needs to take a tougher line against member countries such as Sri Lanka, which committed war crimes against its Tamil civilian population according to the recent UN report? Should the Commonwealth not call for an independent international investigation into those war crimes, and suspend Sri Lanka from the Commonwealth unless it co-operates with such an investigation?

Mr Bellingham: We supported the setting up of the report, and it is essential that the Sri Lankan Government respond to it in a timely fashion.

Sir Alan Haselhurst (Saffron Walden) (Con): Does my hon. Friend agree that the forthcoming centennial conference of the Commonwealth Parliamentary Association provides an admirable platform for my right hon. Friend the Foreign and Commonwealth Secretary to expound this Government's positive view of the Commonwealth and the CPA's role in it?

Hon. Members: Yes.

Mr Bellingham: A resounding yes. An organisation that concentrated originally on Anglophone countries now attracts a keenness to join from countries outside the Anglophone sphere. Recently, Rwanda, a Francophone country, joined, as did Mozambique, a Lusophone country. Countries are queuing up to join this excellent organisation.

Libya (Post-conflict Reconstruction)

2. **Dan Jarvis** (Barnsley Central) (Lab): What structures there are for co-ordination of post-conflict reconstruction in Libya. [53520]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The post-conflict stabilisation and peace-building effort in Libya will be an international effort, co-ordinated by the United Nations in support of the Libyan people. The UK has undertaken early, cross-Whitehall planning, supported by the stabilisation unit, focusing on how we can support the international effort. Staff have been deployed to the region to provide stabilisation expertise on Libya and Arab partnership programmes.

Dan Jarvis: We must learn the lessons from Iraq and Afghanistan, where in my experience we sometimes contributed what we were able to deliver rather than what was needed. What conversations is the Secretary of State having with Cabinet colleagues to ensure that should Britain make a contribution to post-conflict reconstruction in Libya, it is as effective as possible?

Mr Hague: We are certainly having those conversations, and the hon. Gentleman is quite right to say that there are lessons to be learned from previous situations, including Iraq. The National Security Council is already working well on the matter, and of course my right hon. Friend the Secretary of State for International Development plays a very strong role on the subject. We are working with the UN already, and the UN is making good progress with stabilisation planning, but of course it is constrained in what it can physically do on the ground by the absence of peace and a political settlement in Libya. However, the planning is taking place and the UK is playing an important supporting role.

Mr Edward Leigh (Gainsborough) (Con): Will my right hon. Friend confirm that the best first step towards the reconstruction of the country would be peace and a ceasefire? Will he therefore assure the House that all his efforts are pointed in that direction rather than just at regime change?

Mr Hague: Our efforts are devoted to implementing UN resolution 1973, which begins by calling for a ceasefire and an end to violence. Of course, that means a genuine ceasefire in which the regime not only really does cease fire but pulls back its forces from the areas where it is attacking the civilian population. It is in the search for that ceasefire and the protection of the civilian population that we are doing what we are doing in Libya.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Have any companies been approached or approached the Government in connection with any post-conflict reconstruction that might happen in Libya?

Mr Hague: As I said, the UN is leading on the matter, and it will spearhead the reconstruction effort. The Department for International Development is handling the details of the British contribution and support, but if we have more information about companies' involvement, I will write to the hon. Gentleman about it.

European External Action Service

5. **Stephen Gilbert** (St Austell and Newquay) (LD): What recent discussions he has had with his EU counterparts on the role of the European External Action Service; and if he will make a statement. [53523]

The Minister for Europe (Mr David Lidington): I am in regular contact with my European counterparts about the work of the External Action Service, and with the EU High Representative, Baroness Ashton.

Stephen Gilbert: The Minister will be aware of the growing number of countries in Africa and the Pacific that do not have representation from either the UK or other European Union member states. Does he agree that the European External Action Service could provide representation to European nationals in those countries?

Mr Lidington: My hon. Friend talks about the EEAS's role in consular representation. Of course, under the treaties, that competence is given explicitly to member states rather than to European institutions, but it is quite right that the EEAS should, in line with the treaties, support the work of EU member states, especially by signposting EU nationals who are unrepresented to embassies or high commissions of another member state where they can obtain representation.

Mr Wayne David (Caerphilly) (Lab): During the ratification of the Lisbon treaty, the right hon. Gentleman was opposed to the European External Action Service. Does he agree that recent experience in north Africa and elsewhere in the world demonstrates the need for positive co-operation with our European partners?

Mr Lidington: Neither I nor my party has ever quibbled with the idea that there should be effective European co-operation between member states. The test of whether the External Action Service is effective will be, in large measure, whether the High Representative and her staff can work effectively with member states' Foreign Ministers, because only when member states reach a genuine common position does the High Representative have a mandate to act.

Libya

7. **Jason McCartney** (Colne Valley) (Con): What recent assessment he has made of the effectiveness of the Government's actions with respect to Libya; and if he will make a statement. [53525]

11. **Jack Lopresti** (Filton and Bradley Stoke) (Con): What recent assessment he has made of the effectiveness of the Government's actions with respect to Libya; and if he will make a statement. [53530]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The UK continues to take a leading role in international efforts to protect civilians in Libya. The case for action remains compelling. Gaddafi's regime persists in attacking its own people and wilfully killing its own civilian population. We have taken diplomatic action, including co-chairing the Libya contact group, and have played a key role in military action by NATO and provided more than £13 million of humanitarian aid to the Libyan people.

Jason McCartney: With the no-fly zone over Libya having been in place for more than a month now, will the Secretary of State join me in praising Royal Air Force air and ground crews for their role? What level of sorties is now taking place compared with when the action started?

Mr Hague: Yes, I certainly join in what my hon. Friend says about Royal Air Force air and ground crews, and of course the Royal Navy is also playing an important role in the vicinity of Libya. The number of sorties continues to mount, with hundreds over the weekend, and the UK continues to play a very strong role, including through strike sorties. I am pleased to say that more nations have been involved in those strike sorties, reflecting the continued increase in the tempo of the military activity and the strengthening of the international coalition.

Jack Lopresti: What are the outcomes so far of having British military officers on the ground in Libya to advise the Libyan rebels?

Mr Hague: These are early stages for the deployment to which my hon. Friend refers. What I can say is that we are confident that that military liaison advisory team is giving real and worthwhile assistance to the transitional national council for the objectives of helping with headquarters operations—how to organise headquarters and logistics—which I set out in my announcement. That is beginning to have some effect, but it is too early to give a definitive account.

Mr David Winnick (Walsall North) (Lab): Considering the killing of one of Gaddafi's sons and his very, very young grandchildren, is it not the case that, despite the denials that have been made, the policy of NATO is now first and foremost regime change, and secondly to kill Gaddafi himself?

Mr Hague: We want Gaddafi to go, and virtually the whole world wants him to go—let us be in no doubt about that—but the incident to which the hon. Gentleman refers was an attack on a command and control location. NATO has increased the number of air strikes against the command and control functions of the Libyan regime, which in our view is wholly legitimate within the implementation of resolution 1973, and such attacks will continue.

Sir Menzies Campbell (North East Fife) (LD): My right hon. Friend will remember that the support of the Arab League, and indeed that of virtually the whole House of Commons, was based on an understanding of the limitations contained in resolution 1973. Is he concerned that even the appearance of targeting Colonel Gaddafi may cause that support to be loosened?

Mr Hague: No, and there is no indication that that is leading to such a thing. In fact, I held discussions with the secretary-general of the Arab League, Mr Amr Moussa, in Cairo yesterday. Indeed, the restrictions in the resolution were the product of discussions between him and me on the day that the resolution was passed at the UN. He is supportive of how the resolution is being interpreted, and the Arab League continues to support our efforts. Arab nations will be strongly represented at the contact group meeting in Rome on Thursday, which I will attend. I hope I can reassure my right hon. and learned Friend on those points.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I have listened with care to the Foreign Secretary's answers. Those on both sides of the House are on record as saying that Libya's future would be better served with Gaddafi gone.

The Government have stated that the UN mandate allows for the targeting of command and control operations that threaten civilians, but for clarity, will the Foreign Secretary tell the House whether he agrees that the resolution excludes the direct targeting of individuals, and will he publish an updated summary of the legal advice, so that the House can be fully informed on those matters?

Mr Hague: I do not think that it would be right to expand on what I have already said about targeting. Whether individuals are targeted depends, of course, on how they behave, and whether they are part of command and control centres, and on where they are at the time. I do not think it right to provide a running commentary on targeting, and nor is it militarily sensible to do so, and I therefore do not want to expand on my earlier answers.

Of course, the Government will consider requests made in the House in respect of the legal advice. We published very clearly a note on the legal advice at the time of the 21 March debate. However, again, I do not think that it would be right for Governments to start to publish legal advice on a regular basis every few days, but we will consider any requests that are made.

Mr Alexander: Let me see whether the Foreign Secretary can be a little more forthcoming on this question. I understand his earlier answer—he said that it was too early to give a definitive account of the work being undertaken by British military officers on the ground in Benghazi—but will he undertake to publish the terms of reference under which they are operating?

Mr Hague: They are operating on the basis that I set out in the House of Commons. Last week, I think, when the House resumed, I made a statement on these matters and set out their purposes in a few sentences. Those are their purposes; they have not gone with an entire book of terms of reference. They have gone as a military liaison and advisory team to give their expertise on the organisation of logistics, headquarters and so on, as set out last week. There is nothing further to expand upon.

Richard Ottaway (Croydon South) (Con): In my right hon. Friend's discussions with the Arab League, did he convey the message that although it rightly called for a no-fly zone over Libya, there is widespread disappointment over its silence on Bahrain and Syria?

Mr Hague: Certainly, I discussed the wider region. In particular, we had a detailed discussion about the situation in Syria. I absolutely condemn the Syrian regime's actions over recent days, particular in relation to the city of Deraa and similar places that have been under attack by the Syrian army. I have urged the Arab League to take a strong line on this. Arab League Foreign Ministers are meeting on Thursday. After the contact group meeting in Rome, they will meet in Cairo, and they will discuss Syria then.

8. **Mr Kevan Jones** (North Durham) (Lab): What recent discussions he has had with his US counterpart on the situation in Libya. [53527]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): I have regular discussions with Secretary Clinton on the situation in Libya, as on all other international issues. My right hon. Friend the Prime Minister has similar discussions with President Obama, and my right hon. Friend the Defence Secretary was in Washington last week. I look forward to seeing Secretary Clinton in Rome on Thursday.

Mr Jones: Has the Foreign Secretary had discussions with his American counterparts on the possibility of arms being smuggled to the Gaddafi regime from countries neighbouring Libya? Has there been an intelligence assessment yet about the possible influence of anti-western elements that might want to exacerbate the situation in Libya?

Mr Hague: Certainly, I have had discussions with Secretary Clinton and representatives of many other nations about the smuggling of arms or mercenaries into Libya by land routes. That is under discussion. I do not have anything to announce today about it, but clearly where such things are taking place, they are in breach of UN Security Council resolutions, so we reserve the right to take action. We have made representations to neighbouring countries in connection with these matters, and we will certainly continue to pursue them.

Mr John Baron (Basildon and Billericay) (Con): What evidence can the Foreign Secretary disclose showing that the target of the missile strike that killed three of Gaddafi's grandchildren was a command and control centre, and was being used for military purposes?

Mr Hague: I do not believe that it would be right to disclose evidence regarding each separate military operation, for obvious operational and security reasons. It would make those operations more difficult to conduct, if we felt we had to disclose evidence about them.

Jeremy Corbyn (Islington North) (Lab): Will the Foreign Secretary confirm that, as it now appears to the whole world, the alliance has given up on a diplomatic solution, and is now involved in regime change and targeting individuals within the Libyan Government? Does he not think that at some point there will have to be a political solution led by the Arab League and the African Union? Does he not think it time to apply pressure in that direction, rather than continue the bombing of civilian targets?

Mr Hague: The hon. Gentleman refers to the bombing of civilian targets, but NATO and its allies have saved probably thousands of civilian lives from the intentions of regime forces that indiscriminately attack civilian targets. If we followed the course he recommended, civilian casualties would be immense indeed, because of what the Gaddafi regime would do to people across Libya. I can assure the hon. Gentleman that the international coalition is very strong on, and supportive of, the actions we have taken. As I said, more countries have moved their aircraft into strike activity. Of course, however, there must be a political settlement, but Colonel Gaddafi can open the way to that by departing from power.

Martin Horwood (Cheltenham) (LD): Are the Government still in complete agreement with the United States on the clear need for legal authority for any military action against individual targets, however loathsome we may find the individuals?

Mr Hague: We are in complete agreement about the meaning of legal advice on these matters, and about the need—I stress this again as I stressed it to the House last week—to stay clearly within the United Nations resolutions in order to maintain the legal, moral and international support we have for these actions. So there is no disagreement between the UK and the United States. However, I do not think it is right to speculate about individual targets.

Middle East Peace Process

9. **Rosie Cooper** (West Lancashire) (Lab): What recent discussions he has had with the Palestinian Authority to encourage the resumption of peace negotiations. [53528]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): My right hon. Friend the Foreign Secretary discussed the peace process and the need to return to direct negotiations with Palestinian President Abbas during his recent visit to London. We made it clear that we believe that only a negotiated settlement will secure a sovereign, viable and contiguous Palestinian state, living in peace and security next to a safe, secure and recognised Israel.

Rosie Cooper: Is the Minister concerned about Iranian influence in Hamas-controlled Gaza, and in Syria and Lebanon?

Alistair Burt: Briefly, yes. It remains our view, from all the available evidence, that the Iranian regime is interested in instability and disrupting the efforts of nations to build the necessary security and confidence between themselves that we all wish to see. So far, Iranian influence has rarely proved to be advantageous to the world community, but we live in hope.

Mr James Clappison (Hertsmere) (Con): While the cause of peace will have been assisted by the Palestinian Authority's response to the weekend's news from Pakistan, does my hon. Friend share my concern about the reported comments of the leader of Hamas in condemning the operation?

Alistair Burt: Yes, indeed. The events of the weekend were an opportunity for the world community to come together and condemn those who had united Christian, Jew and Muslim against their murdering misery over the years. It is disappointing that Hamas did not take the opportunity to do that, as so many others did.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Is the Minister aware that at 12.30 pm last Friday at Nabi Salih on the west bank, a peaceful demonstration against illegal settlements by Palestinians and Israelis, including women and children, was attacked by the Israeli army, which hurled hundreds of gas bombs and sound grenades at them, fired at them with rubber bullets and had a vehicle that hurled sewage at them? Will he condemn this kind of savagery and make it clear to the Israelis that it is impossible to have peace if Israeli troops behave in this abominable way?

Alistair Burt: I am not aware of the particular incident that the right hon. Gentleman raises, but there is no doubt that in the past, where there have been incidents involving people peacefully protesting—as we believe it is right to do—against settlements that we consider to be illegal, we have condemned such action, and we will continue to do so. This case only goes to illustrate, however, the need for both sides to return to negotiations based on parameters, because the spiral of violence—particularly what we have seen recently on both sides—is just leading to more misery before a settlement can be concluded.

Robert Halfon (Harlow) (Con): Following what has just been said, and given Hamas's commiseration on the death of Osama bin Laden as a holy warrior, will the Government confirm that they will have no direct or indirect talks with Hamas until it renounces terror and violence, recognises the state of Israel and abides by previous diplomatic agreements?

Alistair Burt: We have no plans to change our position on Hamas. The Quartet principles that my hon. Friend sets out remain the benchmark towards which Hamas should move—that is, a rejection of violence, a recognition of the state of Israel and an acceptance of previous agreements.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): There is real concern about the continuing lack of progress towards peace between the Palestinians and the Israelis. What is the Government's assessment of the impact of last week's reconciliation talks between Fatah and Hamas on the prospects of a peaceful transition to a two-state solution, and what role do they see for the European Union in this crucial period?

Alistair Burt: It is difficult to see the impact at this stage, because not all the details are available. It must always have been the case that at some stage there must be Palestinian unity, because there cannot be a sensible two-state solution unless all parts of what is deemed to be Palestine are involved. Therefore, the fact that Fatah and Hamas have come to some agreement is something that might provide a step forward. However, it is crucial that that should lead to progress and to both Palestinian wings continuing to reject violence, continuing with the peace process and recognising the state of Israel. As yet, Hamas has not made any move in that direction. We hope that the reconciliation will eventually lead to progress towards a democratic Palestinian state that will indeed reject violence and wish to live in peace and security with its neighbour, but we must judge it by its actions.

Hazara Population (Pakistan)

10. **Mark Lancaster** (Milton Keynes North) (Con): What recent reports he has received on the condition of the Hazara population in Pakistan; and if he will make a statement. [53529]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): The Hazara community in Balochistan has been the subject of sectarian terrorist attacks for some years, although they lessened to some degree in 2010. We remain concerned, however, about the protection of minority communities and minority rights in Pakistan, and about the general instability in the Balochistan region.

Mark Lancaster: I am grateful to the Minister for that answer, and indeed for his meeting with members of the Hazara community in Milton Keynes recently. Is he prepared to get a representative of our high commission in Islamabad to meet the Hazara leaders in Pakistan, to ensure that their voice is heard and that the UK is well placed to end this persecution?

Alistair Burt: My hon. Friend is absolutely right; we keep an eye on this matter, and we should do so. Last year, representatives from our high commission met Syed Nasir Ali Shah, a member of the Parliamentary Assembly for Quetta, and Jan Ali Changezi, who is also a Parliamentary Assembly member and the Minister for Quality Education in Balochistan. We take these issues very seriously, and we are aware of concerns that have been expressed by the community here and in Pakistan. We will continue to raise these issues in support of minority communities. We hope that the inter-faith committees that might be set up by the Pakistan Government will include Hazara representation.

Japan

12. **Charlie Elphicke** (Dover) (Con): What reports he has received on the situation in Japan following the recent earthquake and tsunami; and if he will make a statement. [53531]

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): The earthquake and tsunami of 11 March have had a devastating impact on Japan. As of 27 April, 14,508 people have been confirmed dead, and 11,452 are still missing. There are no confirmed UK casualties. The UK has mobilised various resources to help the Japanese Government. We have sent a search and rescue team and provided other forms of support to the Japanese Government, including nuclear assistance. We receive regular reports from the Japanese authorities regarding ongoing work to make safe the Fukushima nuclear plant, and we are ready to offer further technical assistance as required.

Charlie Elphicke: Japan is a major friend, ally and trading partner of the UK, and it is right that we should be there for a friend in need. Will the Minister tell us what help is being given to assist its economic recovery, and what steps are being taken to help following the nuclear disaster?

Mr Browne: I completely agree with my hon. Friend's assertion about the deep friendship between the United Kingdom and Japan. We have expressed that friendship and it has been evident in our actions. Our economies are intertwined, but we are also leading the debate within the European Union on a free trade agreement between the EU and Japan.

Barry Gardiner (Brent North) (Lab): Has the Nuclear Decommissioning Authority in the UK been asked to supply any expertise on the decommissioning of contaminated water at the plant? I understand that that is one of the more considerable problems that the Japanese authorities are facing.

Mr Browne: We have made it clear to the Japanese from the outset that we are willing to offer any expertise that might benefit them, but it is worth reminding the House that Japan is an extremely sophisticated country with an extremely developed economy and highly reputable scientists. It is therefore able to make many of those decisions for itself.

Mr Speaker: Question 13: I call David Morris. He is not here.

India

14. **Helen Goodman** (Bishop Auckland) (Lab): What recent progress he has made in strengthening bilateral relations with India; and if he will make a statement. [53535]

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): There has been significant progress on building the bilateral relationship with India since the Prime Minister's visit to India in July 2010, with increased co-operation across the full scope of activities.

Helen Goodman: Given the desirability for the UK and India of increasing the trade between the two countries, will the Minister tell the House what progress has been made on the negotiations for an EU trade agreement?

Mr Browne: I completely share the hon. Lady's objectives. India is rising in importance, and that is most evident economically. Insufficient progress has been made, but progress is still being made and Britain is at the forefront of trying to conclude the negotiations as soon as possible.

Joseph Johnson (Orpington) (Con): Does the Minister know of any plans for the Indian Prime Minister to reciprocate, in the light of our Prime Minister's successful visit to India last July?

Mr Browne: Discussions are under way, and we would greatly look forward to welcoming such an eminent political leader to this country. There are no fixed plans at this point, but we hope to advance such plans as soon as possible.

Emma Reynolds (Wolverhampton North East) (Lab): We welcome any progress made on the EU free trade agreement with India. However, as recent events have highlighted, a trade policy is no substitute for a broader foreign policy. Will the Minister therefore tell us what other foreign policy priorities the Government are pursuing in respect of our relationship with India?

Mr Browne: I accept that the relationship between our two countries goes beyond economics, although that is increasingly important. We share historical links; we share interests in global security; we share democratic and institutional relations; we share cultural ties; we share sporting links; and I understand that you, Mr Speaker, are expected to visit India later this year further to strengthen relations between our two countries.

Middle East

16. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What recent assessment he has made of the security situation in the middle east; and if he will make a statement. [53537]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): It is vital to acknowledge that no true stability can result from the repression of legitimate demands for political participation and the rule of law. Nothing can justify the use of lethal force against peaceful demonstrators. We are supporting peaceful reform in Tunisia and Egypt, just as we are opposing violence elsewhere and urging all Governments in the region to respond positively to popular calls for better governance.

Nadhim Zahawi: The security of the middle east depends on many factors, one of which is a responsible but independent media. With that in mind, I was shocked to see that, throughout yesterday, al-Jazeera's Arabic channel, which broadcasts "Al-Jazeera English Live" in this country, allowed messages of hate, violence and revenge against the west to be posted on its coverage. Does the Foreign Secretary agree that broadcasting such messages is highly irresponsible and, indeed, illegal?

Mr Hague: I did not see the reports to which my hon. Friend refers. Clearly, he has seen reports that he found very disturbing and I hope that he will take those up directly with al-Jazeera. Al-Jazeera now broadcasts a very wide variety of material, but I hope that it will in no way encourage hate or the commissioning of crimes; we must be vigilant against that.

Mike Gapes (Ilford South) (Lab/Co-op): Further to an earlier answer, what assessment has the Foreign Secretary made of the internal politics of Hamas and of whether there are conflicting voices—on the one hand about building a technocratic Government and conducting elections on a unity basis and, on the other hand, supporting and praising bin Laden?

Mr Hague: It would be surprising if there were not differing voices and internal tensions on these subjects. Clearly, many issues are moving in the middle east, with the changed situation in Egypt and pressure on the Syrian Government. Hamas has been encouraged by the new Government in Egypt to enter into the political reconciliation with Fatah, as discussed earlier. I believe that it might also feel less secure in its position in Syria. These are forces now at work on Hamas, and it is important in the light of the changes in the middle east that, as the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt) has been saying, it makes concrete movement towards acceptance of Quartet principles, which the whole world looks to it to respect.

Bradley Manning

17. **Ann Clwyd** (Cynon Valley) (Lab): What discussions his Department has had with the UN special rapporteur on torture on the case of Bradley Manning. [53538]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): We are aware of discussions that the UN special reporter on torture, Juan Mendez, has had with the United States Government, but the Foreign and Commonwealth Office has not had any discussions with him on the case of Bradley Manning.

Ann Clwyd: I have raised the case of Bradley Manning on several occasions in this Chamber and outside it. Mrs Susan Manning, who is Bradley Manning's mother,

wrote to the Foreign Secretary three weeks ago. She has not yet had a reply. She asked for consular assistance and for somebody to visit her son in the very bad conditions in which he is being held. She also asked for any help that could be given, in Washington and elsewhere, to the family if they so request it. At the very least, Mrs Manning, who is very concerned by the situation of her son, should have had the courtesy of a reply.

Alistair Burt: The right hon. Lady knows from her Adjournment debate on precisely this subject that Bradley Manning does not consider himself a UK citizen and his lawyer has made it very clear that he does not consider that he has any contact with this country. We cannot therefore discuss his nationality and we are limited in both what we can say and what we can do in this case. Bradley Manning's lawyer is well aware of the circumstances and of the United Kingdom Government's position.

Egypt

18. **Clive Efford** (Eltham) (Lab): What recent discussions he has had with his US counterpart on the situation in Egypt. [53539]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): I am in regular contact with Secretary Clinton about the whole situation in the middle east. I met her most recently at the NATO Foreign Ministers' meeting in Berlin on 15 April.

Clive Efford: It is feared in some quarters that the deal brokered in Cairo between Hamas and Fatah is influencing America's attitude to the new regime there. Has the Foreign Secretary had an opportunity to hold any discussions about that with his American counterpart? In particular, has he discussed the future of aid for Egypt and of assistance with the delivery of free and fair elections in the near future?

Mr Hague: I believe the United States to be supportive of what the interim Government are doing in Egypt. Everything that I saw yesterday suggested that we should be supportive, as did the meetings that I had with Field Marshal Tantawi and the new Prime Minister and Foreign Minister of Egypt. They are trying to bring about a transition to democratic government in Egypt, but they face formidable economic problems, which I think will pose the most difficult challenge of all during the coming year or two. It will be very important for western nations to engage with the Government of Egypt and work together on their economic future, and I have received no indication that the United States is planning to do anything other than that.

Jim Shannon (Strangford) (DUP): The Foreign Secretary has hit on the issue of the change and why it came about. That change swept across the whole of the middle east, but the economy and jobs were a key issue in Egypt in particular. What steps has the Foreign Secretary taken, and what discussions has he had with his United States counterparts, to ensure that something constructive will happen, and will happen soon?

Mr Hague: As I have said, we discuss these issues with the United States all the time, and President Obama will be coming to this country in a few weeks. The future of change in the middle east and how we should support that change—and Egypt is at the heart of that, for the success of the change there will be a key determinant of what happens in other countries—will be at the forefront of our discussions with President Obama and, indeed, the discussions at the G8 summit which will follow his visit.

Diamond Extraction (Zimbabwe)

19. **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): What recent steps he has taken to ensure that diamond extraction standards in Zimbabwe comply with the monitoring standards under the Kimberley process. [53540]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): The FCO hosted an EU Kimberley process planning meeting ahead of the Kimberley process meeting in Dubai on 14 April. We are working with the EU to push for a robust agreement to ensure Zimbabwean compliance with the Kimberley process, and that includes strengthening the role of the Kimberley process monitor. The good news is that we have helped to secure broad international support for a new monitoring team led by Mark van Bockstael.

Oliver Colvile: Does my hon. Friend agree that the proceeds of the diamonds should go to the Zimbabwean treasury? What pressure can be placed on the Zimbabwean Government to ensure that civil society is included in the decision-making process?

Mr Bellingham: The Marange diamond proceeds have the potential to bring literally hundreds of United States dollars into the Zimbabwe exchequer. Last year $38 million—the first tranche—did get through, but I am disturbed by reports that hard-line elements are benefiting from the Marange mine. I entirely agree with my hon. Friend: it is essential for us to have a strong civil society involvement, and that is why the appointment of a new civil society focal point will play such a vital role in increasing transparency.

Zac Goldsmith (Richmond Park) (Con): Is the Minister frustrated by the hampering of our negotiations on Zimbabwe diamonds as a result of our having to reach agreement through the sluggish EU? Does he agree that it would be better for us to adopt a more robust position on our own terms?

Mr Bellingham: It is worth bearing in mind that since the start of the Kimberley process, roughly 99% of the world trade in rough diamonds is now Kimberley-compliant. That is a huge improvement on the previous position. As for my hon. Friend's point about the EU, he has made a very interesting suggestion, and I will certainly examine it.

UK-Turkey Relations

20. **David Rutley** (Macclesfield) (Con): What recent assessment he has made of the state of bilateral relations between the UK and Turkey; and if he will make a statement. [53541]

The Minister for Europe (Mr David Lidington): We have excellent co-operation with Turkey on a wide range of issues, as was reaffirmed in the strategic partnership signed last July by my right hon. Friend the Prime Minister and Prime Minister Erdogan.

David Rutley: Given Turkey's important role in helping the United Kingdom foster stronger relations with Arab nations at this time of instability, what steps is my right hon. Friend taking to engage Turkey further both in providing increased humanitarian aid in Libya to those who need it and in helping to enforce the arms embargo against the Gaddafi regime?

Mr Lidington: Turkey has already been active on both counts. My right hon. Friend the Foreign Secretary is in frequent contact with Foreign Minister Davutoglu about how to strengthen our co-operation both in supplying effective humanitarian aid to people in need inside Libya and in planning for the reconstruction of that country in the future.

Mr Andrew Love (Edmonton) (Lab/Co-op): Britain is Turkey's best friend in the European Union, yet relations between the EU and Turkey continue to be bedevilled by the issue of Cyprus. What efforts is the right hon. Gentleman making to persuade both Cyprus and Turkey that a better relationship between the two of them will help the reunification of the island and Turkey's membership of the EU?

Mr Lidington: The urgent need for progress towards a settlement in Cyprus is on the agenda at every conversation that either I or my right hon. Friend the Foreign Secretary have with both our Turkish and Cypriot counterparts. I am sure that that will continue to be the case, and I hope that once the forthcoming Cypriot and then the Turkish elections are over, all parties concerned will redouble their efforts to reach the solution that all communities in Cyprus need to see.

Topical Questions

Mr Speaker: Graham Evans is not here, so I call Fiona Bruce.

T2. [53545] **Fiona Bruce** (Congleton) (Con): *rose—*

Mr Speaker: Order. I am sorry, but in the circumstances the Foreign Secretary should first give a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Yesterday I visited Cairo to underline the United Kingdom's support for what the people of Egypt have achieved in the last three months and for their democratic and peaceful future. Across the middle east, this Government will continue to offer their support to ensure that the countries of the region can meet their people's legitimate aspirations and that events do not result in the suppression of those aspirations, as we are seeing in countries such as Syria.

Fiona Bruce: I thank the Minister for his response with regard to the treatment of minorities such as the Hazara population in Pakistan. What can also be done to encourage and support the protection of the rights of minorities more widely in Pakistan, such as Hindus, Christians and women, in the light of accounts of human rights violations, such as forced conversion, forced marriage, beatings, rape, false imprisonment and even murder?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): My hon. Friend makes serious points about the concerns over human rights in Pakistan. They are points that the United Kingdom Government take up, which have of course been more sharply in focus in recent weeks given, sadly, the murder of Shahbaz Bhatti, the Christian who was Minister for minorities in Pakistan, who was known to a number of us in this House. We are all concerned about the circumstances there, but the Government are working with us and we will continue to support efforts to protect all minorities in Pakistan from the issues that my hon. Friend raised.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): The House is aware that the Prime Minister will shortly give a statement on the death of Osama bin Laden, but I hope the Foreign Secretary will agree that the success of the Arab spring could yet be an even more significant blow to al-Qaeda. Given that, will he update us on the work being done to stop the repression of demonstrators in Syria? In particular, when will the European Union act, and will the Foreign Secretary give an undertaking to work to ensure that Syria does not take Libya's vacated place on the UN Human Rights Council?

Mr Hague: I fully agree with the right hon. Gentleman. Indeed, this is a moment for people across the middle east to reflect that in so many countries it has been possible to bring about peaceful and democratic change—that may yet happen in more countries—and that the violent philosophy of al-Qaeda that only violence and death can bring about change is bankrupt and should increasingly be vanquished across the middle east. That does, indeed, bring us to Syria. The UK is at the forefront of pressing for action by the European Union. At the end of last week, we secured agreement on an arms embargo and the revocation of the association agreement that had been put in place with Syria. We are now working with our European partners on targeted sanctions such as asset freezes and travel bans—I will be discussing those further with the French Foreign Minister this evening—and we are also highly active at the United Nations Security Council on this issue, although the right hon. Gentleman will understand that Syria is a difficult issue at the UN Security Council and that some of the members, including permanent members, require a good deal of convincing that the United Nations should be taking any action.

T4. [53547] **Julian Smith** (Skipton and Ripon) (Con): British business continues to be bogged down by regulation and directives from Brussels. What plans does the Minister for Europe have to work with ministerial colleagues to challenge that over the coming months?

The Minister for Europe (Mr David Lidington): My hon. Friend is right in his analysis. Securing less costly, less burdensome regulation on European businesses, especially small and medium-sized enterprises, is a priority in our engagement with our European counterparts for every Minister in this Government, from the Prime

Minister downwards. I am delighted to be able to assure my hon. Friend that the Prime Minister's initiative in that respect is gaining increasing support from other Heads of Government across the European Union.

T3. [53546] **Rosie Cooper** (West Lancashire) (Lab): Described as the single greatest advertisement for Britain, the value of the BBC World Service cannot be underestimated, especially given that Syrian demonstrators hold up placards with "Thank you BBC" on them. Will the Minister therefore consider making the appropriate representations to stop the disproportionate reduction in the BBC World Service output before it is too late?

Mr Hague: Nothing disproportionate has happened or will happen to the BBC World Service. The reduction in its spending between 2007 and 2014, the period for which the Foreign Office is under spending restraint, will be exactly the same as the proportionate reduction in the rest of the Foreign Office family and a good deal less than that for the British Council. It is important that we save money across the public sector—we have had to do so given the behaviour of the previous Government—but the World Service has a secure future, as does the Arabic service. Transferring the BBC World Service into the licence fee funding arrangement means that it has a secure future for the long term.

T5. [53548] **Christopher Pincher** (Tamworth) (Con): Piracy off the west coast of Africa, particularly the coast of Somalia, continues to grow. It represents a clear threat to the lives of seafarers and costs international commerce billions of pounds. What steps does the Minister envisage taking, with the Government of Somalia, to bring to an end this dangerous form of robbery?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): Obviously, a long-term solution to the problem of piracy lies on the land, which is why we are working so hard to provide a stable Somalia. We have taken the lead in the international contact group on piracy, and last year we provided £6 million in support of regional prosecution and prisons capacity and some new equipment for the improvement of the Seychelles coastguard. We are taking the lead, and I hope that other countries follow it.

T8. [53551] **Grahame M. Morris** (Easington) (Lab): Let us be clear about the impact of the spending cuts on the Arabic division of the BBC World Service. In one month it will be forced to reduce its daily output of live TV news from 15 hours to seven and of live radio from 12 hours to seven, and it will also lose 44 of its Arabic staff. In the light of the recent monumental events across the Arab world and the integral role of the BBC World Service as a provider of impartial information, will the Foreign Secretary act now to save this valuable service?

Mr Hague: The answer really is the same as the one I gave a few moments ago: we have to operate within all the spending constraints involved in repairing the budgetary catastrophe left to us after last year's general election. Unfortunately, that has consequences for the World Service too, but the Arabic service, along with so many other services of the World Service, will not just be secure for the future; it can be developed further for the future, along with BBC World, which is also of importance in the Arab world, because we have secured its long-term future within the BBC licence fee.

T6. [53549] **Simon Hughes** (Bermondsey and Old Southwark) (LD): The recent report to the Secretary-General of the United Nations made it clear that war crimes had been committed in Sri Lanka by both the Tamil Tigers and the armed forces of the Government of Sri Lanka. What action do our Government propose to take in the UN and the Commonwealth to make sure that Sri Lanka, a member of the Commonwealth, upholds the rule of law and that war crimes are punished?

Mr Hague: This is a vital subject and it is crucial for the long-term health of Sri Lanka that these problems are addressed as a part of reconciliation for the long-term future and in bringing different communities together in Sri Lanka. Our Government strongly supported the commissioning of the report by the Secretary-General. We are considering that report carefully, but in the meantime we look to the Government of Sri Lanka to respond to it in detail and make it clear how they intend to proceed.

T10. [53553] **Andrew Miller** (Ellesmere Port and Neston) (Lab): In the light of the second bombing of the gas pipelines from Egypt to Israel and Jordan, what conversations has the right hon. Gentleman had with the new regime in Egypt to stress the importance of the 30-year peace treaty between Israel and Egypt?

Mr Hague: The hon. Gentleman is quite right—of course that is important. I had lengthy discussions yesterday with the Prime Minister and Foreign Minister of Egypt. Regional peace and the future of the middle east peace process are absolutely integral to this matter, so they formed an important part of our discussions. As part of that, we look to Egypt to respect that treaty with Israel, and it is in no doubt whatever about our position on that.

T7. [53550] **Mark Lancaster** (Milton Keynes North) (Con): Will the Minister join me in commending the work of FCO Services for both the UK and international Governments and will he confirm that there are no plans to move the organisation from Hanslope park in Milton Keynes?

Mr Bellingham: I pay full tribute to FCO Services and all its staff at Hanslope park in my hon. Friend's constituency. They are highly professional and it is an impressive trading fund, with a profit for the last financial year that will exceed its £4 million target. It now gets a quarter of its income from other Government Departments and is also bidding for contracts overseas, so it is one of the jewels in the FCO crown.

Tony Lloyd (Manchester Central) (Lab): The situation in Syria has naturally been overshadowed by events in Libya and almost totally by the news from Pakistan yesterday. Clearly the deaths of so many people and the actions of the authorities in Damascus have been gross and unacceptable. Will the Secretary of State tell the House what pressure he has been able to bring to bear on those who have a voice in Damascus—those in the Arab League, for example, and, importantly, our good friend Turkey?

Mr Hague: Yes, this is a very important subject. We have of course made our own views clear directly to the Syrian Government. Last Wednesday evening I called the Syrian Foreign Minister and communicated directly to him the views of the United Kingdom about the unacceptable violence against protestors. I urged the Syrian authorities to go down the route of reform rather than repression, but, sadly, they are increasingly taking the route of repression. The hon. Gentleman is right that Turkey plays an important role and there have been Turkish representatives in Damascus over the past week, again urging reform. As I mentioned earlier, I took up the subject with the Arab League in Cairo yesterday to urge it to use its best efforts to encourage Syria down the right path.

T9. [53552] **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): Two weeks ago, Bosnia's Serb Parliament agreed to a referendum questioning the legitimacy of the Bosnia and Herzegovina state court, which deals with war crimes. Does the Minister agree that that potentially undermines the Dayton peace accord and could set off the worst crisis in the 16 years since the war finished? What is he doing with our allies to ensure the peace and stability that has been achieved so far will not now be squandered?

Mr Lidington: My hon. Friend is right that that is a potential challenge to the Dayton accord and it is not something that the British Government regard as acceptable. We are emphasising to our European partners and other members of the international community that we all need to work to strengthen the statehood of Bosnia and the integration of its communities within a single country, and we should be prepared, if needs be, to invoke the Bonn powers to make it clear that what the Republika Srpska is now proposing is simply not acceptable.

Mr Ben Bradshaw (Exeter) (Lab): In his response to the Chairman of the Select Committee on Foreign Affairs about the Arab League's response in Syria and Bahrain, the Foreign Secretary stressed the importance of consistency in our response to the Arab spring. How is it adequate simply to urge dialogue on both sides in Bahrain, given the Bahraini Government's outrageous and continuing human rights abuses?

Mr Hague: That is not the only thing that we are doing. Of course, we have made our protests clear based on credible reports—and there are credible reports—of human rights abuses over the Easter period. I also spoke to the Bahraini Foreign Minister, Sheikh Khalid al-Khalifa, and made our protests. In Bahrain, there is still hope of dialogue and the situation is therefore different from some of the others in the middle east. Serious efforts at dialogue have been made by some of those who are now in authority, so we call again on them—on the ruling family and ruling group in Bahrain and on opposition groups—to enter into such a dialogue, which is the only viable way to a future for Bahrain.

Jo Swinson (East Dunbartonshire) (LD): Gaddafi's forces have been bombarding Misrata's port, preventing essential food and medical supplies from reaching the population for four days now. Elsewhere in Libya, aid convoys have been intercepted and attacked, and supplies stolen. Does the Foreign Secretary agree that creating safe corridors for humanitarian aid is within the terms of the United Nations Security Council resolution 1973 in order to protect civilians? What will the coalition do to make sure that vital aid gets through to the people who so desperately need it?

Mr Hague: We have done a great deal to make sure that aid gets through, to take people out of Misrata, including vulnerable people such as migrants who have been concentrated near the port, and to get humanitarian aid in. However, my hon. Friend is right that that has been more difficult in recent days, again because of the barbaric actions of the Gaddafi regime. It is much preferable, of course, to take in humanitarian aid separately from military activity, for very good reasons which she will fully understand, but if that becomes impossible we will have to consider other ways.

Richard Burden (Birmingham, Northfield) (Lab): Returning to the question of Hamas, does the Foreign Secretary agree that the reported comments of Ismail Haniya yesterday were appalling and are already being seized on by enemies of peace on both sides of the Israeli-Palestinian divide? Does he agree that we must not be deflected from the cause of peace but must recognise the potential for unity between Fatah and Hamas and recognise that peace is ultimately built between enemies, not with friends?

Mr Hague: Peace is indeed built between enemies rather than friends, but as the hon. Gentleman rightly points out, that cause would be assisted if it were possible to show across many different divides in the world a good deal of unity about what happened on Sunday night and about the removal from the scene of the author of some of the world's greatest terrorist acts. It would have been better for Hamas to have joined in the welcome for that, as that would have been a boost in itself to the peace process.

Mr Matthew Offord (Hendon) (Con): Judge Goldstone recently retracted the central finding of his UN report that Israel had intentionally targeted Palestinian civilians. What steps is the Secretary of State taking to inform members of the UN General Assembly of Judge Goldstone's reconsideration of his report and admission about his inaccurate conclusion?

Alistair Burt: We know that Judge Goldstone would have much preferred the Israeli authorities to have co-operated with his report, which would have given it a different flavour. His comments are extremely important, but it is equally important to make sure that an investigation on both sides into the incidents, as he recommended, is done. He was satisfied that the Israeli Government had done their best to fulfil that commitment, but Hamas, we are afraid, has done nothing at all to fulfil that commitment.

Several hon. Members *rose*—

Mr Speaker: Order. We come now to a statement by the Prime Minister.

Ann Clwyd (Cynon Valley) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. Points of order come after statements. I shall await the right hon. Lady's point of order with interest and anticipation.

Counter-terrorism

3.33 pm

The Prime Minister (Mr David Cameron): The death of Osama bin Laden will have important consequences for the security of our people at home and abroad and for our foreign policy, including our partnership with Pakistan, our military action in Afghanistan and the wider fight against terrorism across the world. Last night, I chaired a meeting of Cobra to begin to address some of these issues, the National Security Council has met this morning and I wanted to come to the House this afternoon to take the first opportunity to address these consequences directly and to answer hon. Members' questions.

At 3 am yesterday I received a call from President Obama. He informed me that US special forces had successfully mounted a targeted operation against a compound in Abbottabad, in Pakistan. Osama bin Laden had been killed along with four others—bin Laden's son, two others linked to him and a female member of his family entourage. There was a ferocious firefight and a US helicopter had to be destroyed but there was no loss of American life. I am sure the whole House will join me in congratulating President Obama and in praising the courage and skill of the American special forces who carried out this operation. It is a strike at the heart of international terrorism and a great achievement for America and for all who have joined in the long struggle to defeat al-Qaeda.

We should remember today in particular the brave British servicemen and women who have given their lives in the fight against terrorism across the world, and we should pay tribute especially to those British forces who played their part over the past decade in the hunt for bin Laden. He was the man who was responsible for 9/11, which was not only an horrific killing of Americans, but remains to this day the largest loss of British life in any terrorist attack. He was a man who inspired further atrocities, including those in Bali, Madrid, Istanbul and, of course, here in London on 7/7. He was, let us remember, a man who posed as a leader of Muslims, but was actually a mass murderer of Muslims all over the world. Indeed, he killed more Muslims than people of any other faith.

Nothing will bring back the loved ones who have been lost, and of course there is no punishment at our disposal that can remotely fit the many appalling crimes for which bin Laden was responsible, but I hope that at least for the victims' families there is now some sense of justice being served, as a long dark chapter in their lives is finally closed. As the head of a family group for United Airlines flight 93, put it, we are

"raised, obviously, never to hope for someone's death",

but we are

"willing to make an exception in this case...He was evil personified, and our world is a better place without him."

Britain was with America from the first day of the struggle to defeat al-Qaeda. Our resolve today should be as strong as it was then. There can be no impunity and no safe refuge for those who kill in the name of this poisonous ideology.

Our first focus should be our own security. Although bin Laden is gone, the threat of al-Qaeda remains. Clearly there is a risk that al-Qaeda and its affiliates in places such as Yemen and the Maghreb will want to demonstrate that they are able to operate effectively, and of course there is always the risk of a radicalised individual acting alone—a so-called lone-wolf attack. So we must be more vigilant than ever, and we must maintain that vigilance for some time to come.

The terrorist threat level in the UK is already at severe, which is as high as it can go without intelligence of a specific threat. We will keep that threat level under review, working closely with the intelligence agencies and the police. In terms of people travelling overseas, we have updated our advice and encourage British nationals to monitor the media carefully for local reactions, to remain vigilant, to exercise caution in public places and to avoid demonstrations. We have ordered our embassies across the world to review their security.

Let me turn next to Pakistan. The fact that bin Laden was living in a large house in a populated area suggests that he must have had an extensive support network in Pakistan. We do not currently know the extent of that network, so it is right that we ask searching questions about it, and we will. But let us start with what we do know. Pakistan has suffered more from terrorism than any other country in the world. As both President Zardari and Prime Minister Gilani said to me when I spoke to them yesterday, as many as 30,000 innocent civilians have been killed in Pakistan, and more Pakistani soldiers and security forces have died fighting extremism than international forces killed in Afghanistan.

Osama bin Laden was an enemy of Pakistan. He had declared war against the Pakistani people and he had ordered attacks against them. President Obama said in his statement that

"counterterrorism cooperation with Pakistan helped lead us to bin Laden and the compound where he was hiding."

Continued co-operation will be just as important in the days ahead.

I believe it is in Britain's national interest to recognise that with Pakistan we share the same struggle against terrorism. That is why we will continue to work with our Pakistani counterparts on intelligence gathering, tracing plots and taking action to stop them. It is why we will continue to honour our aid promises, including our support for education as a critical way of helping the next generation of Pakistanis to turn their back on extremism. Above all, it is why we were one of the founder members of the Friends of Democratic Pakistan, because I believe it is by working with the democrats in that country that we can make sure the whole country shares the same determination to fight terror and terrorism.

I also spoke yesterday to President Karzai in Afghanistan. We both agreed that the death of bin Laden provides a new opportunity for Afghanistan and Pakistan to work together in order to achieve stability on both sides of the border. Our strategy towards Afghanistan is straightforward and has not changed. We want an Afghanistan capable of looking after its own security without the help of foreign forces. We should take this opportunity to send a clear message to the Taliban: now is the time to separate themselves from al-Qaeda and participate in a peaceful political process.

The myth of bin Laden was that of a freedom fighter, living in austerity and risking his life for the cause as he moved around in the hills and mountainous caverns of the tribal areas. The reality of Bin Laden was very

[The Prime Minister]

different: a man who encouraged others to make the ultimate sacrifice while he himself hid in the comfort of a large, expensive villa in Pakistan, experiencing none of the hardship he expected his supporters to endure.

Finally, let me briefly update the House on Libya. In recent weeks we have stepped up our air campaign to protect the civilian population. Every element of Gaddafi's war machine has been degraded. Over the last few days alone, NATO aircraft have struck 35 targets, including tanks and armoured personnel carriers, as well as bunkers and ammunition storage facilities. We have also made strikes against his command and control centres, which direct his operations against civilians. Over the weekend, there were reports that in one of those strikes Colonel Gaddafi's son, Saif al-Arab Gaddafi, was killed. Let me be clear that all the targets chosen were clearly within the boundaries set by UN resolutions 1970 and 1973. These resolutions permit all necessary measures to protect civilian life, including attacks on command and control bases.

This weekend also saw attacks on the British and Italian embassies. We utterly deplore this. The Gaddafi regime is in clear breach of the Vienna convention to protect diplomatic missions, and we will hold it fully to account. We have already expelled the Libyan ambassador from London. The British embassy was looted as well as destroyed and the world war two memorial was desecrated. The UN has felt obliged to pull its people out for fear of attack.

Gaddafi made much of his call for a ceasefire, but at the very moment he claimed he wanted to talk, he had in fact been laying mines in Misrata harbour to stop humanitarian aid getting in. That is the regime—that is the man—we are dealing with. We will continue to enforce the UN resolutions until such time as they are fully in place, and that means continuing to turn up the pressure—sanctions pressure, diplomatic pressure and military pressure.

Bin Laden and Gaddafi were said to have hated each other, but there was a common thread running between them: they both feared the idea that democracy and civil rights could take hold in the Arab world. While we should continue to degrade, dismantle and defeat the terrorist networks, a big part of the long-term answer is the success of democracy in the middle east and, of course, the conclusion of the Arab-Israeli peace process. For 20 years, bin Laden claimed that the future of the Muslim world would be his, but Libya has shown, as Egypt and Tunisia did before it, that people are rejecting everything bin Laden stood for. Instead of replacing dictatorship with his extremist totalitarianism, they are choosing democracy.

Ten years on from the terrible tragedy of 9/11, with the end of bin Laden and the democratic awakening across the Arab world, we must seize this unique opportunity to deliver a decisive break with the forces of al-Qaeda and its poisonous ideology, which has caused so much suffering to so many across so many years. I commend this statement to the House.

Edward Miliband (Doncaster North) (Lab): I thank the Prime Minister for his statement and join him in strongly endorsing the sentiments expressed yesterday by President Obama. The Opposition wholeheartedly support the action taken by the United States to bring Osama bin Laden to justice. We are grateful to President Obama for taking the decision and to the US special forces who carried it out.

At this time we remember the harrowing scenes of death and destruction of 9/11, and we remember, too, all the other atrocities carried out by al-Qaeda before 9/11 and since, including in Nairobi, Dar es Salaam, Bali, Istanbul, Madrid, Amman and, of course, the 7/7 bombings here in London. The world is a better and safer place without bin Laden commanding or inciting acts of terror. We should never fall for the idea that he somehow stood for a particular community or faith. In each case the objective was the same: to kill and maim as many innocent men, women and children as possible, of all faiths and all backgrounds.

Our response now must be to seek to use this moment, not to claim premature victory in the fight against terrorists, but to heal the divisions he sought to create. We should do that by rooting out the perpetrators of terror, by reaching out to all those willing to accept the path of peace and, at the same time, by ensuring continued vigilance here at home.

All parts of the House will welcome the co-operative and calm response of the Pakistani Government over the past 48 hours, but there remains a great deal of uncertainty about who was aware of bin Laden's presence and location in Pakistan, especially given his proximity to Pakistani military bases. Pakistan's leaders continue to take a brave stance against terrorism, but when the Prime Minister talked to President Zardari and Prime Minister Gilani, what discussions did he have about ensuring that the security apparatus in Pakistan fully supports their anti-terrorist efforts?

The developments of this weekend remind us why we took military action in Afghanistan, which under the Taliban gave shelter to bin Laden and to al-Qaeda, but those developments should also, as the Prime Minister said, reinforce the need for a lasting political settlement in Afghanistan as the only long-term guarantee of peace and security. Does the Prime Minister agree that we need greater urgency in the search for a political solution and to engage with those parts of the Taliban that are ready to renounce violence? Does he think that there are ways in which we can sharpen the choice facing the Taliban, including by deepening the political process in Afghanistan?

On Yemen and al-Qaeda's remaining strongholds, we must do everything to combat terrorism and to increase pressure on their supporters, and we must also support movements that make it less likely that terrorism will take root, for is it not clear that the most effective long-term answer to al-Qaeda's ideology of hatred is being provided by the peoples of north Africa and the middle east? During the Arab spring they have not been turning to an ideology of hate; they are demanding the right to control their own destinies with democratic reform and economic progress.

In that context, will the Prime Minister update the House on progress that has been made in consolidating the democratic gains in Egypt and Tunisia? What is being done not only to ensure that those Arab leaders who have promised reform stick to their commitments, but to force those still resorting to violence and repression, as in Syria, to stop doing so?

On Libya, it is clear that we cannot abandon the Libyan people to Colonel Gaddafi's revenge, but will the Prime Minister also take this opportunity to reassure the House that, in all our words as well as actions, it will be clear that all the steps we take are in the terms of UN Security Council resolution 1973? Does he further agree that doing so is right in principle and essential to maintaining regional support for action to enforce the will of the Security Council?

On Israel-Palestine, does the Prime Minister agree that the reaction of Hamas, calling the killing of bin Laden an example of American oppression, is deeply regrettable? Does he agree that we should continue to make efforts to restart the middle east peace process? What discussions has he had with President Obama and the other leaders on that important area?

Finally, I support the Prime Minister's call for UK citizens to show increased vigilance at this time. Al-Qaeda has suffered a serious blow, but it remains a threat. Can I also take this opportunity to offer my thanks and the thanks of the Opposition to the police and security services, which work tirelessly in public and behind the scenes to keep us safe, as well as to British forces throughout the world?

Above all, let me say this: 9/11 was one of the most horrific events of our generation, and for the victims and their families, including in this country, nothing can remove the pain that they feel, but the death of Osama bin Laden sends out a clear message that, in the face of terrorist acts, the world will not rest until justice is done.

The Prime Minister: I thank the right hon. Gentleman for his statement and for the way he has made it. He is absolutely right to praise the police and security services, particularly those in the security services who never get public recognition for the work that they do to keep people in our country safe.

The right hon. Gentleman is absolutely right to talk as strongly as he has about 9/11 and the memories people have of it. I am sure that everyone in the House remembers exactly where they were and what they were doing on that day, and how they felt, and he is right that we should use this moment to try to heal many of the divisions in our world.

On the specific questions, the right hon. Gentleman asks about Pakistan and the question, which I think will come up a lot, about who knew what and what we will do to find out who knew what. What matters most of all, as I said, is to back the democratic leaders of Pakistan, to work with them and those involved in security and military matters and to try to hold discussions with them together, which is what I did on my last visit to Pakistan.

On Afghanistan, the right hon. Gentleman asks how we can increase the urgency of a political settlement. That is absolutely the right thing to do, and again part of the answer lies in Pakistan and the discussions we can have with it to encourage all those involved to give up violence, to accept the basic tenets of the Afghan constitution and, critically, to renounce any link with al-Qaeda.

The right hon. Gentleman asks what more can be done to deepen the democratic process in Egypt and Tunisia. My right hon. Friend the Foreign Secretary was in Egypt yesterday. One of the key ways of doing this is through the European Union, and Britain, along with others, is pushing very hard for a total update of Europe's relations with its neighbourhood to make them more attractive and something that has proper conditions attached to them.

On Syria, the right hon. Gentleman asked what more can be done to step up the pressure. I agree that what is happening in Syria is unacceptable. We are leading a process in Europe of setting about applying proper pressure—an arms embargo and taking the association agreement off the table—and we are looking at further steps, including travel bans and asset freezes, and other things we can do to show that what is happening in Syria is unacceptable.

On Libya, the right hon. Gentleman asks whether we will stick to UN resolution 1973. Yes, we will. What I would say, though, is that this does not mean just sticking with the existing set of things we are doing. All the time, we should be asking what more we can do to raise the diplomatic, military and sanctions pressure; and within all necessary measures to protect civilian life, I believe that there are many more things we can do and should do to keep the pressure up.

The right hon. Gentleman is right that Hamas's reaction is very regrettable. I do believe, though, that the middle east peace process is, if you like, the third leg of the strategy to fundamentally defeat al-Qaeda. The first leg is the attack on the terrorist network—the blow so successfully dealt yesterday—and the second leg is democracy and progress in the middle east, in north Africa and in Muslim countries, but the third leg is a middle east peace process that works. I am seeing Prime Minister Netanyahu tomorrow evening, and we will do everything we can in our power to encourage both sides to recognise the historic times that we are living in and the historic chance there is to forge a deal that will last.

Sir Malcolm Rifkind (Kensington) (Con): The Prime Minister has rightly paid tribute to the United States special forces who carried out yesterday's remarkable operation. Will he make a similar tribute to the United States intelligence agencies, without whose patience and professionalism the actual location of bin Laden would never have been achieved?

The Prime Minister: My right hon. and learned Friend is entirely right. Clearly, this was a painstaking operation—if you like, a painstaking piece of detective work—that went on for many, many months. I can tell from speaking to President Obama that this was not some chance opportunity that came up but a piece of very careful work put in place over months and an operation clearly carried out with great professionalism and skill.

Mr Jack Straw (Blackburn) (Lab): The Prime Minister rightly talks about three strands of a strategy to deal with the continuing problem of al-Qaeda. May I suggest that there is an additional strand, to pick up his point about the pernicious ideology of al-Qaeda, which in many ways remains the most enduring threat posed by al-Qaeda, notwithstanding the demise of its leader? Although there is no silver bullet, so far as here at home is concerned we need to continue programmes to deal with underachievement by some—not all—Asian heritage groups in schools and underemployment of them at work in order to reduce the opportunities for their minds to be taken over by this ideology.

The Prime Minister: I agree with the right hon. Gentleman, although I would say that there are two additional strands. One is dealing with problems of poverty, inequality and underachievement, which absolutely must be done, but separate from that is the whole bin Laden/al-Qaeda/extremist Islamist thread of painting Muslims and Muslim communities as somehow being in perpetual victimhood and saying that they can never successfully co-exist in western democratic societies. It is absolutely key that we target that ideology and challenge it, because in the end it is only by challenging the ideology that we will win this battle.

Sir Menzies Campbell (North East Fife) (LD): While understanding the satisfaction, and even elation, of those who lost family members in the inferno of 9/11, does my right hon. Friend agree that the sober reality is that some things are unchanged by the death of Osama bin Laden? The threat remains, jihadism must be confronted, and adequate resources, effective international co-operation and good intelligence remain essential.

The Prime Minister: My right hon. and learned Friend is right. There is still a severe terrorist threat—there is still an al-Qaeda threat—and we should not overestimate what has happened, but clearly the end of bin Laden, who was the leader and inspiration of this movement, is a massive setback for al-Qaeda and for its terrorist affiliates, and I think it is worth putting that on the record. Clearly, we now have to go further and deal with the remaining senior leadership of al-Qaeda who are in the tribal lands in Pakistan. We then have to address the affiliates in places like the Arabian peninsula and in the Maghreb. But as my right hon. and learned Friend and the right hon. Member for Blackburn (Mr Straw) said, dealing with the pernicious ideology will be just as important as defeating the terrorists themselves.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I endorse everything that has been said this afternoon. In the light of the agreed short-term risk, does the Prime Minister agree that the resources of the security and policing services in Britain should be focused entirely on this issue? In the light of the words of the Deputy Prime Minister this morning that the proposed changes to the police service are not set in stone, will the Prime Minister consider a pause in the Government's changes to the police service so that it can concentrate on what really matters to the British people?

The Prime Minister: The right hon. Gentleman is obviously going a bit wider in his questioning. To me, it does not seem right to say that all the police's attention should be on this issue; we have a serious situation in Northern Ireland as well. At all times, we are balancing the risks. On the police reforms, I say to Opposition Members that we have seen a successful model in London with the Mayor, which the previous Government put in place. That is a system in which the police feel more accountable to an elected individual, and I look forward to extending that across the country.

Richard Ottaway (Croydon South) (Con): Pakistan is a divided and complex country, and the death of Osama bin Laden will only exacerbate tensions there. Does the Prime Minister agree that our priority should be to assist Pakistan to remain a stable state, if only because first, it is a nuclear power, and, secondly, it will have a crucial role in any settlement in Afghanistan?

The Prime Minister: My hon. Friend is entirely right. Of course there are frustrations, and questions will be asked about who knew what in Pakistan and about how this man could have lived in such a large house in such a comfortable-looking community so close to military installations. I am absolutely clear that the British interest is in working with the democratic politicians of Pakistan to deal with the shared issues of combating extremism; ensuring that we are dealing with a safe, rather than a dangerous, nuclear power; and, as my hon. Friend says, reaching a settlement in Afghanistan so that we can bring Britain's brave troops home.

Mr Bob Ainsworth (Coventry North East) (Lab): The brave and incredibly skilled individuals who carried out this operation deserve our profound gratitude, as do all those who put their lives on the line to protect us, including our own armed forces. In tackling the wider ideology of al-Qaeda, does the Prime Minister think that there are actions that we need to take abroad, as well as those that we need to take at home? The reconciliation track in Afghanistan is enormously important, and surely this operation gives us the opportunity to step up that activity. Did he talk to the President of the United States about that, and if he did not, will he do so?

The Prime Minister: I absolutely agree with the right hon. Gentleman that this is an opportunity, particularly in Afghanistan. Having discussed this matter with President Obama on many occasions, it is clear that there are two tracks that we should be pursuing. There is the military track, where we are building up the Afghan army and police, and having success against the insurgency in Afghanistan, where our troops are performing magnificently. At the same time, there is a political track, where we are saying to the Taliban that it is time for them to give up violence, break the link with al-Qaeda and enter a political process. Both tracks can continue simultaneously, but the death of bin Laden and the work with Pakistan present a greater opportunity for the second track to yield success.

Mr Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that although the remarks by Hamas were as repugnant as they were wrong, the moves by the new masters of Egypt towards opening the border with Hamas-controlled Gaza are nevertheless the clearest possible illustration of just how important is the third corner of the triangle that he outlined? There will be no support from moderate Arab opinion without a long-term solution that offers justice for the Palestinians.

The Prime Minister: My hon. Friend is clearly right. We have to take the positive, optimistic view that although there will be all sorts of difficulties in the days ahead, Palestinian unity between Fatah and Hamas should be a step forward, and we must make sure that it is. What follows is trying to persuade the Israelis and others that although there are all sorts of uncertainties in the world today, this is an opportunity to take steps towards peace, as they will be dealing with more democratic neighbours.

Hazel Blears (Salford and Eccles) (Lab): The Prime Minister will know that the vast majority of Muslims in this country entirely reject the violent ideology of al-Qaeda and Osama bin Laden. Will he therefore confirm that in the review of the Prevent programme, he will ensure that he puts in place a series of practical programmes to build the resilience of our young people to messages of hatred and extremism? Will he also confirm that he takes really seriously, as I know he does, the challenge to that ideology, on which I believe we have to do far more work to ensure that we really make an impact?

The Prime Minister: The words the right hon. Lady has uttered have been ringing through our review of Prevent. The problem has been not so much that a minority of British Muslims actually back al-Qaeda as that there has been a pernicious ideology among a minority of some communities that has given some comfort to the stories that al-Qaeda provides about victimhood and the rest of it. We have to address that issue in order to drain the swamp in which al-Qaeda has been swimming, if I can say so without mixing my metaphors.

Dr Julian Huppert (Cambridge) (LD): Although it is clear that Osama bin Laden was deeply malign and it is good that that influence has ended, does the Prime Minister agree that the rule of law is very important and it is a great shame that we were not able to bring him before a court?

The Prime Minister: I listened very carefully to John Brennan's briefing, and he made it clear that the forces were prepared to take bin Laden alive and capture him, but only if they were not actually in a firefight and at risk themselves. I think the Americans were completely justified in what they did and I think the world is much better off without bin Laden.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): In the context of counter-terrorism, if our allies can take out bin Laden in Pakistan and we can hit targets in Libya, why cannot we arrest a balaclava-clad terrorist who stands in a graveyard in Londonderry, in the United Kingdom, and threatens to kill police officers and destroy the political process in Northern Ireland?

The Prime Minister: As the right hon. Gentleman knows, I take a very strong view that what we saw in Londonderry is not acceptable and is an offence that the police should pursue. The Police Service of Northern Ireland is now well funded, well backed and an excellent police service, and I would encourage it in its work.

Mark Pritchard (The Wrekin) (Con): Not withstanding the huge military sacrifices of the Pakistani army and the Pakistani people, in the Prime Minister's conversations with President Zardari, did the President give him an assurance that should an evidence trail emerge from any subsequent investigation into the bin Laden compound that links some elements of the Pakistani state with the possible protection of bin Laden, the individuals involved will be brought before the courts in Pakistan?

The Prime Minister: In the conversation that I had with President Zardari, and then separately with Prime Minister Gillani, they first gave me their assurance that they did not know that bin Laden was living in Abbottabad and that they did not have such an understanding. I clearly made the point that the Pakistanis were going to be asked a lot of very searching questions by friends and foes alike over the coming days and needed to be prepared to answer them, but I come back to this basic point: what is in our national interest? Is it in our interest to have an enormous bust-up and argument with Pakistan over this, or is it in our interest to say, "Right, we're going to work with the forces of democracy in Pakistan that want to fight terror and terrorism"? That must be in our interest, and it is what we should adhere to.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Earlier, the Foreign Secretary tried to reassure the House that the future of the World Service was secure, but it is undeniably a diminished World Service whose future is secure. Given what has been said about counter-terrorism ideas in emerging democracies, will the Prime Minister strategically review the role and budget of the World Service?

The Prime Minister: Lots of Government Departments had very difficult settlements because, I am afraid, of the financial situation that we inherited. I think the deal with the World Service involving the BBC provided secure funding for its future. Of course it is having to make some economies, but I think it is perfectly possible to make economies and provide a good service at the same time.

Dr Julian Lewis (New Forest East) (Con): Although I welcome the Prime Minister's emphasis on the battle of ideas, does he share my concern that all too many people in all too many Muslim communities do not even accept that bin Laden was responsible for 9/11? What does that say about the failure of the west to get the counter-narrative and the counter-propaganda out worldwide and effectively?

The Prime Minister: My hon. Friend makes a good point, and that is very much what I was discussing with the right hon. Member for Salford and Eccles (Hazel Blears). Many in that minority of the Muslim community take the view that bin Laden was not responsible for 9/11. That does not mean that they actively back bin Laden; it just means that they have bought in to a narrative of Israeli plots and the rest of it. We must challenge that narrative. We cannot have young people growing up in our country believing that nonsense, and it is incumbent on all of us in the work we do in our constituencies—in mosques, community centres and so on—to challenge that thinking whenever it comes up. We should not believe that we are challenging cultural sensitivities in doing so—we are not. We are making a very clear point about what it means to be part of a modern democracy.

Chris Bryant (Rhondda) (Lab): A lot of the coverage of Osama bin Laden's death has referred to him as "evil", and although we all hate the man, may I congratulate the Prime Minister on, I think, deliberately avoiding that sort of religious language? Osama bin Laden was not engaged in a holy war or crusade, and do we not need to hear a lot more Muslim clerics make that absolutely clear?

The Prime Minister: I think we do. I am not sure that I avoided the word "evil"—I will always take religious advice from the hon. Gentleman, who has more experience in that—but his point is a good one. We must remember that al-Qaeda's narrative is not Muslims against the rest of the world, but Muslims against Muslims, before moving on to the clash of civilisations with the rest of the world. It is hopeful that we are seeing Arab and Muslim states saying that what they want is not that sort of sharia law society, but to move towards the building blocks of democracy, which will make for a better and more peaceful world.

Mr Tobias Ellwood (Bournemouth East) (Con): I visited the UK Bali memorial today—a tribute to the innocent victims of just one of the many terrorist bombings that defined the past decade. News of bin Laden's death did not fill me with any sense of victory, for the world is no safer, but I did feel that we are starting a new chapter and that the world is a better place. Bin Laden's removal is long overdue. Is it not telling that the Arab spring is calling not for a seventh-century caliphate, but for a change towards a non-violent, democratic and secular society?

The Prime Minister: I thank my hon. Friend for his question, and I know that he suffered a loss in that Bali bomb. We can never bring back someone who has been lost, but he is right that the best tribute we can pay to the people who were lost in the murderous attacks in New York, London, Istanbul or Bali is not only to roll up the terrorist network that has created so much hatred, poison and death, but to see the Arab and Muslim world move towards democracy and freedom. That would be the most fitting tribute of all.

Mr Pat McFadden (Wolverhampton South East) (Lab): Bin Laden is dead, but the ideology he represented is not, even though al-Qaeda has been a follower rather than a leader of the Arab spring. Does the Prime Minister accept that parts of that ideology—the perverted use of victimhood and the warped sense of faith—are often used as justification to kill others of the same faith? Is he aware that that ideology is sometimes shared by those who are not active supporters of terrorism? Does he therefore accept that even though bin Laden is gone, the struggle against the ideology he represented must continue at a political, an ideological and a security level?

The Prime Minister: I very much agree with the right hon. Gentleman and I hope there can be cross-party consensus on that. It would really help if we recognise in the review of Prevent and in what we do to deal with that ideology that it is not enough to say that we will prevent violent extremism, because we need to prevent extremism as well. Sometimes in the past, we have made a mistake in thinking, "Let's talk to the extremists in order to stop the really violent ones," but that is like trying to get the British National party to help to deal with a violent fascist. That would not be sensible in that context, and it is not sensible in dealing with extremist Islamism either.

Kris Hopkins (Keighley) (Con): I want Pakistan to be a prosperous, peaceful and successful country, free of corruption. It is in our interests to support that, but lots of people in this country know that something stinks about where bin Laden was found and where he has apparently been living for the past five years. If this country is to continue to support and encourage Pakistan financially and morally, the Pakistani Government need to come clean about what has happened.

The Prime Minister: My hon. Friend makes an important point. Just because we are long-term friends and partners with Pakistan, as we should be, it does not mean that we cannot deliver a fairly tough message every now and again. When I went to Pakistan recently, one message I delivered was that it was unacceptable that so many people in Pakistan did not pay their taxes. It is not easy for us in the west to take money off our taxpayers to give to Pakistani education—vital though that is—if Pakistan is not collecting taxes from its own people. Dealing with corruption, making the country more transparent and ensuring that wealthy people in Pakistan pay their taxes should all be part of our bilateral agenda.

Malcolm Wicks (Croydon North) (Lab): When the Prime Minister visited Pakistan recently, he announced various lines of co-operation, including technical co-operation on roadside improvised explosive devices. In the light of very recent events, will the Prime Minister review that co-operative agreement, lest technical knowledge gained could be passed rather quickly into the hands of terrorists in Afghanistan and elsewhere, with consequent threats to British and other lives?

The Prime Minister: Of course we consider all those things very carefully, but Pakistan has lost thousands of soldiers fighting extremists in south Waziristan and the Swat valley, where they are trying to root out a similar sort of Taliban to the one we are fighting in Afghanistan. We have to understand when we are talking to President Zardari that he lost his wife to extremist terrorists. Of course we must be careful in all that we do, but working with the Pakistanis so that they can combat extremism in their own country is clearly in our national interest.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I commend my right hon. Friend's tone towards Pakistan and his saying that we should deal with that country constructively and co-operatively? Should we not bear in mind what President Zardari himself has pointed out—that only 11% of the population of Pakistan has ever voted for radical Islamic parties, and that 85% is explicitly opposed to al-Qaeda? On that basis, there should be common interest and common cause between our two countries.

The Prime Minister: My hon. Friend is entirely right. Indeed, we need to co-operate not just on combating terrorism, but on the other matter we have been discussing today—combating the narrative of extremism. The same problem as the one we have been dealing with in our country exists in parts of Pakistan, albeit in a larger and different way.

Mr Ronnie Campbell (Blyth Valley) (Lab): Although everybody welcomes the death of this evil man, does the Prime Minister not agree that the west should take two steps back when it wants to interfere in other people's affairs?

The Prime Minister: The problem with that philosophical view of British foreign policy is that we live in too much of an interconnected world. The idea that we can just put the barrier up and say, "What happens in Pakistan or Afghanistan does not affect us" is wrong. The fact is that 1.4 million people of Pakistani origin live in Britain and travel between here and Pakistan. The fact is that we were threatened by terrorism sourced from Afghanistan and the tribal lands of Pakistan. I am afraid that that sort of "stop the world, I want to get off" foreign policy option no longer exists in this interconnected world.

Mr Peter Bone (Wellingborough) (Con): Wellingborough is a fully integrated, interfaith community—in fact, this week we have Sikh, Hindu, Muslim and Christian candidates standing for the Conservative party at the local elections. *[Interruption.]* Does the Prime Minister agree that in my community of Wellingborough, yesterday's events will be wholly welcomed?

The Prime Minister: My hon. Friend makes an important point. I think someone shouted, "What's that got to do with it?" but it is important that all parties try to ensure that they are fully representative of all parts of the community. As we have learned in the Conservative party, it is not enough just to open the doors and invite people in; we have to go out and ask people in, so that we can say to people in every community that they are represented in whatever party they would like to support for whatever reason they would like to support it.

Lyn Brown (West Ham) (Lab): Can the Prime Minister tell us anything about the reported counter-terrorism raids that have taken place in four homes in east London?

The Prime Minister: I can tell the hon. Lady that an arrest was made in connection with a group of people at Sellafield today. That is a matter for the police, but if there is further information to update her with, perhaps my office can contact her.

David T. C. Davies (Monmouth) (Con): Bin Laden may have gone, but other members and supporters of al-Qaeda continue to live openly in the United Kingdom, protected by the European Human Rights Act 1998. Does the Prime Minister agree that we can put a lot more faith in US special forces to protect us than the bureaucrats of Brussels?

The Prime Minister: I have some sympathy with what my hon. Friend says. We are trying to deal with the problem in a number of ways. First, we are trying to sign a treaty with Pakistan on deportation with assurances, so that we can deport people of Pakistani citizenship and origin who may threaten this country back to Pakistan to be dealt with there. I discussed that with Prime Minister Gilani and President Zardari when I was there recently. However, we are also trying to reform the European Court of Human Rights from within, and my hon. Friend will be pleased to know that our right hon. and learned Friend the Justice Secretary had a very productive set of meetings with other Council members and there was widespread support for reforming the Court, so that it pays more attention to decisions taken by national courts.

Stewart Hosie (Dundee East) (SNP): I thank the Prime Minister for his statement and for early sight of it. The conclusion was that what Libya demonstrated, as Egypt and Tunisia did before it, is that people are completely rejecting everything that bin Laden stood for. My hon. Friends and I fervently hope that that is true. Will the Prime Minister update the House on the concrete steps being taken to foster democracy and respect for human rights in north Africa and throughout the middle east?

The Prime Minister: I think there are bilateral actions that Britain, as an old and successful democracy, should take and links that we should make, such as updating the Westminster Foundation for Democracy, as we have discussed in this House before. However, the biggest step would be for the European Union radically to overhaul its programme of help and assistance to north African and middle eastern neighbours and countries. Frankly, its programme up to now has been quite expensive—there is no shortage of money being spent—but it has not been successful in putting in place those building blocks of democracy. That is what we should be working on.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Does my right hon. Friend agree that it is imperative to provide every possible military, diplomatic and development assistance to Pakistan, not only to build democracy in the longer term, but to help to improve security in the shorter term, which is inextricably linked with a successful exit strategy from Afghanistan?

The Prime Minister: I agree that we need to build those links. Clearly there has to be a two-way relationship: we must not be too transactional about it, but we need to be clear with the Pakistanis about what we hope to gain from the partnership that we enter into. Clearly, work on counter-terrorism is vital to Britain's national interest, but we are prepared to do a huge amount with Pakistan to help with matters such as the education of children. There are 17 million children in Pakistan not at school today. If we want to keep them away from extremism and, indeed, if we want to deal with problems of migration as well, it makes sense for us to continue our aid programme.

Jeremy Corbyn (Islington North) (Lab): Every terrorist attack is a disaster; every resulting war is a tragedy. Does the Prime Minister not agree that we should now think quite seriously about the whole strategy adopted over the past 30 years? Bin Laden was financed by the west in the war in Afghanistan in 1979; he had relations with US oil interests after that, and later he became the terrorist threat that he remained for the rest of his life. Do we not need to think seriously about where the west is putting money, who it supports and what eventually comes round to bite us in the back because we have not analysed what is happening in those countries and those societies?

The Prime Minister: Of course the hon. Gentleman is right that we have to learn the lessons of successes and failures of the past and try to apply them for the future, but it seems to me that there are some constants in all this, one of which is that the promotion of democracy and freedom, along with what I call the building blocks

[The Prime Minister]

of democracy, is almost always and everywhere a good thing to do. In as much as we learn the lessons of interventions of the past, I hope that we hold on to that.

Duncan Hames (Chippenham) (LD): It is entirely right that the Taliban should heed the calls from the Prime Minister to separate themselves from al-Qaeda and participate in a peaceful political process. What practical mechanisms exist whereby, in doing so, the Taliban can pursue a peaceful settlement in Afghanistan?

The Prime Minister: I thank the hon. Gentleman for his question. There are practical steps in place through the reconciliation and reintegration procedure that is available in Afghanistan through the President's peace council. That enables Taliban fighters effectively to put down their weapons and join the political process, as long as they accept the basic tenets of the Afghan constitution. However, as well as that low-level reintegration, we need higher-level reconciliation, where we say to the Taliban, "If you accept the tenets of the constitution, give up violence and cut your links with al-Qaeda, there is a political path open to you," because ultimately, insurgencies tend to end through a combination of force of arms and a simultaneous political process.

Paul Flynn (Newport West) (Lab): Do not the six years of treachery by powerful people in Pakistan prove that the links of blood, religion, language and ethnicity between Pakistan and Afghanistan are far, far more powerful than the friendship of convenience between us and those countries, which depends on a continuing sacrifice of blood and treasure by us? Have not our excessive optimism and trust delayed the day when we can do a deal and bring our brave boys home?

The Prime Minister: I do not accept that analysis, because it can lead us to believe that the best option for Britain, and indeed America, is to cut ourselves off entirely from friendships, partnerships and co-operation with those countries and leave them to their own devices. That has been a mistake in the past. The lesson to learn is that long-term partnerships to help those countries are actually in our interests.

Paul Uppal (Wolverhampton South West) (Con): The Prime Minister spoke about the myth of Osama bin Laden. One of the most powerful recruiting sergeants for al-Qaeda was the idea that he had moved away from a decadent western lifestyle to that of a penitent holy warrior. Is the Prime Minister heartened, as I am, by the truth that he was a hypocrite and that that hypocrisy runs through the core of the ideology of al-Qaeda?

The Prime Minister: My hon. Friend makes an important point. The idea that bin Laden was a hermit bravely living in a cave directing the insurgency has been given the lie completely, as we see now that he was living in a luxury million-dollar villa in a fairly suburban part of Pakistan. I hope that people who have somehow revered this man will now see the true picture of someone who was hypocritically living pretty high on the hog while expecting others to suffer hardship.

Tony Lloyd (Manchester Central) (Lab): I warmly commend the remarks that the Prime Minister has made about Pakistan consistently throughout his statement. He is right that questions will have to be asked about who knew what, but the central tenet of what he says is that our relationship with Pakistan is not a friendship of convenience, as some of my hon. Friends believe. In fact, Britain and Pakistan have an unbreakable common interest in combating terrorism, and in many other areas. What more can be done to ensure that that is understood here in Britain and, importantly, in Pakistan?

The Prime Minister: It is about the hard work of building a strong partnership that is for the long term and not concentrating too much on the short-term transactions that two countries might want to undertake. The fact is that we have a shared interest in fighting terrorism, expanding trade, combating poverty, improving education and ensuring that the people-to-people links between our countries are strong. The more we discuss those matters with democratically elected politicians in Pakistan, the more the common interests will grow. I do not think that that is an impossible dream, as the hon. Member for Newport West (Paul Flynn) suggested; it is practical politics and completely in our national interest.

Angie Bray (Ealing Central and Acton) (Con): May I turn the Prime Minister's attention to Libya? He mentioned that he was seeking to tighten up the sanctions. What does he think about those countries that are not exactly signed up to the United Nations resolutions and that have been allowing Gaddafi to get hold of assets and funding by letting them slip through their countries and into Tripoli?

The Prime Minister: We think that that is unacceptable, and that, as well as implementing resolutions 1970 and 1973, there are opportunities to tighten sanctions—on oil and oil products, for example—to ensure that the regime comes to its senses and realises that it cannot go on terrorising its own people. In the coming days, we will look at ways of stepping up the action that we are taking, as well as encourage others to enforce measures already in place.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister has referred several times to the need to combat the global jihadist Islamist ideology. In that context, will he have urgent discussions with the Foreign and Commonwealth Office and ask it not only to reverse the reductions in the BBC's Arabic language services, but to implement an idea that has been talked about for quite a while—namely, to introduce a BBC Urdu channel to broadcast in Pakistan?

The Prime Minister: I heard the Foreign Secretary dealing with that matter extensively during questions. Many of the budget reductions being made are regrettable, but they are all part of ensuring that government is affordable and that we deal with the deficit that we inherited. I am quite clear that the settlement for the BBC is fair and that the BBC has to ensure that that money goes further in providing many of the excellent services that it does.

Jeremy Lefroy (Stafford) (Con): In the context of Libya, may I ask my right hon. Friend what support the NATO-led coalition is receiving from other members of the Arab League?

The Prime Minister: We are getting good support from members of the Arab League: both the Qataris and the United Arab Emirates are providing planes, and logistic support is coming from some other members of the Arab League. The key is that the contact group, which my right hon. Friend the Foreign Secretary helped to set up, has already had a number of meetings and further ones are forthcoming. In those meetings, the support of the Arab League and Arab countries for what is happening in Libya is still extremely strong—

Mr Dennis Skinner (Bolsover) (Lab): Declining.

The Prime Minister: No, it is not declining. It is still strong because Arab League countries know what they are dealing with in Gaddafi. When they watch what he is doing now—mining the port in Misrata, shelling and killing his own citizens—they know that is completely unacceptable and they are right to back the coalition.

Nick Smith (Blaenau Gwent) (Lab): Will the Prime Minister say in which part of the world any possible retaliatory attack is most threatening? Do the Government have any plans to deploy UK military resources to combat that threat?

The Prime Minister: The whole point of the Cobra meeting last night was to review the evidence and concerns about potential retaliatory attacks. Clearly, we have to be on our guard across the world against attacks, whether they be here in the UK or on British assets or embassies in any other part of the world. We keep the threat picture permanently updated and keep permanently under review the advice we give to our embassies and the stance we take here. Certainty is never possible in these matters, but we try to be as vigilant as we can be.

Gavin Barwell (Croydon Central) (Con): My right hon. Friend said that our objectives in Afghanistan remain unchanged. Does he believe that the death of bin Laden might allow us to achieve those objectives more quickly and hasten the day when our servicemen and women can come home?

The Prime Minister: I do not think it should automatically change our timetable; I think we should stick to that timetable. As I said, however, as well as the military track we are pursuing, there is also the political track of encouraging the Taliban into a political process. I would think that that will be helped by the fact that bin Laden is no more, as the futility of maintaining the link with al-Qaeda is seen. If the Taliban sever that link, there is every prospect of a political settlement, which prospect can clearly lead to British forces coming home. I do not think we should imagine that the timetable will be different, but we should work hard to take every opportunity brought about by the end of bin Laden.

Barry Gardiner (Brent North) (Lab): The Prime Minister famously once accused the Pakistani Government of facing both ways. Is it not now clear that, whichever way they were facing, Pakistan's Inter-Services Intelligence was clearly focused on Abbottabad and the security compound there, and that the co-operation of which he spoke must now have as part of its condition the root and branch reform of the ISI? If not, the fight against terror will be doomed from the beginning.

The Prime Minister: The hon. Gentleman makes an important point. As I said in my statement, it is clear that bin Laden had a "support network" in Pakistan. Those are the words that John Brennan used, and they are absolutely right. We do not know the full extent of that support network or exactly where it reached; what we do know is that we should do everything we can to support the democrats in Pakistan who want the entire country to face the same way and work hard to combat terrorism in every way possible. That is what we should do.

Martin Horwood (Cheltenham) (LD): I welcome the content and particularly the promptness of the Prime Minister's statement. The Foreign Secretary confirmed earlier that military action against individuals such as Colonel Gaddafi should take place only within the confines of proper legal authority. Does the Prime Minister expect it to be confirmed that that was also the case for the undoubtedly courageous action against Osama bin Laden?

The Prime Minister: The legal position and the legal advice are a matter for the United States. It was a US operation with US troops, so it is entirely a matter for that country. I think we should focus today on the fact that the world is undoubtedly better off without that man still being at large.

Dr William McCrea (South Antrim) (DUP): I think the Prime Minister for his statement. Will he inform us whether intelligence sources confirm that Colonel Gaddafi is planning to use chemical weapons against the people of Libya? What further steps can be taken against the tyrant Gaddafi?

The Prime Minister: The hon. Gentleman has raised an interesting point. I believe that there have been press reports of gas masks being distributed by some in the Libyan regime, but we have no information about whether those reports are reliable or are linked with anything else. Obviously, however, we keep a close eye on everything that is happening in Libya, and on any threat that the regime could use such weapons in any way.

Mr Edward Leigh (Gainsborough) (Con): Of course we reject the al-Qaeda characterisation of western policy as an attempt to impose our views on the Muslim world, but in order to win hearts and minds—particularly in the Arab world—will my right hon. Friend make it clear that it is no part of our long-term policy to impose or get rid of a particular regime in Libya, and that our aim is to secure a ceasefire, a settlement and, ultimately, peace, even at the cost of a divided country? I suspect that what most Libyans want is peace.

The Prime Minister: My hon. Friend has made a good point, which is linked to the point made at Question Time by the hon. Member for Islington North (Jeremy Corbyn). We are not there to pick a Government for Libya—to say, "You can have this sort of Government but not that sort of Government." We are there, basically, to put in place United Nations resolutions 1970 and 1973, and to allow the Libyan people to choose their own Government in their own way. It may well be, in the end, a Government with whom we do not have 100% agreement, but one of the lessons that we have

[The Prime Minister]

learnt in recent years is that that is how to make progress, rather than our trying—as I have put it in the past—to impose such things from above.

Mark Hendrick (Preston) (Lab/Co-op): The Prime Minister spoke of the myths about bin Laden. Is he not concerned about the possibility that the swift burial of bin Laden will lead to conspiracy theories and further myths about whether he is still alive?

The Prime Minister: I think that the United States made a sensible decision on the basis that this was in line with all the correct Muslim practices for burial—a luxury, incidentally, that bin Laden never allowed any of his victims. This was done in an appropriate way, at sea, and I think that the Americans are to be commended for doing it in that way.

Jason McCartney (Colne Valley) (Con): In the context of the rumours of conspiracy theorists, does the Prime Minister agree that it would be inappropriate and potentially unhelpful if the United States authorities released detailed and possibly gory footage of the operation in Pakistan?

The Prime Minister: I think that it is, in the end, for the United States to decide exactly what to release about the operation. All that I would say, on the basis of my limited experience, is that there are some conspiracy theorists who will never be satisfied. Some people still believe that Elvis will be found riding Shergar. You will never satisfy some people. I think that what the Americans have done so far is pretty sufficient in explaining to all reasonable people that bin Laden is no more.

Richard Fuller (Bedford) (Con): On that bright September morning in New York, no one really seemed to give a fuss about anyone else's religion, but over 20 years Osama bin Laden was responsible not only for the murder of innocents but for a raising of disadvantage for Muslims in many parts of the world. Does the Prime Minister agree that terrorists like Mr bin Laden abandon their faith the moment they determine to slaughter innocent people, and will he recommit himself to an open, inclusive society in this country, which includes our Muslim citizens?

The Prime Minister: My hon. Friend has put it extremely well. The fact is that there is no place in Islam for this sort of murderous ideology. It is against what Islam is meant to be all about. I hope that the argument that we can get across to people now is that that was an entirely blind alley for so many young people to go down, and that there is an alternative to the repression and frustration that they felt about regimes in north Africa and elsewhere: the democratic awakening that is taking place, which—as I said earlier—is one of the ways in which we will defeat al-Qaeda in the long run.

Bob Stewart (Beckenham) (Con): Does the Prime Minister agree that, having suffered such a grievous loss—that of his wife—the President of Pakistan is totally on side in the battle against international terrorism, and that somehow or other we must help him to rid his governmental structure of people who are sympathetic to al-Qaeda, or indeed the Taliban? I do not know how we can do that, but perhaps the Prime Minister does.

The Prime Minister: My hon. Friend has put his question in the right way. A long-term commitment on the part of this country and, crucially, the United States to Pakistan is what is needed to help to convince Pakistan that together we will defeat this menace and give the country some prospect of peaceful progress. I have no doubt that that is President Zardari's view. As my hon. Friend has said, the President has suffered from terrorism himself, and has shown considerable courage in sending Pakistani troops into the Swat valley and south Waziristan to defeat terrorism. So yes, Pakistan does need our help and long-term commitment so that we can deal with this issue together.

Tom Brake (Carshalton and Wallington) (LD): What concrete steps are the UK Government and their allies taking to counter any propaganda campaign that may be launched seeking to portray bin Laden as a martyr?

The Prime Minister: That is a good point, and how the Americans have behaved over the burial—the fact that it was done in a proper Muslim way, and so forth—will help in that regard. Frankly, I do not think there is any magic button we can push or any magic campaign we can run. It is for all of us to make sure that people understand the evil this man did, the pernicious ideology he was pushing, and the fact that it led to a complete dead end for a generation of young Muslim men. If we make that argument, we can win that argument.

Mr John Baron (Basildon and Billericay) (Con): Bin Laden's death will be a severe setback for al-Qaeda, but as the Prime Minister knows, there are relatively few al-Qaeda in Afghanistan, and there are real differences between the Taliban and al-Qaeda, which could be worth exploring to provide a way forward. Will the Prime Minister therefore do more to urge the Americans to have open, meaningful, non-conditional talks with the Taliban? As we showed in Northern Ireland, it is possible to fight and talk at the same time.

The Prime Minister: The point I would make to my hon. Friend is that while there are clearly differences between the Taliban and al-Qaeda, there are at the moment still links between them. The Taliban are not currently willing to break the link with al-Qaeda, but that is a key step that needs to be taken in making sure that they can enter some sort of political dialogue and settlement in Afghanistan. It is not acceptable to ask Afghan democrats, and President Karzai and others, to have conversations with people who, even at the end of those conversations, are still going to be committed to violence and overthrowing all of the Afghan constitution, and who are going to be linked to a group of terrorists—al-Qaeda—which has done so much damage not just to Pakistan, but to Afghanistan itself.

Mr Matthew Offord (Hendon) (Con): Does the Prime Minister believe the discovery of bin Laden in Pakistan serves to vindicate the speech he gave in Bangalore last July?

The Prime Minister: I am not going to row away from points I have made in the past, but the point I would repeat today is that it is in our interests to work with democrats in Pakistan so that all of that country, and everyone within it, is facing in the same direction in combating extremism, as their democratically elected politicians so clearly want to do.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Does my right hon. Friend agree that the overwhelmingly vast majority of Muslims, both here in the UK and around the world, will welcome the fact that this evil criminal has been brought to justice? We must remind ourselves of that, to avoid stigmatising one particular group in society.

The Prime Minister: My hon. Friend is absolutely right, and it should ring out from this Chamber today that one of the groups of people who should be most relieved at the passing of bin Laden is Muslims all over the world, because he killed more Muslims than people belonging to any other faith. The point has been made right across the House today that only a minority of a minority of a minority, as it were, backed al-Qaeda, and another small group of people bought into some of the pernicious ideology it was peddling. We have to deal with both those problems, and it is remarkable how much common ground there has been on that on both sides of the House today.

Robert Halfon (Harlow) (Con): From one Essex man to another! Will my right hon. Friend the Prime Minister confirm that the Government will take strong action against any conveyor-belt Islamist groups or individuals that use what has happened to bin Laden to promote jihad or other forms of violence?

The Prime Minister: My hon. Friend makes a good point, and as we have discussed today, we must combat not just violent extremism, but extremism itself. I think there has in the past been a sense of a conveyer belt, with some extremist groups and organisations taking people into a career of jihadism, and we will never deal with that unless we deal with the conveyor belt itself.

Points of Order

4.39 pm

Alison Seabeck (Plymouth, Moor View) (Lab): On a point of order, Mr Speaker. I seek your ruling and advice on whether the Minister for Housing and Local Government has breached purdah rules. Part 6 of the most recent Cabinet Office rules state that Government announcements should not be made in an election period, yet two days before elections the media and the Department for Communities and Local Government website confirm that he has made an announcement on self-build housing today. Is it not more appropriate for such announcements to be made on the Floor of the House outside the purdah period? Should not the Minister be required to come to the House to apologise or to explain, or perhaps to do both?

Mr Speaker: I am grateful to the hon. Lady both for her point of order and for advance notice of it. I have not been told of any intention on the part of any Minister, including the Minister to whom she referred, to make a statement. She has put her views on the record and can find other ways of pursuing this. I note in particular what she said about the code of conduct, and my response is that the question of purdah, and of statements not being made during a period of purdah, does not apply to or flow from any rule of the House. That is to say that there may be a ministerial procedure on this matter—the hon. Lady is welcome to pursue her line of questioning in relation to that—but there has, in short, been no breach of order. Her point will, however, have been heard, including by the Leader of the House.

Ann Clwyd (Cynon Valley) (Lab): On a point of order, Mr Speaker. I know that half the Cabinet are not supposed to be talking to the other half, but I hope that Foreign Office Ministers are talking to one another. I say that because the answer given to me by the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt) on the case of Bradley Manning is misleading.

I have raised this issue on several occasions. I raised it with the Foreign Secretary on 16 March and again during business questions on 17 March. I raised it once more during an Adjournment debate on 4 April, when I was told that

"a senior official in our embassy in Washington called on the US State Department on 29 March"

to discuss Private Manning's terrible situation in prison. The Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North West Norfolk (Mr Bellingham) went on to say:

"the right hon. Lady's understanding of the British Nationality Act 1981 is accurate. Any person born outside the UK after 1 January 1983 whose mother is a UK citizen by birth is British by descent."

He continued by saying that Mr Manning's family had not made a "direct request" for help,

"but obviously, if it comes to consular assistance of any kind, we will look at that request as and when one is made."—[*Official Report*, 4 April 2011; Vol. 526, c. 873-74.]

Such a request was made to the Foreign Secretary on 11 April by Bradley Manning's mother, who said that she now understands that

"according to British law, Bradley qualifies as a British national."

[Ann Clwyd]

She continued:

"I visited Bradley at the end of February…I was very distressed by seeing Bradley"

in the condition he is in—

Mr Speaker: Order. I am extremely grateful to the right hon. Lady, who is a very experienced Member of the House. I know that she would not accuse any Minister of wilfully misleading the House; I am sure that she meant to say that she thought that the Minister was inadvertently misleading the House. She will understand, and the House will appreciate, that we cannot continue Foreign Office questions now. However, as the Minister, who is among the most courteous of Ministers in the House, is on the Bench ready and waiting with bated breath to respond, he should do so.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): I am very grateful to you, Mr Speaker, for allowing me some extra time. Nothing that the right hon. Lady has said is wrong in any way. Her concerns were conveyed to the State Department by an official of the Government, but the crucial point is that although I can well understand her concern and what Bradley Manning's mother may have done, we are not able to respond to that, as any request for assistance has to come from the individual. I can only stress what I have said to the right hon. Lady, which is that Bradley Manning's lawyers are aware of the UK Government's position and they are also aware of how to change it. That is the situation. I can help the right hon. Lady further only in private, rather than on the Floor of the House. I hope that is all right.

Mr Speaker: I am grateful to the Minister. We come now to the ten-minute rule motion, for which the hon. Member for Beckenham (Bob Stewart) has been patiently waiting.

Planning (Green Belt Protection)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.44 pm

Bob Stewart (Beckenham) (Con): I beg to move,

That leave be given to bring in a Bill to increase the powers available to local authorities in relation to unauthorised development of green belt and greenfield land; and for connected purposes.

This Bill is about fairness. Laws apply to everyone across society in equal measure and the Bill reinforces the powers of local authorities so that they may take action against people who pay no regard to planning rules. It applies to developers who build a house beyond agreed specifications, the farmer who lives in a barn for a few years and then reveals it and claims it is his home, and to Travellers who attempt to circumvent planning rules. There is a need to tighten planning legislation to remedy the frustrations of my constituents about certain types of planning abuse, and the problem has been compounded in Beckenham by Ireland, which has expelled quite a number of Travellers through some of its draconian laws.

I fully support the Localism Bill and I want to reinforce some of its intentions. Everyone in the House thinks green belt land is precious and we have a duty to protect it for future generations. We all accept that unchecked urbanisation will lead to a steady eradication of both our forests and our green fields, and I am sure that we would all like to improve the speed and effectiveness with which local authorities can act when planning laws are flouted.

The local authority for my constituency is Bromley council, where I have spent some time with Bob McQuillan, the chief planning officer. I asked him what we could do and he suggested that anything that expedited responses to planning violations would be a great help. After all, only 150 yards from Parliament we see real difficulties in planning enforcement. The struggle by the authorities to move protestors has been a running saga for 10 years, and they were still there for the royal wedding on Friday. Surely we can do better than that.

Clearly, many problems relate to green belt infringements by members of the travelling community, and that is sometimes a particular problem in the Beckenham constituency. Of course the vast majority of people obey the law, but a small minority of Travellers and other itinerants often pay scant regard to it. That creates a perception that almost all who travel the roads behave illegally.

Our community relations between the settled population and the travelling community are often fractious, and that tension is only heightened when people see Travellers arrive illegally on green belt land. The settled community, after all, must jump through all the hoops of the planning process to obtain planning permission, even just for an extension. The same rule should apply to everyone in this country.

In my constituency there are several problem areas: for example, the entrance to St John's church in Wickham court and the former All Saints school on Layhams road. Travellers have stopped there too often—three times in the past year. This is private land owned by the Roman Catholic and Church of England Southwark

dioceses, and although the council and the police try their best, responsibility falls on the landowners to take action.

This problem is a continual one for many Members of the House, and particularly in my constituency for Councillors Anne Manning, Graham Arthur and Neil Reddin. Other places in my constituency have suffered too, such as Hayes lane, at the entrance to Norman park, and Pickhurst green. Norman park and Pickhurst green are council owned. Measures to restrict entrance have now been put in place and might deter illegal trespassing—a height barrier has been erected at Norman park and a gate at Pickhurst green. The problem is that local people have to deal with illegal sites. They have to foot the bill to remove the litter and rubbish and they have to pay for barriers, height restrictions or gates. Perhaps most importantly, there is a psychological impact when people wake up to discover Travellers parked right on their doorstep.

The previous Government were criticised by many local authorities for their circular 01/06, which compelled local authorities to build, sometimes on green belt land, and to engage in compulsory purchasing. The circular seemed to favour Travellers over the local settled community, and its contents have been used time and again at hearings to prevent enforcement. I am very pleased to hear that the Government are revoking circular 01/06 as part of the new planning guidance proposed by the Communities and Local Government Secretary.

What sort of changes to the law on the unauthorised development of green belt and greenfield land would I like to see enacted? Let me give two examples that I hope to see in the Localism Bill. First, I would like the options available to those who offend to be reduced. They should be able either to appeal against an enforcement notice or to apply for retrospective planning permission, but they should not be able to do both. Secondly, there should also be a time limit, of perhaps 28 days, in which appeal decisions should be made. These problems are not easy to address, but the law should be on the side of those who obey it. In short, I should like to see powers for dealing with planning violations strengthened and speeded up. I commend this Bill to the House.

Question put and agreed to.

Ordered,

That Bob Stewart, Stuart Andrew, Thomas Docherty, Mr Jeffrey M. Donaldson, Stephen Gilbert, Karen Lumley, Sheryll Murray, Priti Patel, Mr Dominic Raab and Iain Stewart present the Bill.

Bob Stewart accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 9 September, and to be printed (Bill 184).

Finance (No. 3) Bill

(Clauses 4, 7, 10, 19, 35 and 72)

[Relevant document: The Eleventh Report from the Treasury Committee, Finance (No.3) Bill 2010-11, HC497.]

Considered in Committee

[MR NIGEL EVANS *in the Chair*]

Ordered,

That the order in which proceedings in the Committee of the whole House on the Finance (No. 3) Bill are taken shall be: Clauses 72, 19, 7, 4, 10 and 35.—*(Mr Hoban.)*

Clause 72

THE BANK LEVY

4.55 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I beg to move amendment 9, page 41, line 27, at end add—

'(2) The Chancellor shall review the bank levy and publish a report, before 31 December 2011, on—

(a) the Government's analysis behind the rate and threshold chosen for the bank levy;

(b) the adequacy of the bank levy in the context of other reforms to the wider banking system; and

(c) the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17.'.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): With this it will be convenient to discuss clause stand part.

Chris Leslie: We find ourselves in the Committee stage of the Finance Bill, a rather large two-volume measure that, over the coming two days on the Floor of the House, we will no doubt explore in some detail. The Bill will then progress upstairs to Committee, where more detailed scrutiny will take place.

It is a peculiarity of Ways and Means resolutions and of the way in which proposed finance legislation is scrutinised in the House of Commons that hon. Members who are not Ministers may not table amendments to Finance Bills that would have the effect of raising the level of taxation. That was news to me, perhaps because I was in government and did not think about tabling such amendments, but the rules of order are as they are, so the amendment does not propose—because we cannot—an increase in the rate of the bank levy. Instead, it calls for a review of the rate and the general approach to bank taxation adopted by the Treasury. It seeks to look into the rationale behind the rate that the Treasury has chosen for the bank levy and why a number of other choices were made.

Mr Andrew Love (Edmonton) (Lab/Co-op): Does my hon. Friend agree that in setting the rate the Government missed an opportunity? The bank levy could have raised significant sums to help with the other policies that we hoped they might pursue.

Chris Leslie: Indeed. Were it possible under the rules of order for the Opposition to table an amendment to increase the bank levy rate, we probably would have done so. However, we were unable to do so because of

[Chris Leslie]

the slightly arcane rules of order. We need to examine the rationale behind the rate chosen by the Minister and understand why the Government moved from a threshold approach to triggering the bank levy, to a tax-free allowance of a certain amount before which banks would pay against the chargeable liabilities of the bank levy.

We also need to understand whether the bank levy is, as my hon. Friend suggests, an adequate step when considered in the context of the wider economy and public finances. Ultimately, we need to understand whether the Treasury is being straight with the public and honest about the taxes that the banks will pay over the years ahead. We have debated the Government's approach to the banking sector before, and we look forward to the final report of the Vickers commission on the state of competition and regulation of the banks so that never again can these institutions take such extreme risks and gambles that land in the lap of the taxpayer when the going gets tough, as they did before the credit crunch.

Barry Gardiner (Brent North) (Lab): The Government are seeking to take £2.5 billion in revenue from the tax that they have imposed, but has my hon. Friend assessed the corporation tax reductions that the banks will experience, which are thought to be £100 million this year? Has he projected the figure by the end of the Parliament? Can we arrive at a net figure to see the real impact of the Government's policy?

Chris Leslie: My hon. Friend makes an extremely prescient intervention, because the Chancellor, under pressure from the Opposition, had to cave in to a concession on corporation tax in the March Budget. The Government announced the bank levy last June, so we knew that they would be introducing this tax, yet the corporation tax cuts will clearly benefit the banks significantly. The Treasury claims that in the March Budget it offset the benefit that the banks will apparently get as a result of the reduction in corporation tax rates, but we will have to wait to see whether the slight increase in the bank levy—around £100 million—introduced in the Budget will be sufficient to offset the full corporation tax cuts that the banks will enjoy over the lifetime of this Parliament. I recall that the written answer to a question I tabled on the predicted benefits to the banks of the corporation tax reductions suggested that that would be about £100 million in year one, £200 million in year two, £300 million in year three, and so on, but that largely reflects the reductions in corporation tax rates. That is something of a moot point, because we contend that the design of the bank levy is insufficient. Today's debate should provide an opportunity to seek proper redress for the crisis and ensure that we put the banks on a fair tax basis, but that is not what the Government are seeking with this pathetically small bank levy proposal.

Mr Love: Will not the combination of measures on corporation tax being introduced in the Bill advantage the banks over other businesses, and must we not be very careful not to make it appear that the banks are being let off lightly?

Chris Leslie: It is indeed, and that is the crux of the argument that we will make to try to encourage hon. Members to support our amendment. The overall situation is that taxation levels on the banks are reducing, not increasing. The previous Administration introduced a bank bonus tax, which yielded more than £3 billion in revenue. The bank levy needs to be put in place alongside a bank bonus tax, which would be a fairer approach to take. However, the Government are refusing to continue the bank bonus tax, and I would like to hear their rationale for not doing so.

Duncan Hames (Chippenham) (LD): In defending the bank bonus tax and the revenue that would have been raised by continuing with it, what allowance has the hon. Gentleman made for increasing levels of legal tax avoidance by those no doubt skilful bankers who would have been keen to avoid paying tax under that regime?

Chris Leslie: If the reason the hon. Gentleman refuses to advocate a repeat of the bonus tax is that the bankers might have sophisticated accountants who can avoid it, that is a pretty poor state of affairs for this Parliament. We ought to be introducing fair and just taxation on the obscenely high bonuses that are still being paid. Even though it is supposedly claimed in Project Merlin that the bonus pot has come down by 8%, we can see that the bonuses are absolutely enormous. Today's debate is clearly about priorities. The Government are not on the side of families, teachers, nurses, working people or pensioners. Clause 72 shows that they are on the side of the highest-earning bankers who receive each year in bonuses sums that ordinary people dream of winning on the lottery once in a lifetime.

Alison McGovern (Wirral South) (Lab): Would my hon. Friend be interested, as I am, to find out exactly what the financial value is to the financial services sector of the now implicit Government guarantee that it enjoys? If anything, that should point us towards greater recompense to the taxpayer for that implicit Government guarantee.

Chris Leslie: The ongoing implicit taxpayer guarantee for the banks is very significant. Indeed, I understand that the Bank of England has suggested in its financial stability reports that an implied subsidy of about £100 billion each year offers a safety net for the profitability of the banks. Without that taxpayer guarantee, banks' borrowing costs would be higher, they would not be able to make such great profits and, therefore, their remuneration and bonuses could not be so high. Many bonuses and excessive profits are being made on the back of the taxpayer, but does that encourage the Treasury to take action? It certainly does not.

Nic Dakin (Scunthorpe) (Lab): At a time when Roger Bootle of Deloitte reports that for the first time for four years in a row the real incomes of real people are falling, does my hon. Friend not think it particularly peculiar that the real incomes of bankers—of all people—are likely to rise?

Chris Leslie: My hon. Friend is entirely right, and that is why we have to take a step back and look at the context of today's debate. The Government are clearly still on the side of the big banks at a time not just when the living standards and wages of ordinary people are

being frozen or reduced, but when vital public services are being slashed. Indeed, it is worth reminding ourselves of the consequences of the cuts that the Government are pursuing.

Teaching assistants, youth workers, library staff and lollipop ladies are being made redundant; binmen, street cleaners, environmental health officers and park keepers are disappearing from our neighbourhoods; police detectives, forensic scientists, 999 operatives and police community support officers are no longer affordable in the fight against crime; and hospital cleaners, nurses, paramedics and ward clerks are having their postseradicated when the NHS needs them more than ever. How dare Ministers say that we are all in this together when they take such a weak and feeble approach to the banks.

Barry Gardiner: My hon. Friend seeks to use an argument based on contrast, but there is also an argument based on causality. In his remarks, it has to be made clear that the causal relationship between the misery that some people will suffer over the next few years and the actions of some bankers is very real. There is real disquiet in the House about the Government's proposal not just because some people are doing well and some are doing less well, but because, given that contrast, there is a causal relationship for those people doing badly.

Chris Leslie: Absolutely, and, as we have heard time and again, Government Members clearly do not understand the causes of the deficit, so they are not the right people to solve it. If they understood and acknowledged that the banks played a significant role in causing the deficit, maybe—just maybe—we would take up their suggestions on how we go forward, but they choose to ignore the role that the banks played—*[Laughter.]* If the hon. Members for Chippenham (Duncan Hames) and for St Austell and Newquay (Stephen Gilbert) think that the banks did not play a role in the deficit, we will all be interested to hear from them, but surely they have to acknowledge that point.

The bonus pools and pots continue to be significant, however, and some bankers receive obscene, life-changing sums of money, so we do not really need to worry too much about poor banking executives; we should worry about those who depend on vital services but will now go without as a result of Ministers' choices.

John McDonnell (Hayes and Harlington) (Lab): I have only just understood the criticism from Government Members. The criticism of the bankers bonus levy, however, which the previous Government introduced, was that there would be tax avoidance and it would not raise enough. I attacked the former Chancellor on the bonus levy, because I felt that his estimate of £500 million was pathetic and did not go far enough, but may I now admit guilt? It actually raised seven times that amount, £3.5 billion, so it was probably one of most successful tax regimes that the previous Government introduced. I thought I had better get that off my chest.

Chris Leslie: My hon. Friend's arguments become increasingly attractive, and he makes an important point. The bank bonus tax, which the previous Labour Government introduced, appeared at first to be modest, but in fact the yield was very significant indeed. Did the banks collapse as a result of the bonus levy? No. Did they all flee abroad to relocate somewhere else, as threatened? Absolutely not. So, too, with the continuing scale of the bonus pot, which has hardly changed at all, it is absolutely right that we look to reinstitute the levy this year, along with a decent bank levy, as we are discussing today.

Hon. Members will know that the concept of a bank levy was first developed at the G20 summit in Pittsburgh in 2009, and then championed by my right hon. Friend the former Prime Minister and taken forward by the International Monetary Fund in its report, which aimed to encourage less risky funding to enhance financial stability. Two broad conclusions were reached at the Pittsburgh summit. There was a call for a financial activities tax, or financial transactions tax, which we need to debate another time when we consider some of the extra levies that might be put on activities. The Chancellor of the Exchequer himself still professes to be in favour of a financial activities tax, although he has done absolutely nothing to advocate it in ECOFIN or in other financial meetings around the world, so we will see whether anything comes of his repeated promises to pursue it.

The second prong of the IMF's report was a financial stability contribution, otherwise known as a bank levy, to be charged on equities and liabilities rather than assets or profits because of the need to disincentivise dangerous potential charges such as those that landed on the taxpayer during the credit crunch. The bank levy is a sensible idea in theory, and we broadly support it. However, the yield suggested in the Bill—only £2.6 billion—is not just small but pathetic by international standards when compared with the rate being pursued in other countries. It is perplexing that Ministers settled on that figure, and there has never been any evidential basis published for why they did so. Will the Minister clarify why the Chancellor chose the figure of £2.6 billion, as that seems to be the pole around which all aspects of the bank levy revolve? If there is any sense in which the revenue might go beyond that envelope, the Treasury tweaks and turns down the dials on the other aspects of the levy to squeeze it back into that £2.6 billion of revenue—the predetermined level that it put out to consultation last summer, never explaining why it was set. Compared with the substantial amounts of taxpayers' money put up in the bail-out of the banks—£76 billion of shares purchased in the Royal Bank of Scotland and Lloyds, £250 billion of guarantees, another £280 billion of other insurances, and a further £100 billion of annual implied subsidy, according to the Bank of England—a £2.6 billion bank levy is very puny.

It is interesting to look at the Treasury document that lists the respondents to the bank levy consultation. There were 44 respondents, all of which are major financial institutions.

The Financial Secretary to the Treasury (Mr Mark Hoban): Did the hon. Gentleman respond?

Chris Leslie: I will respond to the Minister when I have heard his comments. If he wants me to respond again, I am more than happy to have Government time dedicated to the general principles of bank taxation.

[Chris Leslie]

The responses showed that the Treasury's original design for the bank levy had a threshold that triggered payment of the levy for any organisations, institutions or banks with more than £20 billion of equity and liabilities. Ministers realised that that would yield £3.9 billion—nearly £1.5 billion more than the Treasury had expected—which, by the way, would be more than enough to reverse all their police funding cuts, for example. What did the Chancellor do when he realised that the Treasury's own design for the bank levy could yield £3.9 billion? Did Ministers think that this might be something they should go ahead with? Absolutely not—they gave in, capitulated, and converted the threshold into a tax-free allowance of £20 billion. Hon. Members will know that the Liberal Democrats have long made great play of the increase in personal allowances, which is pretty much the only thing they are getting out of the coalition as they cling on to it, and there might be a few hundred pounds in that here and there. How about having a tax free allowance of £20 billion? That is what they have decided to give the banks. The banks now do not need to pay on their liabilities below that amount.

5.15 pm

As I said, Ministers could have stuck to their guns and used their original design. In the response to the consultation, the Government gave their rationale for backing off that threshold and going for a tax free allowance:

"Respondents"—

remember, that is the 44 large banks—

"were generally of the view that the threshold would create potent incentives for banks around the margin to structure their business in certain ways, or disincentives to grow, in order to avoid crossing the threshold... The Government accepts this argument".

That is a preposterous statement from the Treasury. The argument that the puny level at which the bank levy is being set—less than one tenth of 1% on the banks' liabilities—is so punitive and high that it will stop banks from growing and prospering is ludicrous.

Mr Kevan Jones (North Durham) (Lab): Would my hon. Friend also contrast that with the £7 billion that banks and financial institutions are paying out this year in bonuses?

Chris Leslie: Indeed; the machine rolls on. We will have to look at the detailed papers on Project Merlin when they emerge. The Chancellor supposedly persuaded the banking sector to change its ways. Of course, things have fallen apart at the seams since then. As I will say in a moment, some of the bonuses are still, frankly, obscene.

If we accept the Government's ludicrous argument that they were worried about the cliff-edge marginal rate of the levy at £20 billion of chargeable liabilities, why did they not keep that trigger but have a smaller allowance, perhaps of £10 billion or smaller? But no; they caved in straight away with the £20 billion allowance and lost a phenomenal opportunity to redress the balance of the tax burden in this country. The Americans, who have not yet triggered their bank levy, have named their version a financial crisis responsibility fee. That says more accurately on the tin what it does. They have done so because it is incumbent on the institutions that caused the crisis and the consequential fiscal deficit to do their duty and pay back what they owe the taxpayer.

Mr David Anderson (Blaydon) (Lab): Is it not amazing that we are talking about a minute bank levy when hundreds of thousands of public sector workers will lose their jobs, and when those who stay in their jobs will see their pay frozen for two years and their pension contributions go up by 50%, all as a result of the failure of the banks? The Government parties think that that is okay.

Chris Leslie: It is a crying shame that there will not be more publicity for this debate; perhaps the complexity of bank taxation is difficult to report, for whatever reason. If people knew about the Government's weakness in trying to claw back the money that is owed to the taxpayer and their enthusiasm for cutting public services and raising taxes on ordinary people, they would see that it is a scandal.

Nic Dakin: Is it not a further irony that the Government are cutting so far and so fast, for which they have no mandate, while standing back from sorting out the bankers, for which there is an overwhelming mandate in the country?

Chris Leslie: Of course, the Liberal Democrats advocated the opposite of that before the general election. Obviously they had good, sound reasons to change their view rapidly over a weekend.

Mr John Redwood (Wokingham) (Con): Will the shadow Minister say how much tax he thinks should be imposed on the banks, and how he would go about doing it?

Chris Leslie: As I said, we would repeat the bank bonus tax that we instituted last year, and we think that the bank levy needs to be more substantial.

The Government's original design suggested that it would yield £3.9 billion—that was reported in *The Observer*, I think, back in November. Of course, that was why they panicked and decided that they would have to go back down to the £2.5 billion or £2.6 billion level. They stepped away from that original yield level.

Of course, we are not the Government; we are the Opposition, and we are not even allowed under the rules of order to table our suggested variants of the rate of the levy or the design of the clause. All that we can do for now is advocate a fairly urgent review of the general levels of bank taxation in this country.

Graham Stringer (Blackley and Broughton) (Lab): Is not the irony, when comparing pay cuts in the public sector with bankers' bonuses, that in effect some bankers are public sector workers because the taxpayer has had to bail them out? Does my hon. Friend agree that if we mainly own a bank, such bonuses should not be paid while the bank is still in deficit?

Chris Leslie: It is absolutely mystifying. There is a sense that the shareholder—the taxpayer—somehow has to allow all sorts of activity to take place as though it was nothing to do with them, even though those banks would not exist had we not intervened to save them. That shows the incredibly laissez-faire, hands-off attitude of Ministers, who are the shareholders of the banks making large awards.

Mr Kevan Jones: Does my hon. Friend agree that my hon. Friend the Member for Blaydon (Mr Anderson) is being a little unfair? Bankers are taking their share of pain. I understand that Eric Daniels, the outgoing chief executive of Lloyds bank, is getting only £1.4 million in bonus rather than £2.3 million.

Chris Leslie: I wonder whether *Hansard* is able to record the irony in my hon. Friend's comments. Sometimes I wonder whether we need a new annotation in our proceedings, because I do not honestly think that he is showing sympathy. I think he is suggesting that even when there is an apparent reduction in bonuses, the sums of money involved are the sort for which our constituents would buy a lottery ticket in the hope of winning. If they won that amount it would change their lives tremendously, yet those life-changing sums of money are not even salaries but bonuses on top of salaries.

I wish to talk about the rate at which the Government have chosen to set the bank levy, because it is a low rate by international standards. It is less than a third of the level that has been set in France, for example. Ministers will know that the rate varies in a number of jurisdictions, but I think that it is 0.25% in France. The levels involved are still quite small, but in Hungary it is 0.53%, in the USA it is 0.15%—although, as I said, it has not been enacted at this point—in Portugal it is 0.1%, and so on. It is to be only 0.078% here in the UK for short-term liabilities, and 0.039% for long-term liabilities, which is very small by international standards.

John McDonnell: To emphasise a point that my hon. Friend made earlier, does he agree that the robustness of the statements of the Prime Minister and the Deputy Prime Minister on bankers' bonuses before and just after the election led the general population to expect a much stronger and more ferocious levy?

Chris Leslie: Indeed, and not only can we see the low yield figures in this country; we can also look at international comparisons and see that the rate is clearly very low indeed. Ministers have let it drift—as soon as it looks as though it might be a serious tax, back they come from the rate they have set, saying that it would raise too much and they must reduce it again.

Stephen Pound (Ealing North) (Lab): Many contributions have shown that the shade of the right hon. Member for Twickenham (Vince Cable) is noticeable by its absence.

With the exception of the National Bank of Cuba when it was governed by Ernesto "Che" Guevara, can my hon. Friend think of any example of any country where the bankers have recoiled from the brutal fiscal hammering imposed upon them by a state legislature and taken their toys and left? Is there any such country in the history of the world that he could mention?

Chris Leslie: In financial services it is called regulatory arbitrage. People come up with terminology that makes things sound mystical and obscure, but regulatory arbitrage is basically the threat to leave the country that is often peddled when a bank does not like proposals. We have heard such threats time and again, but they are not carried out, because banks locate in this country for reasons other than taxation. We have Greenwich mean time and the civilised rule of law, and any number of decent public services that bankers themselves like to enjoy.

Stephen Pound: And royal weddings!

Chris Leslie: And royal weddings, as my hon. Friend suggests. This is a great place to do business, and the small changes in taxation that the Opposition advocate are certainly not enough to send banks abroad.

Lorely Burt (Solihull) (LD): In the spirit of helpfulness, the hon. Member for Ealing North (Stephen Pound) might be interested to know that in Sweden the banking sector diminished following the introduction of such measures.

Chris Leslie: Even the Swedish advocate a bank levy, and we must acknowledge that the alternative financial changes are being made in a number of jurisdictions across the world. Obviously, the more jurisdictions in which such measures are pursued, the better, because that will remove the argument on regulatory arbitrage.

However, it is worth looking at the pathology and history of the bank levy, and at how the Chancellor has tweaked the rate. The Government pull back from a higher rate when they think it is too much, but sometimes the Chancellor gets into hot water and feels the need to change that approach. On the fateful morning of 8 February, at 7.30, the Chancellor went on the "Today" programme and announced a mini-Budget. It just so happened, by pure coincidence, that that was on the day of Treasury questions, when he was struggling with the banks in the negotiations on the damp squib that was Project Merlin. While we are on Project Merlin, we should not let go the opportunity to note that borrowing is increasingly expensive for small and medium-sized enterprises, and that according to the most recent data, there is less and not more availability.

The Chancellor changed the rate again in the March Budget, when, as I said, the Government were forced into a U-turn in the face of criticism of the reductions in corporation tax. That would have been a massive cash-back bonanza for the banks—it could still turn out that way, but we must wait for the final figures. At no point during the design of the bank levy have the Government said why they are capping revenues at just £2.6 billion. What is their fixation with that yield?

Mr Love: Before my hon. Friend moves off the subject of Project Merlin, does he agree that it was more than pathetic that, after telling the banks that they would increase the banking levy unless the banks came up with the goods, the Government made a pipsqueak change which did not rise to the occasion?

Chris Leslie: Absolutely. I cannot figure out why the Government refused to go beyond that £2.5 billion or £2.6 billion. That is a strange way to design a tax. Normally, a Government would think about whether the rate set was fair and just, and about the requirement for revenue yield, and they might even analyse the effect of the levy in a regulatory impact assessment or whatever. However, at no point have the Government said why they are reluctant to go beyond that £2.6 billion. Perhaps there has been a deal behind the scenes between the Chancellor and the banks, but if there has been such a deal, it is probably the only one that he has been able to reach.

5.30 pm

I have some specific questions for the Minister on the bank levy and I would be grateful if he could respond. The Minister conceded in the consultation response that derivative liabilities can be netted off against identifiable assets held with the same counter-party, along the lines, as I understand it, of the Basel II regulatory principles. Although bilateral netting between two parties might be straightforward, is the Minister confident that HMRC will be able to keep track of the obviously complex multilateral settlements, where thousands of varying derivatives products are apparently offset by supposedly thousands of other liquid assets? Can he explain what extra resources he plans to dedicate to ensure that derivatives netting does not become a licence to hide liabilities? We will be reliant on the reporting of those liability levels in the accounts of the banks themselves, but surely there will need to be some challenge, some capability within HMRC. I would be grateful, therefore, if he could explain what capability HMRC will have for understanding the netting of derivatives. I would also be grateful if he could answer the concern expressed by some that derivatives netting might create a perverse incentive for banks to shift their liabilities into more complex and perhaps more dangerous areas of business. What plans does he have to review and analyse the behavioural impact of the decision to pursue derivatives netting?

What work has been done to amend the double taxation treaties with other bank levy jurisdictions, where legal challenges could easily occur if anomalies are not resolved, which might disrupt the smooth operation of the levy in the UK? Many different levies are popping up in different jurisdictions all over the world, and it is important that the operation of the levy here is not disrupted. The UK levy is clearly calculated by reference to all chargeable equities and liabilities for UK entities, subsidiaries and branches, but some commentators claim that it is unclear what happens in respect of levies in other countries. Can the Minister therefore update the Committee on the international discussions to which the Treasury has presumably been party?

On the specific nature of some of the certain chargeable equities listed and described in the Bill, we understand that there is clearly a rationale in their design in respect of short and long-term liabilities. However, would the Minister care to explain the difference between his definition of short-term liability and long-term liability and where the line is being drawn?

Chris Bryant (Rhondda) (Lab): I think that my hon. Friend is referring in particular to part 2 of schedule 19, which hangs off the clauses we are debating, and which contains a seven-step guide that actually has an extra step that does not apply in some cases. Is that not the most complicated way ever in legislation of determining a charge? Why does it need to be so complicated?

Chris Leslie: The Minister needs to answer that question. Hon. Members might care to turn to page 297 of the Bill. The steps might at first appear quite straightforward, but then we get to this odd provision in paragraph 7, with its proportions X, Y and Z of various different amounts and so on. I understand that that provision is triggered because the Treasury has to recoup retrospectively some of the money taken, since the Chancellor tweaked the levels of tax on 8 February and again in March. It therefore becomes incredibly complex and difficult to hold to account. The design of the bank levy has not been made easy by the Chancellor's decisions.

Mr Love: On the intervention from my hon. Friend the Member for Rhondda (Chris Bryant), is it not rather strange, given that the Chancellor has set up an Office of Tax Simplification and announced as his first measure in the Budget that he wanted to put the principle of simplification at the forefront of tax consideration, that here we have something that is almost as complex as it gets?

Chris Leslie: As I said, the reason for the complexity is that all the variables in the design of the bank levy have to be amended because the Treasury wants to squash it around that figure of £2.5 billion or £2.6 billion of revenue. In other words, the whole of the bank levy is being driven by that particular sum, which is a very odd way of designing a tax.

Chris Bryant: In fact, there are not just one or even two different rates being introduced—which one might understand, given the difference between long term and short term—but 10, each of which will undoubtedly pay for thousands of accountants, as they crawl over what counts in each category. Surely that is nonsensical and an example of the kind of legislation that banks which might want to stay in this country will abhor.

Chris Leslie: Far be it from me to defend the poor banks in their compliance with the provisions, but obviously the more the compliance costs go up, the higher the likelihood that customers will end up footing the bill of taking on accountants to address the complexity of what should be a simple banking levy. Whether there are two rates or 10, however, all the rates in the bank levy are far too generous and far too low.

Helen Goodman (Bishop Auckland) (Lab): I do not know whether Ministers have published the change to HMRC staffing needed to deal with these complex provisions. One would think that more staff will be needed, but my understanding is that staffing at the Revenue is being reduced.

Chris Leslie: Staffing at HM Revenue and Customs is under incredible pressures. Indeed, there have been a number of redundancies and posts lost. It has not been explained where the extra resources will come from to ensure that the bank levy, in all its complexity, can be enforced adequately. Again, the Minister needs to say what extra capacity HMRC will have to implement this increasingly complex bank levy.

Mr Love: Will my hon. Friend give way?

Chris Leslie: In a moment, but I need to make some progress.

I understand that there is a difference between short-term and long-term liabilities. However, what will be the impact on businesses in the real economy if short-term liabilities are less attractive to major banks? For example, if a small firm has a bank deposit of over £100,000—to protect its cash flow or whatever—that happens to be above the level of the deposit guarantee scheme, what is to stop the banks raising their bank charges on SME deposit accounts to try to divest themselves of such

short-term liabilities? That is an important point, because there will be consequences from the design of the bank levy. I would like the Minister to explain to the Committee why short-term liabilities and long-term liabilities have been divided in that way.

Can the Minister explain the position on the reported legal challenge under European Union law, which I understand many in the banking community are watching carefully? The Hungarian Government have introduced a levy on their energy and telecoms sectors. I understand that a case has been taken—or is due to be taken—to the European Court to claim that a levy on a specific sector of the economy is somehow unfair or not possible. To what extent is the Minister confident that the case will not have a bearing on the implementation of a banking levy here in the UK?

I would also be grateful if the Minister could answer the question about complexity and opacity in the bank levy accounting systems. As I understand it, overseas banks can sometimes not use IFRS—international financial reporting standards. If those banks do not use them, they will need to re-compute their chargeable equity and liabilities with reference to the UK's GAAP—generally accepted accounting principles—or IFRS, in other words, by preparing a notional consolidation under those systems, including for branches. Is that anticipated to create a problem? What do the Government foresee as a solution to that level? Obviously we have banks that cross jurisdictions and use a series of different accounting platforms, so I would be grateful if the Minister could clarify some of the comments that have been made about that.

However, it is the Government's general approach to banks and banking taxation that concerns many hon. Members—a general approach that, as we know, is quite woeful. Hon. Members have already raised their concerns about some of the bonuses that we have seen and the breathtaking behaviour that the banks have engaged in, even though they were the root cause of the credit crunch.

That makes the Government's tax giveaway to the banks even more staggering. The post-Budget reaction last June, when the bank levy was announced, was indeed positive from the bankers themselves. They enjoyed the Government's decisions on the bank levy. One commentator said:

"We'd expect most domestically-orientated banks…to be better off after four years than they were pre-Budget",

and a City insider said that

"some banks will have a feeling of glee at the way this has worked out".

Clearly, we need to advocate a bank bonus tax to raise £3.5 billion, as it did before. That deserves to be repeated this year. Even if it were to raise just £2 billion, that would make a massive difference to our society and our economy. For example, we have calculated that such an amount could be used to establish a youth jobs fund—using a similar model to the future jobs fund, which this Government have abolished—creating 90,000 new youth jobs at a time when youth unemployment is close to 1 million, with one in five young people on the dole.

That money could also help to construct 25,000 new homes for low-cost home ownership and affordable social renting. That would create tens of thousands of jobs in the construction industry and new apprenticeships alongside them. The money could also provide £200 million of funding for the regional growth fund, the Government's rather lamentable replacement for the regional development agency funding. That could help to provide for regional projects and promote growth. The Government's changes represent a two-thirds cut on the previous funding, and the first wave of £450 million in grants was several times oversubscribed with bids. We therefore need to revisit the regional growth fund, and a repeat of the bank bonus tax could support that.

The bonuses being paid are still vast; they remain at eye-watering levels. Despite the smoke and mirrors of Project Merlin, in which Ministers broke their promises to take action despite the warm words in the coalition agreement, the bonuses remain high. Let us just remind ourselves of what the coalition agreement promised. The Conservatives and the Liberal Democrats said:

"We will bring forward detailed proposals for robust action to tackle unacceptable bonuses in the financial services sector; in developing these proposals, we will ensure they are effective in reducing risk."

That is on page 9 of the agreement, right up front among the promises that the coalition made.

The Government could not even bring themselves to promote the basic transparency that we expect when it comes to bonuses and remuneration. The most that they could extract voluntarily from the banks in Project Merlin was an agreement to report anonymously on the total remuneration of the five highest paid senior executives of the bank, excluding board members. That is a weak and shameful compromise. The Government are not even forcing the banks to disclose all bonuses above £1 million, even though Labour's legislation allows them to do so. That provision is already on the statute book.

Mr Geoffrey Robinson (Coventry North West) (Lab): Will my hon. Friend return briefly to the alternative uses to which that £2 billion could be put—the very low figure that the re-imposition of our levy would yield? As a result of the abolition of the Advantage West Midlands regional development agency, the funding for the west midlands has been cut by nearly 70%, and the outlook for my constituents in Coventry is very poor indeed. The additional funds could be used for investment in the proposed NUCKLE—the Nuneaton, Coventry, Kenilworth, and Leamington—railway line, and a host of other important development projects that have been put on hold or simply thrown out as a result of that 70% cut. In the west midlands, and in Coventry in particular, unemployment levels are rising disproportionately compared with the rest of the country, and the level of output is dropping disproportionately in a key area that is vital to the eventual resurgence of manufacturing that we want to see. That money could be put to great use in the regional development fund.

Chris Leslie: My hon. Friend is entirely correct. As I have said before, this shows the failure of the Government to understand the paradox of austerity. When they take away some of that vital investment that would support jobs and growth, they are fuelling unemployment and raising welfare bills, which will cost the country more in the long run. That is why we are seeing borrowing levels rising rather than falling, and why, in the last six months

[Chris Leslie]

of the economic experience in this country, we have seen economic growth flatlining. The House of Commons Library tells me that that will cost the Exchequer an extra £6 billion that will need to be added to borrowing. So this is the fallacy that the Government pursue—that simply cutting all elements of public investment is the way out of the deficit. They just do not understand how the economy works.

Hugh Bayley (York Central) (Lab): Following up that point, this applies to investment not just in manufacturing, but in services, too. Yorkshire Forward had decided to make two investments: one of £5 million to help enable the National Railway museum to redisplay its collection; and a £1 million grant towards the cost of restoring York Minster's great east window. Why did it do this? Because it realised that the additional tourism generated would create many jobs, particularly for people without high skill levels, in the York economy. When I raised this matter with the Minister, I was encouraged to get the National Railway museum to apply for the regional growth fund, which, with help from his Department, it did—yet it has received not a penny.

5.45 pm

Chris Leslie *rose—*

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. Before the hon. Gentleman responds, may I remind Members that interventions are supposed to be brief—not mini-speeches in their own right? There will be plenty of opportunity to join in the debate later.

Chris Leslie: Thank you, Ms Primarolo. Notwithstanding your strictures, that was an incredibly important intervention from my hon. Friend, who is correct, particularly in his assessment of the attractions of York as a destination for tourism, which was of course helped by the investment that the previous Administration put into some of those key elements within his constituency. I do not want to be diverted, however, as time is short and we need to focus on the amendment.

The amendment relates to the level of the bank levy in the context of bank taxation and the bonus culture. As I said, the Government could not even bring themselves to have transparency on what the bonuses were, let alone take action against them. However, we know some things about the realities of bank bonuses today, and the figures are truly astonishing. From the limited disclosure that we have seen, we know that in 2010, John Varley, the former chief executive of Barclays, received a £2.2 million bonus; Stuart Gulliver, the chief executive of HSBC, received only £5.2 million in bonuses; Stephen Hester, the chief executive of RBS—wholly owned by the taxpayer, by the way—got £2 million in bonuses; and Eric Daniels, the chief executive of Lloyds, largely owned by the taxpayer, got £1.45 million in bonuses. Let us not forget Bob Diamond, the chief executive of Barclays since January this year, who received £6.5 million in bonuses in 2010. He was head of Barclays investment banking before that and perhaps his bonus relates to that. Poor old Bob Diamond, however, loses out in the bonus bonanza when compared with the top two managers at Barclays: Tom Kalaris received a cool £10.9 million in salary and bonuses in 2010 and its other top manager received a tidy £10.6 million.

Ms Primarolo, can you guess the name of that other top manager at Barclays? His name is Rich Ricci—and I kid you not! It would be the stuff of a Dickensian novel if it did not sound so far fetched, but it is indeed true. Between them, the top five earners at Barclays—including Mr Rich Ricci, but excluding executive directors—received more than £38 million in salary and bonuses in 2010 alone.

Mr Kevan Jones: I agree with my hon. Friend how mind-boggling the amounts are that these individuals receive. It makes one wonder what they do with the money. Was he shocked, as I was, to learn that more than 50% of donations to the Conservative party last year came from the City, including large donations from individuals such as Jeremy Isaacs, the former head of Lehman Brothers Europe, who donated £190,000?

Chris Leslie: "But surely that is a complete coincidence", he said ironically! I do not know whether my hon. Friend was making the point that this is payback time, but the level of these bonuses is incredible.

Let me finish my point about Barclays. I was saying that £38 million in bonuses and salaries went to just the top five earners. That is enough money to pay the wages of more than 1,000 qualified nurses in our NHS. That gives some meaning to the scale—enough money to pay for 1,000 qualified nurses.

Mr Love: Does not the refusal to be transparent about bonuses lead to the conclusion that hidden behind the chief executives on whom we have the facts are a series of individuals whose bonuses dwarf those that my hon. Friend has listed?

Chris Leslie: Absolutely; but, quite apart from the obscenity of the scale of some of those bonuses, there is a hard-headed economic rationale for more transparency. If shareholders cannot see what senior executives in the banking sector are being paid, that indicates a dysfunction in the corporate governance of the banks, and if the bonus pots of certain executives are being swelled by their behaviour—by the choices that they make and the risks that they are taking—perhaps those were some of the antecedents of the credit crunch. We need transparency to prevent us from repeating the problems that occurred in 2008.

Helen Goodman: Surely, in the case of banks in which the Government were a major shareholder, they had an opportunity to deal with the situation as shareholders.

Chris Leslie: It is the inactivity of the Government, as the shareholder, that perplexes me. Ministers laugh with scorn at the idea that they, with the stewardship of the taxpayer's share, should take any action in regard to the current activity of the banks. If the Minister wishes to intervene on the specific issue of his inactivity as a shareholder I shall be more than happy to give way to him, but he clearly does not wish to say anything at this stage.

Nic Dakin: Would my hon. Friend care to speculate on what would be the impact on the British economy if, rather than being spent on bankers' bonuses, this money were used for lending to small and medium-sized enterprises?

Chris Leslie: That is one of the issues to which we shall have to return, perhaps in the Public Bill Committee. The banks are a social necessity—a utility, as it were—in our society, and whatever we think of their behaviour, it is necessary for them to exist to provide the credit that is required to keep the engine of the economy moving. We do not need a dysfunctional banking system; we need a functioning banking system that faces much more towards its customers. We need to stand up for the taxpayer interest, but also for the consumer interest, which must include businesses.

The bonus and remuneration projections are not diminishing, as the Government like to suggest. The Centre for Economics and Business Research recently released an estimate that, whereas bonus payouts in the City for 2010-11 were 8% lower than those for 2009-10—down from "only" £7.3 billion to £6.7 billion—they are forecast to rise from that level to £7.2 billion in 2011-12. The apparent fall in bonuses is largely offset by a 7% increase in the salaries of senior bank executives. So bonuses fall by 8%, and salaries rise by 7%. Obviously that pay rise outstrips pay rises in virtually every other sector of the economy.

Alison McGovern: Does my hon. Friend agree that for the financial services sector it is apparently business as usual, whereas for my constituents, who have seen pay held down and prices high, it is far from business as usual and incredibly tough?

Chris Leslie: Indeed, and I think it important for us to convince the Government of the need to act. I look forward to hearing the Minister demonstrate that he will stand up to the Chancellor of the Exchequer. We know that he is not a patsy in the Treasury. He is a senior figure there, and he is able to show the Chancellor that the House of Commons was determined to send the Treasury the message that we do not accept its policies on bonuses and bank taxation.

Mr Anderson: I thank my hon. Friend for giving way. He is being very generous.

UK Financial Investments, the Treasury body that manages the state's role in the Royal Bank of Scotland, gave its approval for Stephen Hester's package, which included £1.2 million in basic pay, a £2 million bonus, and share options that could amount to £4.5 million. It has already given in.

Chris Leslie: Again, I think that we need to engage in a proper debate about corporate governance of the state-owned banks. It is important for us to understand the potential powers that Ministers have, and the consequences of their choosing not to exercise those powers. If they choose to approve a certain level of remuneration, that constitutes intervention just as much as disapproval does.

Mr Kevan Jones: Will my hon. Friend give way?

Chris Leslie: May I make a little progress? Time is short.

As a result of European Union reforms championed by Labour Members of the European Parliament who tried their best to restrain some of the excess, some bank bonuses must now be deferred and given in the form of shares. Bankers cannot take them in cash immediately. However, the Minister needs to explain why he is counteracting those bonus deferral arrangements by introducing a loophole in new section 554H, in schedule 2, allowing a concession to bankers whose bonuses are paid largely in the form of shares rather than cash. Rather than having to pay the tax at the point at which the bonus is awarded, they will need only to pay it on a date down the line when the shares are sold, possibly avoiding the current 50p rate of tax. *The Sunday Times* wrote about that last weekend. There is speculation that the Chancellor will cut the 50p rate at some point, and that, as a result of the Minister's reforms, bankers will be allowed to wait and to avoid it. Can the Minister explain why he has made that valuable concession?

Barry Gardiner: Will my hon. Friend clarify the chronology? Subsection (1)(d) of new section 554H states that the section applies if

"the vesting date is not more than five years after the award date".

Does he believe that the Government are certain to reduce the 50p rate within the lifetime of this Parliament?

Chris Leslie: I do not know whether we have to hope that the Liberal Democrats will take strong action before that moment comes—I do not know whether that is an oxymoron—but the Government have dangled the prospect of a tax cut for only the very richest people. It is interesting that they are designing the Bill's provisions to allow the potential avoidance of the 50p rate following what I considered to be a fairly positive change at European level to defer bonuses in an attempt to discourage short-term high-risk activities.

Chris Bryant: I understand my hon. Friend's point and I disagree with what the Government are doing, but I suspect that he is wrong. I suspect that the Government will not obtain the tax take that they will need over the next few years. Because of the way in which they are managing the economy—because of the profound risks that they are taking with the economy—there is no chance that they will introduce tax cuts of any kind before the next general election unless they also engage in another massive round of cuts in public services.

Chris Leslie: However, the alacrity and, almost, relish with which the Government have introduced some of their spending cuts make me wonder whether their rewards for the bankers constitute a payback for the cover to get stuck into public investment in the way that they always wanted to do, and for which purpose many of them came into politics.

The bank levy is a weak response to the debts that banks owe the taxpayer. The Government say that they want a big society, but they are happy to see public investment shrink and rewards for banks grow, built on the backs of taxpayers. It is a big society if you are a banker, but a very small society if you are not. Our amendment would at least make the Government pause and reflect on their increasingly untenable position—we hear that they are good at pausing and reflecting—and I urge Members to support it.

6 pm

Mr Redwood: I listened carefully to the shadow Minister's speech, and it is quite true that the public mood is one of wishing to see both a just return on its forced

[Mr Redwood]

investment in the banking industry and the banking sector—particularly the state-owned and subsidised banking sector—making its contribution to the recovery, in view of what happened in 2008 and 2009.

I remember in 2007 and 2008 being in dispute with the then Government, because I felt they were setting up a banking crisis that we could have avoided, but unfortunately my voice was not listened to; they did not take action on interest rates and money market conditions to prevent the crisis. When it started, I think I was the only MP who said, "Do not give all this money to the banks." I felt it was wrong to buy shares in the banks and to support the bondholders. I thought we had a duty to the depositors and individuals who were tied up with the banks, but not to those who had financed and run the banks in those conditions. Unfortunately, the decision was made to embark on a massive subsidisation and share-buying programme, which the previous Government did. So we are where we are, and I think that we all agree that what we wish to do now is get the maximum value we can out of the banks that are subsidised or in state ownership, because that would make the public feel better about it. Surely, now is the time when those state-owned and state-subsidised banks should make their fuller contribution to the recovery, after their role in the recent crash.

Chris Bryant: I apologise in advance to the right hon. Gentleman if what I am about to say is an inaccurate representation of what he said in the past, but my memory is that he produced a report in which he argued there should be much less regulation of the financial services industry—in fact almost none—*[Interruption.]* He is shaking his head. I am sure he will be able to enlighten us by correcting me.

Mr Redwood: How many times will I have to deal with this idiotic canard that Labour dreamt up? The report was very clear: it said the then Government were not regulating cash and capital strongly enough, and it was a cash and capital problem that the banks had that led to the crisis. If the then Government had taken our advice, the banks would have been made to have more cash and capital at a much earlier stage of the cycle, so we would not have gone into the period of banking weakness during the credit crunch.

We also said that the mortgage regulation introduced by the then Labour Government was not fit for purpose, was useless and might as well be scrapped. Our case was proved extremely well, because it was the mortgage banks that crashed—the very banks that were the object of the extra regulation. The extra regulation was clearly regulating the wrong things. We were not against regulation: we said mortgage banks and other banks should be regulated, but it was vital to understand what the problem was. It was very clear in '06 and '07 that the problem was an excess of lending of poor quality. It was also very clear that the answer was more cash and capital, and that was what we recommended. It is a great pity that the then Government did not follow our advice.

Graham Stringer: I agree that it is clear that there was something wrong with the previous regulation, although I would not go along with the right hon. Gentleman's argument entirely, but does he agree that there is a villain in the piece who hardly ever gets mentioned: the credit rating agencies that allowed the banks to sell snake oil to each other? Does he agree that we in this House should do something about that?

Mr Redwood: I hold no brief for the credit rating agencies, but nor have I prepared a case against them. I am sure the hon. Gentleman can make his own case and come up with his own remedies. In my view, there have been many villains in this historic piece, including the regulators, the Bank of England for its misconduct in the money markets, and the commercial banks that took advantage of ridiculously lax conditions and got themselves into a great pickle, which we had to sort out.

Helen Goodman: I am interested in the right hon. Gentleman's argument, but does he seriously think we could have made significant changes to the way we regulated banks in this country without international agreement on the way banks are regulated?

Mr Redwood: Yes, I think we could, which is why I made that recommendation well before the credit crunch occurred. In '06 and '07, it was obvious to me and to some other commentators that things were getting out of control—indeed, it was quite common for Opposition parties in this House to say they thought there was too much credit about. I went a bit further and said that could be remedied by changing the way we regulated the banks. It was quite wrong to allow a bank to extend more credit when it only had a 4% tier 1 capital ratio. I remember that when I was a financial regulator, we lived in an era when banks needed twice or three times that amount of capital to be acceptable to the regulator. There was a clear diminution in standards at a crucial time, which fuelled the credit binge.

Mr Kevan Jones: I know that the right hon. Gentleman sometimes speaks at odds with his party, and he talked earlier about historical references. Was it not his party's Government under Margaret Thatcher who deregulated the mortgage market, and is it not the case that up until the recent banking crisis hit, his party's Front Benchers were talking about lighter regulation of the banking sector, not more regulation?

Mr Redwood: The Front-Bench team and I were at one on this issue: we were saying that what was needed were better regulation and less regulation. The Government were regulating too many things badly. As I have just explained, they were regulating mortgage banks in a way that allowed all, or at least several, of them to be crippled and caused a great many problems. The hon. Gentleman is quite wrong about Baroness Thatcher: much stricter controls over cash and capital were imposed throughout her period in office, and, of course, no major bank went down during that period. The same cannot be said of 2007-10, when the requirements were much laxer, as I highlighted in the report, and when we ended up with banks going down.

We are not here to debate past regulation, however; we are here to debate taxation. My purpose in sketching the history of this tragic situation is to express solidarity with all those who agree with the public mood, which is that we want to get a bigger return out of the banks, whatever we may think are the reasons why they are in

their present position, but it is also to remind the House of a very important and salient fact, which is that two of the biggest banks are wholly or partially in state ownership or control. We are therefore talking about taxing ourselves in no small measure.

The issue before Ministers is a little more complicated than the Labour spokesman has suggested, because there are two ways in which we can get cash out of the banks: one is to tax them now on their stream of revenue, or their assets and liabilities in the case of the bank levy tax; the other is to move more quickly to sell off those assets back into private sector ownership and, I hope, proper private sector risk taking. If we are to get the maximum receipt, we do not want to be taking too much money out of the banks in the short term by way of taxation, because for every £1 of tax we take out of them, we lose £5, £10 or £15, depending on the multiple we sell them on when we come to sell them.

Barry Gardiner: The right hon. Gentleman is making a very coherent presentation, but does he not agree that if we do not want to be taking money out of the banks by taxing them, equally we do not want to see that money going out of the banks by way of bonuses paid to their high-end staff?

Mr Redwood: I hasten to correct the hon. Gentleman: of course I think we have to tax banks. We have to tax ourselves, and we need to tax the other banks in the system, as well as the state-owned ones, but we must also consider the balance of effects and the impact on shareholder value. I entirely agree with those who say that if a bank is state subsidised or largely state owned and is therefore in receipt of state money, it is surprising that it should be paying very large bonuses. It is even more surprising if the bank is loss-making, because although an individual employee in that bank may be able to say, "I personally made a profit to offset some of the losses," the senior people in the bank are corporately responsible for the overall results. It is at the very least surprising if a loss-making bank is making rather big pay-outs, because that is taxpayers' money and taxpayers' wealth being paid out to those individuals, which, as the hon. Gentleman rightly says, is not then available to sell as a stream of profits when the shares are returned to the private sector.

Hugh Bayley: The right hon. Gentleman seems to be saying that it is important that the taxpayer gets the maximum value when the publicly owned portions of banks are put back on the market and floated, and I agree. Does he agree with me that it is therefore important that the mechanism at that time should not provide incentives for would-be shareholders such as shares being valued below their real market rate in order to encourage popular capitalism, but that the shares should be sold in such a way as to maximise the return to the taxpayer?

Mr Redwood: No, I do not necessarily agree with that, because I think that another way of returning value to the taxpayers who have supported the bank is to make those sorts of offer. However, I will wait to see what Treasury Ministers come up with before judging whether a measure is too generous or not generous enough, and how appropriate it is.

Hugh Bayley: My point is that if we maximise the return to the taxpayer, everybody in the country—rich and poor—gets a share of the benefit. If we put some of the value into creating lower-priced shares to boost popular capitalism, we spend our public money on only a small percentage of the population. Surely that is less fair than maximising the return and spreading the benefits across all taxpayers.

Mr Redwood: The hon. Gentleman is right that there are those two sides to the argument, but this is probably not the time or place to argue that through. We may have an opportunity to argue through how the bank shares are sold and the balance in the sale process when we get nearer to that point. The issue before us now is a taxation one. We are discussing the taxation of bonuses and the bank levy—the subject of the clause—and I agree with those who say that if we take too much out in bonuses in a state-owned bank, that detracts from the value that is available to sell.

Of course, the bank levy is not the means by which we can have any impact on bonuses. Interestingly, it was the previous Government who nationalised or bought shares in banks and signed off on all the original agreements for the top directors and executives. I believe that they included generous bonus terms at the time because, they said, they had to in order to have the talent needed. The criticism being made of the coalition Government now is that they took over those inherited contracts and lived with them, rather than broke them and disrupted the management of the banks, which I regard as a lesser charge than the one against the former Government of setting up all those contracts in the first place.

This should not be a party political issue. I regret some of the contracts that were incorporated at the time of the purchase of shares, but I regretted the whole purchase of shares because I thought it neither a particularly good deal for the taxpayer, nor a necessary deal to sort out the banking problem. I would rather have sorted that out more rapidly at the time, with managed administration or something else, than adopt this expensive way of putting all that money in. We are now trying to maximise the returns because we are where we are.

Lorely Burt: My right hon. Friend has partly answered the point I was going to make, but I wonder whether he could help me. What did the Labour party do to control the bonuses paid to loss-making banks when it was in government?

Mr Redwood: Labour Members would say that they could speak for themselves and that they imposed a bonus tax. However, as the hon. Lady is suggesting, they did allow very generous bonus conditions into the contracts for their state-owned or partly state-owned banks. Perhaps some would have come to a tougher judgment at that time, had they been in a position of power to do so.

The point I wish to make in this debate is simple. I hope that when Ministers are deciding the right level of the levy, they will weigh very carefully the important fact that we are, in part, taxing ourselves. I hope that within a few years, if not within a matter of months, as I would prefer, we will return those assets and get the money back that the taxpayers deserve.

Helen Goodman: The right hon. Gentleman is making a coherent case, but is he not worried that Government's strategy is not as coherent as his argument? If we look at table C.3 in the Red Book, we see that no forecast is made of the value of the asset sales. Do we not need to see a forecast if we are to make precisely the judgment that he is asking us to make?

6.15 pm

Mr Redwood: I, too, would find forecasts helpful, but I understand the uncertainties surrounding what bank shares might be worth in one or two years' time. There may even still be considerable uncertainties about how much profit the banks will deliver. It would be much easier to get value for taxpayers if these banks deliver reasonable profits.

The second point I wish to make is that the other disadvantage of a bank levy tax is that it is a tax on exactly the kind of activities that we really want banks to perform at the moment to fuel the recovery: it is a tax on lending money to businesses and individuals. The loans that we probably most want, if we are to get the recovery going more quickly, will be the riskier ones, yet they are exactly the kind of assets that the banks will own that will score more heavily for the levy.

Stella Creasy (Walthamstow) (Lab/Co-op): Does the right hon. Gentleman agree that we might want to deal with the banks' behaviour in a more general sense and their impact on the economy? Might it not be worth considering a third way of dealing with the banks, particularly re-mutualisation of some of them? Might that be a way of getting banks that are more focused on their stakeholders, particularly the people to whom we might want them to lend, than on paying bonuses to people all the time?

Mr Redwood: I am always very happy to see ownership extended in ways that include that type of mutual, although the history of the mutual banking movement in the past 20 years provides no evidence that such banks were particularly good at reading the cycle or dealing with the capital problems—indeed, many of those institutions went to the markets and decided to exploit market opportunities because they had a capital problem that they thought they could solve by that route. It may be that we could go back to more traditional mutually owned banks with much more constrained balance sheets and activities, and that might be part of getting back to a more healthy banking sector. That is something that the market should decide.

I am firmly of the view that we need more competition and choice in the marketplace. One of the big errors was allowing banks that were too big. As a competition hawk, I was publicly very strongly against the takeover of HBOS by Lloyds; it was a great tragedy for Lloyds and for the country that that merger went through. We should have dealt with HBOS in other ways, which would have been less expensive. I was also a critic of the Royal Bank of Scotland takeover of ABN AMRO. Although the competition issues that raised were not as clear as the competition issues raised in the case of the Lloyds takeover of HBOS, I would have liked to have seen a tougher line taken. I hope that this period of change and reflection on banking, including how we tax it, can lead to a much more competitive structure. One of the ways of doing that would be to sell off some of the assets currently owned through Lloyds and through RBS in ways that created more banking challenge in the market.

Mr Robinson: The right hon. Gentleman wants to ensure that we get the maximum return possible when we bring the banks back into the market, and the whole House would agree with that. He referred to the need not to reduce by too much our prospects for doing that by reducing through an excessive tax charge the multiple applied to earnings in realising the sale value, but his point about therefore moderating any tax that might be imposed is specious and certainly does not allow him to invest the seriousness that he wants, given that the multiple used is nearly always a profit-before-tax multiple—certainly, it will always be adjusted for that if exceptional items are involved. For that reason, some people, with whom I would not agree, even opt for an earnings before interest, taxes, depreciation and amortisation—EBITDA—calculation for these purposes. The fact is that the quality of the earnings is more important here than any considerations about tax levels at any one point in time.

Mr Redwood: I do not agree with the hon. Gentleman about that. It is true that in the venture capital world EBITDA multiples are more common, although people would not give the same value or the same multiple to a highly taxed business as they would to a more lowly taxed business; but in the open share market in the major stock exchanges, it is more normal to look at price earnings multiples based on earnings net of taxation. There is no doubt that if more tax is taken out of a business, it is less valuable to its private owners—of course that must be true. The private owners are trying to buy a stream of profit or revenue and if some of that is taken in tax, the business will be less valuable.

I had just moved on to my final point, which is about the impact everything we are discussing has on economic recovery. I urge the Minister to bear in mind that the kind of tax proposed, if carried too far, can be damaging. It impedes banks making the sorts of loan and building up the sort of asset base that we want them to at a time of recovery. In addition, any given jurisdiction going too far could become a trigger for the bank's moving some or more of its activities offshore or changing its arrangements in a way that it thinks would allow it to get around some or all of the tax impost. I would prefer that this tax had not been invented—there are better ways of taxing banks—but if we are to have such a tax, let us ensure that we have thought about two very important consequences of setting it too high: it might damage our own share values and it might damage lending for the recovery.

Ian Lavery (Wansbeck) (Lab): The general public are outraged at the levels of bankers' bonuses, which remain very high indeed. The Government were forced, as we are all aware, into multi-billion pound bank bail-outs during the financial crisis. Quite simply, people cannot understand why bankers and people employed in the financial institutions have been given billions and billions of pounds of taxpayers' money at a time of great austerity.

To pay massive bonuses in the midst of a financial crisis is a national disgrace, as it is to pay massive bonuses at a time when public sector services are being

destroyed and young people face an unprecedented attack via tuition fees, the abolition of the education maintenance allowance and changes in Sure Start. Last year, Barclays boss Bob Diamond and his two replacements at the head of the investment bank were paid an obscene amount of money: £28 million. The trio also received shares worth £40 million for past performance. That must have been some performance!

I have just done some calculations. The people who are now receiving redundancy notices in the public services—many council workers, nurses, doctors, police officers and the rest—would be lucky to have a bonus of £50 a week. That is £2,500 a year, £25,000 over 10 years and £125,000 over 100 years. So to make £1 million, they would have to live until they were 400. To make the £28 million that the Barclays heads were given, they would have to live to 11,200. That is highly unlikely—I am merely accentuating the point—but those figures are an absolute disgrace.

Barry Gardiner: I do not wish to disturb my hon. Friend's flow, but is he aware that I was informed by the Independent Parliamentary Standards Authority the other day that I could not raise any of my staff's salaries, even though they have been the same for a year, because they are public servants? If I wanted to give them any reward for exceptional service, the maximum I was allowed to give was a £15 token each year for a meal. Where can anyone get a meal for £15 around here? It is absolutely disgraceful, when such sums are being given out to the bankers.

Ian Lavery: I thank my hon. Friend for that question, which is a great way of introducing IPSA into the debate on the Finance Bill. I think we would have agreement on that point across the House.

Let me get back to the discussion. Barclays bosses were compared to Somali pirates by one of their own shareholders, amid anger over their obscene bonuses. Shareholders lined up to vent their fury at the annual meeting, complaining that their dividends had plummeted while senior executives continued to enjoy huge pay packets. Another shareholder accused the executives of rank historical folly, saying:

"In these times of austerity the seemingly excessive payments to senior bank staff seems to show the lack of wisdom reminiscent of Marie Antoinette saying let them eat cake."

HSBC has tried to seize the high ground by announcing a reduction in maximum bonuses for top bosses, but chief executives could still receive a package of more than £12.5 million this year. This mammoth pay deal comprises a salary of £1.25 million plus up to £7.5 million in long-term bonus shares and a possible £3.75 million annual bonus. Some reduction. That is why the bankers must pay their share, and why the Labour party are seeking this amendment to ensure that that happens.

This recession was not made in Britain; it is a global recession. Let me set the scene for a minute or so. In the decade before the financial crisis, Labour cut Britain's national debt and Britain's deficit. Both were lower than the amounts we inherited from the Tories. Before the financial crash we had a lower national debt than America, France, Germany or Japan. The crisis was caused by the financial institutions—by these banks. Governments and central banks were also, of course, at fault, including in Britain, where we did not see it coming and should have been tougher in regulating the banks.

The cry from those on the Conservative Benches, and from the City, for lighter regulation of the banks should have been totally ignored—and, yes, Labour should have been tougher on the banks. When the City and the Tories called for lighter regulation, we should have ignored them and been tougher still. Our priority, however, was to prevent recession turning into depression and to keep people in jobs. We always said that once the economy was growing strongly, tough decisions would be needed to get the deficit down again. The plan, as we all know, was to halve the deficit in four years, including through a continuation of Labour's bank bonus tax.

The crisis was not the result of our spending on essential front-line services such as the NHS, schools, police, local authorities or any other public service.

Mr Kevan Jones: Does my hon. Friend share my disappointment at the sparse attendance on the Liberal Democrat Benches? Before the election, the Liberal Democrats lectured us on bank bonuses and what we were doing about the banks—and now, in places such as Northumberland, they are devastating public services through the cuts that they say are needed because of the financial mess that the banks got us in to.

Ian Lavery: That is a very good point about Northumberland. In my constituency in particular, 60% of women and more than 40%—nearly 50%— of men are employed in the public services. Many are being subjected to enforced redundancies by the Liberal Democrat-led Northumberland county council. We hope that will change in 2013, but let us wait and see what happens on Thursday, as that will give us a good idea of what will happen in the coming months and years.

We must realise that the recession was caused by the financial institutions and, yes, by the banks. We are certainly not alone in Britain as a nation in deficit. The financial crisis affected every major economy, resulting in national deficits worldwide. It is the different way in which those nations agreed to tackle their deficits that is the issue. We are saying that we need financing from the banks and the continuation of Labour's bank tax to ensure that we have the money to allow the programmes we had planned to go forward.

The Government are cutting too far and too fast and they are hitting the most vulnerable, as well as jobs and families. It is necessary to prioritise an economic plan that focuses on increased growth and increased employment opportunities, which would place Britain in a better position to emerge much more rapidly from the current economic situation, which has been flatlining, at best. Part of such a plan would involve repeating Labour's bank bonus and investing in growth and jobs.

The economy remains extremely fragile. The Office for Budget Responsibility has revised down its growth forecast for the UK economy in 2011 from 2.6% a year ago to just 1.7%. Last week's growth figures were hardly a triumph for the economy. Growth flatlined over the last quarter of 2010 and the first quarter of 2011—it was down 0.5% in the former before going back up 0.5% in the latter—an effect that the Office for National Statistics has largely attributed to poor weather in December.

6.30 pm

The figures are less than inspiring, and I have to say that members of the Labour party are not in any way, shape or form deficit deniers; it is pure poppycock even to suggest that. We accept that we have to get the deficit down, but spending cuts need to be fair and just. They should not be hitting the easiest targets—the most vulnerable people such as the disabled, those on benefits and those on the minimum wage—but should be hitting everybody proportionately. That is something we have been shouting from the rooftops to everyone and anyone who cared to listen.

Helen Goodman: I agree with my hon. Friend. Does he agree that it is very odd that the rate of the bank levy is being cut in the second year and that the revenues from the levy, which start at £630 million, will fall to only £100 million by the end of the Parliament?

Ian Lavery: That is strange, but it is probably what we should expect. It does not surprise me one jot that the tax on banks will reduce in the years to come rather than increasing in line with profit or productivity.

Most Members will be lucky enough to have a credit card, and many of them will have maxed it out and might still have a maxed-out card. That is a new term I have learned since coming to Parliament—"maxed-out credit card". Incidentally, returning to IPSA, my IPSA card has definitely been maxed out: it has been stopped, as there is only £1 left on it, but that is another issue. On a serious note, many hon. Members will have maxed out their credit card and will not be looking to pay it off in the next year or so. Instead, they will be planning how and when it best suits their pockets to pay it off, when they are able to do so. Paying it off immediately would mean having to go without even the most basic of necessities. That is life: it is about having effective financial means.

The world economy revolves around borrowing and debt. People the length and breadth of the nation live off debt, and the issue is how that debt is managed and repaid. That kind of debt is like a mortgage: people have to pay it off, but it becomes like a family deficit that is paid off over 25 years. If people were told they had to pay their mortgage off in two years they could not do it, because they could not survive. That is exactly the approach that the Government are taking with the deficit. This is about having a fair process; it is about financial management. We are definitely not all in this together, but the Labour party's bonus tax would have helped to implement a number of social programmes that would have benefited many of those who feel they are being disproportionately affected by the cuts.

Mr Kevan Jones: I do not know whether my hon. Friend saw the Newcastle *Journal* on Saturday, but he knows that the housing market is struggling in my area. The *Journal* has reported that only 13 houses in the north-east were bought for more than £1 million last year. Is it not ironic that one of the bank bonuses that has been paid could have bought all of those houses?

Ian Lavery: I think that is ironic, and I assure my hon. Friend that not many houses in my constituency are valued in the region of £1 million. That is not only ironic; it is pretty sad and desperate when I think of the number of people in my constituency and elsewhere in the north-east who are looking for social housing and who cannot even get on to the housing ladder as a result of the austerity measures that are being put in place. That is why Labour says that although it is hurting, the signs are that it is not working.

The amendment calls on the Government to review the overall taxation burden on the banks. They have declined to renew Labour's bank bonus tax, which raised £3.5 billion last year, and have instead proceeded with a bank levy that will raise about £2.5 billion. Labour is calling on the Government not to give a tax cut to the banks, but to use the money that would be raised from repeating the levy to invest in jobs and growth. The Bill's provisions for the bank levy equate simply to a tax cut for the banks, because it is estimated that it will bring in £2.5 billion a year, which is less than the £3.5 billion that Labour's bonus tax brought in last year according to the OBR.

Furthermore, the Government are giving banks a corporation tax cut of more than £100 million in 2011-12 and the value of that tax cut will rise considerably by the end of the Parliament. It is essential to repeat the bank bonus tax, to increase the bank levy and to invest in jobs, growth and housing. Labour believes that in addition to continuing with the bank levy the Government should repeat the bank bonus tax and raise at least £2 billion more, so that the banks do not get a tax cut this year. Frankly, I am opposed to the banks getting a tax cut in any year.

Gavin Williamson (South Staffordshire) (Con): The former Chancellor of the Exchequer thought that it would be unsustainable to impose the bank bonus tax for more than one year. Does the hon. Gentleman disagree with his colleague?

Ian Lavery: The simple answer is yes. Things have changed dramatically since my right hon. Friend left office; even the hon. Gentleman would agree with that.

Gavin Williamson: Only for the better!

Ian Lavery: "Only for the better." Of course.

In future years, the Government should increase the bank levy to ensure that the banks continue to pay their fair share of tax, so that taxpayers are not left picking up the bill for a crisis caused by the irresponsible actions of those institutions. The OBR's November 2010 forecast showed that the bonus tax brought in revenues of £3.5 billion in 2010-11.

Stephen Pound: My hon. Friend might be surprised to hear that he is engendering in me some sympathy for bankers. The sheer, overpowering, pressing agony of having to spend £28 million would put so much pressure and pain on a person; one has only to look at Wayne Rooney to see the consequences of that. Does my hon. Friend agree that if bank bonuses are not about money, they are actually about mutual approval and standards? We could simply give bankers a golden tick on a badge, or a sticker, to show that we love them, and get the £28 million back to refresh the economy and get jobs into his constituency and mine.

Ian Lavery: That is the first time I have been accused of being sympathetic to the bankers, but I thank my hon. Friend for his comments. I would much rather give

the bankers a nice little tick or an A* for the way in which they perform—or perhaps in this particular case a C, D, E, F or a fail. At the moment, an F would still equate to many tens of thousands of pounds for most bankers.

Mr Kevan Jones: Does my hon. Friend think that his constituents or mine believe that most of the bankers who got us into the mess we are in deserve a bonus at all, or even an F?

Ian Lavery: The reality is that people in my constituency cannot even get a loan from the banks. In the past they could get loans for all sorts of things, and that was a run-of-the-mill thing to do in my community and many others. If someone wanted a holiday, a carpet or a car and they could not afford it outright, they would have gone to the bank or building society and got a loan.

Now they not only cannot get loans, they cannot even get credit cards. The bankers are making billions, but the people at the sharp end, who are suffering the most as a result of the Government's cuts, cannot even get a loan from the banks or building societies.

Andrew Gwynne (Denton and Reddish) (Lab): My hon. Friend is right, but it is not just his constituents who cannot get a loan—many of his local businesses face the same problem. He spoke earlier about the need for growth in our economy. Is it not a scandal that many banks will not, as the right hon. Member for Wokingham (Mr Redwood) said, take a risk on small and medium-sized businesses? They will not even take a punt on a good business proposition.

Ian Lavery: That is exactly right. I was merely highlighting the plight of ordinary families. Small and medium-sized enterprises in every region of the country are suffering greatly as a result of the austerity measures and of the negative attitude of bankers, who think only about how much they will make at the top of the ladder, not about how anybody else—business people or ordinary people—will manage.

Jeremy Corbyn (Islington North) (Lab): Does my hon. Friend realise the perverse effect of the difficulty in getting loans from banks is that many people are forced to turn to very expensive money lenders, corner shops and so on, where they pay ludicrous rates of interest, with no security whatever for what they are trying to achieve? That is simply wrong.

Ian Lavery: I thank my hon. Friend. That is a serious matter. Many people who were once able to get bona fide loans from building societies or banks are now forced to seek finance from loan sharks—

The Temporary Chair (Mr James Gray): Order. We are ranging rather wide of the amendment under discussion. The Chair would be grateful for a little more focus on the amendment.

Ian Lavery: Thank you for your guidance, Mr Gray. I thought it was my duty as a parliamentarian to try to answer Members who were asking questions. Thank you for telling me that I may not.

Stella Creasy: Does my hon. Friend agree that one of the things that we could do is to consider whether the amendment on the adequacy of the bank levy could be used to deal with some of those practices and with illegal loan sharks who are preying on people to whom our mainstream banks will not lend?

6.45 pm

Ian Lavery: I agree 100% with my hon. Friend's suggestion, but as I have just suffered the wrath of the Chair, I shall not try to respond.

The OBR's November 2010 forecast showed that the bonus tax brought in revenues of £3.5 billion in 2010-11. We cannot know how much a repeat of the tax would yield in 2011-12, but a cautious assumption by any measure would be about £2 billion. The Labour party's view is that that estimated sum would go a long way to supporting many projects, such as, first, establishing a youth jobs fund and creating up to 100,000 new youth jobs at a time when youth unemployment is almost 1 million, its highest since records began in 1992-93. That is one thing we could do with the bank tax.

Secondly, we could build 25,000 new homes for low cost home ownership and affordable social rent. This could create tens of thousands of jobs and help create 1,500 construction apprenticeships. It is important to ensure that young people can get on to the property ladder. Thirdly, an additional £200 million could be provided as funding for the regional growth fund bids. Getting more people in work and paying taxes is the best way to bring the deficit down. The Tory-led Government are cutting too deep and too fast, and now the economy has stalled and unemployment is higher.

There is a better way. Instead of giving the banks a tax cut this year, next year or the year after, the Government should repeat Labour's bank bonus tax and use the money raised to invest in creating more than 100,000 jobs for young people and in construction, and to build 25,000 affordable homes.

The cuts are going too deep and too fast. There is an alternative. If we were still in government we would be halving the deficit steadily over four years, in line with the pledges made by major economies at the G20 last year, not trying to cut it further and faster than any other major economy in the world. Yes, tough choices are required. The deficit cannot be brought down if the economy is not growing strongly and hundreds of thousands of people are being thrown out of work. That is a simple, basic message.

In conclusion, I repeat that the most important factor in getting the deficit down is what happens to jobs and growth in the economy. That is why last year, as the economy started growing again and unemployment was falling, the deficit came in more than £20 billion lower than expected. That changed as the economy stopped growing at the end of last year and unemployment is higher. Stop the tax cuts to the banks, invest in the future of our young people, invest in this nation, invest in jobs and growth and adopt the Labour example of the bonus tax on banks.

Nic Dakin: It is a pleasure to follow my hon. Friend the Member for Wansbeck (Ian Lavery), who gave a comprehensive account of why we should support the very precise amendment on the bank levy.

[Nic Dakin]

A banker writing in the 1920s wrote:

"April is the cruellest month, breeding
Lilacs out of the dead land, mixing
Memory and desire",

and went on to talk about the present month as "depraved May". I quote T. S. Eliot—

Stephen Pound: He was a bank clerk, not a banker.

Nic Dakin: I quote T. S. Eliot to remind us that bankers have played good parts in the world of culture, finance and many other things, and to remind us through his words of the pain of growth and rebirth. Economic growth is a difficult business. That is the business that we should be in, and we should make sure that bankers play their part in that.

Bankers were not always about bonuses, and conversations about banks were not always about bonuses. Sadly, since the credit crunch and the global financial crisis, more attention has been focused on how great the anomaly is. We have heard the telephone-number salaries quoted and compared with the situation of people in our constituencies who are doing their best to bring their families up to be aspirational and to move forward in their lives.

Helen Goodman: Does my hon. Friend agree that the criteria for awarding bonuses are strange? Is it not ironic that at a time when the clearing banks are closing branches in our constituencies, bankers are taking huge bonuses?

Nic Dakin: I thank my hon. Friend for that intervention. She draws attention to the fact that people see banks closing and services becoming less available and more remote at the same time as large bonuses are being given out, with no apparent transparency and no clear criteria.

The Bill delivers a tax benefit for banks—a bonus for banks, rather than for UK plc—in the form of the £2.5 billion bank levy, which should be compared with the £3.5 billion bank bonus last year, and with £100 million being given back through cuts in corporation tax. At a time when the banks should be putting more in to atone for the situation we are in and to help the engine of the economy, the Government are allowing them to take more out. That does not seem fair to me, and it does not seem fair to the people I represent.

Mr Kevan Jones: Does my hon. Friend agree that it is an absolute disgrace not only that those involved directly in the big five banks are earning such bonuses, but that those who have earned a lot of money from the misery that has been caused over the past few years are also doing so, including those companies that offer advice, such as Goldman Sachs, whose average bonus is about £270,000 per individual?

Nic Dakin: My hon. Friend draws attention to another interesting area where we would wish the Government to apply their imagination and attention to try to get more money back for the taxpayer so that it can be invested in the economy, in public services and in growth, the engines that would drive us forward. This is a no-mandate Government. A year ago there was clearly no mandate for what they are doing. They are taking their approach to bankers' bonuses even though there is a clear mandate from the population—one of the few that exists—for cracking on, getting on top of bankers' bonuses and ensuring that they play their part in reinvigorating the British economy. Where there is a mandate, the Government fail to act and give a dividend to bankers instead of a tax. There is no mandate for the things the Government are doing, such as the NHS reorganisation.

Jeremy Corbyn: My hon. Friend seems to have skated over the point that the majority of the banks are actually state owned, or have a majority state shareholding. Surely it is incumbent on the Government to intervene, either by appointing their own directors or sending directives to the banks on how they should behave, rather than pretending that it is nothing to do with them even though the banks are already publicly owned.

Nic Dakin: I thank my hon. Friend for his intervention about intervention. More intervention is needed from the Government, who have a stake in the banks. In fact, it is taxpayers and the public we serve who have that stake in the banks. He is quite right that the Government should be exercised about how they get the benefit back to the British people.

Mr Love: Have the Government not failed lamentably? If we look at Project Merlin, where they intervened with the banks on bonuses and on lending to small businesses, we can see the bonuses that are likely to be given this year and the fact that the Government have failed lamentably to deliver finance for small businesses in this country. They simply are not working.

Nic Dakin: I thank my hon. Friend for that observation. Project Merlin's record is a sorry tale so far. We see a failure to deliver on bankers' bonuses and a failure to reinvest the taxation from them in the economy. He is right that the record on lending to small and medium-sized enterprises is woeful. Small and medium-sized enterprises, as I think all Members recognise, are the lifeblood and the engine of our economy, and he is completely right to underline that point.

Stephen Pound: My hon. Friend refers to taxation arising from bankers' bonuses flowing back into the economy. Would that that were so. Does he not agree that the ingenuity, skill and—I dare say—avarice of the average banker is best demonstrated by their ability to defer tax liability, so that the money, rather than coming back, tends to fructify in their pockets?

Nic Dakin: I thank my hon. Friend for his intervention. Clearly, the amendment aims to provoke a review of how we best ensure that bankers' bonuses are taxed efficiently and effectively, rather than ineffectively, as the Government are currently, which is always a danger unless we are vigilant, as my hon. Friend suggests.

Helen Goodman: I shall of course vote for the amendment this evening, but it does raise the question of whether it ought to be the Chancellor who reviews the bank levy or, because of the serious problems in the way in which the Government have handled it, the Public Accounts Committee.

Nic Dakin: My hon. Friend makes an interesting and valid point, but amendment 9 proposes specifically that:

"The Chancellor shall review the bank levy and publish a report, before 31 December 2011, on—

(a) the Government's analysis behind the rate and threshold chosen for the bank levy;

(b) the adequacy of the bank levy in the context of other reforms to the wider banking system; and

(c) the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17.'."

That is what we are debating today, although my hon. Friend makes a good point.

Mr David Ward (Bradford East) (LD): On the hon. Gentleman's point about the mandate, presumably if Labour had got 3% or 4% more in the vote and a majority of 60 or 70 seats on 35%, he would have considered that to be a mandate to do whatever Labour wanted to do?

The Temporary Chair (Mr James Gray): Order. That has absolutely nothing to do with the amendment we are discussing.

Nic Dakin: Thank you, Mr Gray, although I think that the hon. Gentleman was reminding me of the part in my speech in which I referred to mandates, as it was important to reiterate that the Government have no mandate for the NHS reorganisation, for police cuts, for the VAT rise, for abolishing the future jobs fund or for trebling tuition fees, and they certainly have no mandate for cutting too fast and too deep. However, they do have a mandate for listening to the amendment we are considering today on the bank levy. There absolutely is a mandate for the bank levy.

Mr Ward: This point has occurred so many times, so can we pick this one off? The figure of £3.9 million is certainly bigger than £2.5 million, but £3.9 million for one year is surely smaller than £2.5 billion for four years. How on earth can this be a cut in the banking levy?

Nic Dakin: I thank the hon. Gentleman for his intervention. We are arguing that because of the fragility of the recovery, it is time to repeat the bank bonus tax. The Government should make their decisions now when they are not constrained. The decision now should be to repeat the bank bonus tax and increase the bank levy year on year, rather than leaving it static. That is what this review of the bank levy would allow us to establish, and that would produce an additional income, he will be pleased to hear, of at least £2 billion in each year of this Administration. That additional £2 billion could be used by the Government on behalf of the British people, the taxpayers and, indeed, the shareholders of these companies.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Would my hon. Friend be surprised to hear that the hon. Member for Bradford East (Mr Ward) was in Westminster Hall this morning, alongside many other Members, seeking additional funding for ESOL—English for speakers of other languages—training? My hon. Friend is giving a solution that would allow the Government to provide that additional funding, which would produce growth in the economy, rather than the shrinkage we are seeing promoted by the coalition Government.

Nic Dakin: I thank my hon. Friend for his intervention. The review of the bank levy, which is at the heart of the amendment, would allow the Government to look at the sorts of things that that money could be spent on. It could be used for a youth jobs fund, for putting £25 million into new homes or for providing the regional growth fund with an additional £200 million. My hon. Friend the Member for Nottingham East (Chris Leslie) has already explored those issues in some detail.

7 pm

There is a lot at stake in this proposal to review the bank levy and to publish a report before 31 December. Such a review and report would be the intelligent way forward, the intelligent government that the British people would expect and hope us to deliver, because reviewing the bank levy and producing an appropriate report would allow a full examination of whether those moneys are available to allow us to do such things, whether they be ESOL training, a youth jobs fund, more money for economic development or whatever. There is an opportunity here, which I hope the Committee will not miss.

Stella Creasy: It is a pleasure to follow my hon. Friend the Member for Scunthorpe (Nic Dakin) and his eloquent description of the problems facing us as a country. I rise to speak to clause 72 and amendment 9 because this debate is about the bank levy and whether it is being applied in the right way and to the correct extent.

I support the amendment, because it seeks to address the challenges of any new legislation and answer the question of how we as a Parliament ensure that the legislation that we pass is effective at doing what we want it to do. The amendment would meet the challenge of asking whether bankers pay their fair share of the cost of dealing with the global financial crisis, just as we as taxpayers have paid more than our fair share, some might say, in trying to support them. That goes to the heart of today's debate about clause 72 and what the Bill will do for the financial future of this country, so I support the amendment because it highlights the need to address the adequacy of the bank levy.

I also pose a wider question about how the clause will work to ensure that all those who have benefited and, indeed, continue to benefit from the financial crisis that this country has endured pay their fair share in helping the economy out of recession and back into growth, not least because I am deeply concerned, as many Members know, about this Government's policy of reducing the national debt by increasing private household debt, and about what that might mean for many of our constituents.

I spoke at length on Second Reading last week about the impact of that policy on families throughout the country, and I do not propose to repeat the measures that I put forward, but, on the adequacy of the bank levy, the clause makes an omission that I hope the amendment will address. High-cost lenders are benefiting disproportionately from the impact of the Budget on our people, and from the fact that mainstream lenders are not lending because of banks paying out more in bonuses than they do to the people of this country, who need that money. Indeed, perhaps the omission calls for

[Stella Creasy]

a new clause to deal with that issue and, therefore, to make sure that that money benefits our economy.

The industry has certainly benefited greatly from this Government and from the events of the last year alone. Of the £216 billion of unsecured lending in this country, £8.5 billion comes from that market, which has increased by £1 billion in the past year, and £8.5 billion is the same amount of money that it would cost to repair all the schools in England—a cause dear to many Opposition Members. It is also the entire budget of the Department for International Development; we are talking about a substantial amount. The market is growing not least because of the lack of regulation—the lack of Government action to deal with the high-cost credit industry—and the amendment could deal with that omission.

Mike Gapes (Ilford South) (Lab/Co-op): My hon. Friend refers to schools, and she knows from her constituency and borough how the coalition parties' drastic, ruthless and unplanned cuts to Building Schools for the Future have caused great grief to her constituents, yet she says that they could have been compensated for by the measures to which she has just referred—

The Temporary Chair (Mr James Gray): Order. I have been quite generous so far in not picking up hon. Members on what they have said, but we have to focus on the bank levy, how much it should be and whether it should be reviewed annually. Debating the way in which the Government might spend the proceeds from any such levy is not in order during discussion of this amendment.

Stella Creasy: Thank you, Mr Gray. I appreciate very much the passion with which my hon. Friend the Member for Ilford South (Mike Gapes) expresses his concern about BSF, which is a sentiment that I share, but I take the Chair's point, and the bank levy is exactly what I want to speak to. I am concerned, because it offers an opportunity to deal with the challenges to our economy, and therefore the Bill should be amended by amendment 9.

I return to the case that I am trying to make about the high-cost credit market in the UK and its impact. It is precisely because the market has not been subject to any regulation, which could be introduced under the amendment, that we have seen a massive explosion in payday lending—a quadrupling of the industry in the past 18 months alone.

Dollar Financial, which Members may know better as The Money Shop, has already stated that the lack of regulation here brought it to the UK. The company had one store in the country in 1992, 273 by 2009, and it has announced plans for a further 800 this year alone as a result of that lack of regulation.

The question of adequacy, which the amendment raises, includes how those companies act—certainly, that is how I interpret it—and the opportunity that the levy and its review could provide for dealing with the impact of their actions on consumers in the UK. By using the review, we could ask whether the levy might be applied in such a way as to deter consumer detriment.

Jeremy Corbyn: I pay great tribute to my hon. Friend for her work on those scoundrels who lend money at huge rates of interest. What she has done is very welcome. Does she also consider it important that the bank levy be used beneficially to promote and to develop credit unions, which provide a decent system, help people when they are desperate, do not charge them excessive interest and are democratically run? They seem to me to be a beneficial service all round which should be encouraged.

Stella Creasy: My hon. Friend hits the nail on the head, because proposed paragraph (b) of amendment 9 talks about wider reform of our banking system. Many Opposition Members have called for action on access to affordable credit, but this is not just about credit unions; it is about the schemes that housing associations have put forward. In that context, I register my disgust at the fact that a housing association was recently taken to the Advertising Standards Authority by The Money Shop for daring to point out to their tenants the cost of borrowing from such companies—and was, indeed, censured.

The question of how we deal with banking reform, so that everybody can access affordable credit and there is not a new dividing line in our communities between those who can get on in life and families who are scarred with debt for generations, is a key concern for me, and many Opposition Members are concerned about what the Bill and the amendments can do to promote such measures.

Barry Gardiner: I welcome all the energy and work that my hon. Friend has put into that subject. Does she share my disgust at the fact that, here we are, debating an issue that affects literally hundreds of thousands of our constituents and, in terms of bankers' bonuses, dealing with one of the biggest issues before the public, yet there are precisely two people sitting on the Conservative Benches?

Stella Creasy: My hon. Friend makes a good point about the importance of this Bill putting first the needs of this country and, therefore, about the importance that others attach to it. I hope that we have support from members in all parts of the House for the need to act on the high-cost credit market. There has certainly been support among Government Back Benchers; noticeably, however, Government Front Benchers have so far reacted with negativity to that support. I hope that they will change their minds, given the possibilities that we have through the Bill, the amendment and, indeed, the regulatory measures being considered to make progress on an issue that concerns many Members. Our concerns are about a number of products—I want to put on record what we are talking about—and the lack of action on such products in contrast to dealing with the bank levy and whether it is applied appropriately.

First, there are payday loans. Many people will be familiar with the concept of a short-term loan, and given that almost half of households cannot make their pay cheques last to the end of the month, it is no surprise that almost one third of households are now considering such products. Interest rates on such loans include one from a company called Oakam, of about 443%; and many people will be familiar with Wonga, whose rates are more at the 4,000% level. We are also

talking about the home credit industry and companies such as Provident. Many people will be familiar with Provident going from door to door in their communities lending money to people at interest rates of, say, 272%. That means that if someone borrows just £300 from the company—perhaps to buy a new sofa or TV, or to fix a washing machine or a boiler that has gone wrong over the winter—that will cost them £546.

Were we to use this amendment and the opportunity of the bank levy to deal with some of these problems and with the actions of some of these companies, we would be encouraging the Government to look at the concept of adequacy and consider some of the issues in that market. First, there is the lack of competition in providing credit to those who are denied mainstream credit. That is embodied in the fact that there is no innovation in these products; they are very similar. There is therefore a great contrast with people who are able to borrow from mainstream creditors. Many people will be familiar with mainstream banks offering preferential rates and loyalty schemes to customers who they want to hold on to because they know that they have alternative sources of credit. We could apply the bank levy to the question of adequacy and ask whether these companies are acting in a way that is detrimental to consumers and whether the lack of competition is detrimental to consumers and to our economy. Many people have expressed concern that our banking industry is already overloaded, which requires more competition. I would argue that there needs to be more competition in lending to people who cannot access mainstream credit, and this is one way in which we could achieve that.

A quarter of the customers who use high-cost-credit companies cannot borrow from other lenders. As a consequence, they do not build up the evidence of being good borrowers that would allow them to use mainstream sources of credit. These companies do not share information on their customers, making it incredibly difficult for customers to prove that they could use more mainstream sources of credit. The question of adequacy could also be applied to companies' use of rollovers and stepping up of loans, which means that borrowers are stuck with using them. In particular, because they often lend only small amounts of money to begin with—

The Temporary Chair (Mr James Gray): Order. The hon. Lady is making a passionate point, but it is associated only very loosely with amendment 9 to clause 72, so I wonder whether she could bring herself back to the matter that we are discussing.

Stella Creasy: I apologise to the Chair if I am not being clear, but I see this in the context of paragraph (b) of the amendment on the wider regulation of the banking system, and the importance of trying to use the opportunity that the bank levy presents to effect a positive impact on the way in which money is lent to those on low incomes.

John McDonnell: My hon. Friend has campaigned on this issue for a considerable period. Is it not true that the bank levy could be used as a lever to prise these other reforms out of the overall system?

Stella Creasy: My hon. Friend is absolutely correct. This is born out of my frustration at the fact that the Government have so far refused even to contemplate taking action. I hope that this time round the Treasury team will seriously consider how the bank levy could be used to effect such action. The concept of adequacy in the amendment offers us an opportunity to ask whether the bank levy is being levied in a way that deals with high-cost credit and its impact. This debate has been about the appropriate level of the levy and its impact on banks, and I would argue that it could be extended to an appropriate levy on high-cost credit industries. We could then look at the way in which such companies pass on their costs to consumers who are particularly struggling in the economic conditions that we face. As Debt on our Doorstep points out, the fixed costs of lending in the home credit industry represent about 15% of revenues, yet the cost of borrowing from such companies is £82 in collection charges for every £100 lent. It is therefore no surprise that their profits have gone up by 40% in the past year as the lack of regulation in the industry allows them to run riot in our local communities.

There is broad agreement on the need to act on the impact of these companies, and the clause could be amended and applied in such a way as to enable that to happen. Citizens Advice has argued that the Government should not use the need for regulation of the financial sector as a cover for failing to act in these markets, as has the Centre for Responsible Credit—and as have many Ministers. I urge Ministers to talk to colleagues who, prior to 2010, advocated caps on the cost of interest rates. The Minister with responsibility for consumer affairs was very supportive at that time, but he seems to have changed his mind. *[Interruption.]* I agree entirely with the suggestion that perhaps that is yet another broken promise. We are talking about the 5 million to 7 million people in our communities who are affected by not being able to access mainstream credit and who are forced to use such companies. The bank levy gives us the opportunity to send a strong message to those companies that the way in which they act is deleterious to our communities and to our economy as more people are stuck in debt.

Mr Ward: We have heard numerous calls for the additional bank levy that the hon. Lady supports, involving a couple of million pounds, I understand. The hon. Member for Ilford South (Mike Gapes) wanted it spent on the Building Schools for the Future programme, which would have blown the full amount. Does she support its use for BSF or would she like it all to be allocated to the very important cause that she is propounding?

7.15 pm

Stella Creasy: The hon. Gentleman appears to be arguing that the money that would be raised by the bank levy should be given to the high-cost credit industry. Far be it from me to suggest that he wants to support those kinds of businesses. I know that some Liberal Democrat Members have been very supportive of these companies—mistakenly, because if they were to talk to the local communities affected by them, they would realise how damaging they are.

Let me be very clear: I am arguing for the ability of the Government to review the bank levy and for a review to consider whether it could be applied in such a way as to discourage lending that is detrimental to consumers. I have firmly in my sights the high-cost

[Stella Creasy]

credit industry and the detriment that it causes to our local communities. I hope that Ministers will accept the amendment and explore whether the bank levy could be used to act as a positive behavioural challenge on these companies, because that would benefit many people in our country. I do not want to see investment in the high-cost credit industry, and I am sure that the hon. Member for Bradford East (Mr Ward) did not mean to suggest that, but I do want to see action on it, and I know that I am not alone in this House in hoping for that.

If the Government will not accept the amendment, I will table more amendments and keep pressing this issue, and I hope that other Members will join me in support. The Minister is shaking his head. I hope that he has spoken to the many Members on his own Benches who do not shake their heads and walk on by as people are preyed on by these companies. I spent yesterday with 900 members of London Citizens Black Clergy Caucus, who will be seeking urgent meetings with the Ministers responsible. Ministers may think they can ignore me or ignore Labour Members, but I hope that they will not ignore the millions of people who are struggling to pay their bills and make ends meet, and for whom these companies are increasingly the only option. Regulation has worked effectively in other countries, and it could be achieved through this Bill. I hope that the Minister will look at the case seriously and not dismiss it out of hand as he appears to be doing.

Barry Gardiner: It seems to me that when it comes to bonuses, the clue is in the word. If one looks at the etymology, the word "bonus" comes from the Latin: it means "good". In fact, it should be "bonum", as with "maximum", "minimum" and "premium", so that we had "bonum" and "bona", but let us leave that aside. The bonus culture in the banks is supposed to be for something good—for good performance—and yet, certainly within the banks that are largely owned by the public, these bonuses are being given almost uniformly for bad performances: they are "malum", not "bonum". It is really quite ridiculous that these bonuses should be paid and that the Government should be proposing to levy such a low rate against them.

The right hon. Member for Wokingham (Mr Redwood) gave us a bit of the history of how the recession had come about and the context in which these bonuses were being paid. Interestingly, however, his history stopped in 2006 or 2007, when he published a paper about the regulatory regime and the need for tighter regulation. To find out the true history of this, one has to go back to a time before 2006 and 2007, and beyond this country, to look at the sub-prime market in the United States in 2000. At that time, the proportion of mortgages in the United States that were lent to sub-prime borrowers was just 5%. Between 2000 and 2005, that increased to 47%. That meant that by 2005, 45% of mortgages in the US were in arrears by two months, or more than 60 days. That is the origin of the problem.

Much has been said by Government Members to try to set the recession in context. For months, they have said that it was because of the Labour Government's disastrous economic management. Of course, the context for it is in the United States, where what happened with Fannie Mae and Freddie Mac, the two major mortgage-lending institutions, was the beginning of the collapse of what had been a virtuous circle, and what became a vicious one. Those institutions could not lend because they were not getting revenues in, which was because people with mortgages were more than two months in arrears. That meant that there was a drying up of credit in the system in the United States.

One of my hon. Friends—I cannot remember who—mentioned the role played by the rating agencies. The way in which the situation impacted more widely on the economy, first in the United States and subsequently elsewhere, was through the securitisation of mortgages into bundles to create revenue streams for companies and, indeed, for financial institutions.

Andrew Gwynne: My hon. Friend is making a perfectly good point about the historical context of the global downturn. Is it not the case that the bubble burst because financial institutions across the globe were not certain about the packages that they had bought, because of the unpicking of those packages, and because of the percentages of those packages that were made up of bad debt?

Barry Gardiner: My hon. Friend is right, but perhaps he has missed a further element of that toxic mix. That is not the role of the rating agencies, although they played their part in bundling up sub-prime mortgages. In order to securitise them into revenue streams for companies, they had looked at the historical rate of default in the sub-prime sector in 2000, when only 5% of the market was being sold to sub-prime borrowers, not in 2005, when the figure was 47%. The effect was that many companies had security streams that were not very secure. The piece of the toxic mix that we need to introduce is the way in which hedge funds brought to bear their financial might.

The Temporary Chair (Mr James Gray) *rose—*

Barry Gardiner: I give way to Mr Gray.

The Temporary Chair: Order. The hon. Gentleman is not giving way to the Chair, but resuming his seat. He is giving an interesting explanation of the causes of the banking crisis. He must relate his point to amendment 9, which we are discussing, rather than dilating more generally on the subject.

Barry Gardiner: Of course I wish to abide by your ruling, Mr Gray. I am referring to earlier comments in the debate, which I am sure you heard, from the right hon. Member for Wokingham, who was not ruled out of order. He gave an interesting explanation of the history of what we are discussing.

The Temporary Chair: Order. I was not in the Chair at that time. It seems to me important that we relate the debate to what we are supposed to be debating, namely amendment 9. I am not aware of what happened previously, but I suggest that the hon. Gentleman relates his comments directly to the amendment.

Barry Gardiner: I am very happy to do so, Mr Gray. We are talking about a bank levy, and amendment 9 refers to

"the Government's analysis behind the rate and threshold chosen for the bank levy".

It seems to me that if one is to perform an analysis of the rate and threshold chosen, one has to understand how these things came about and the historical context. More importantly, one has to understand the regulatory context and what went wrong in the regulatory system. Much of the debate has been about that regulatory structure. I am seeking to address subsection (2)(a) proposed in the amendment. That is exactly the import of my remarks.

As the hedge funds brought their pressure to bear, they identified the problem of the companies' overvaluation in the market. They saw that the structure of the bundled streams of security was not providing the security to the companies that the market believed it was providing. The hedge funds then short sold on those companies. That was an important regulatory failure. There was no uptake rule and no clear limit on the arbitrage window that was allowed for trading on such shares, so the short selling allowed the hedge funds to beat down the value of those financial institutions in such a way that there was a precipitation of the collapse of the credit that could flow through the financial institutions, which infected all the other companies in the stock exchange. That is how the situation became a global crisis.

In addressing the analysis that the amendment asks the Government to engage in, I urge them to take seriously the regulatory failings at that time. *[Interruption.]* The Financial Secretary says from a sedentary position that those were the mistakes of the previous Government. What I am pointing out to him is that they were not simply mistakes made by the previous Government, but mistakes that were made on a global scale. The financial crisis started in the sub-prime market in the US, and that infected the global markets. The reason that it took hold in the UK, to the detriment of this country, was that we had placed an over-reliance on the financial markets and the financial sector as opposed to manufacturing and industry.

Mr Kevan Jones: Does my hon. Friend agree that if we had listened to those on the Conservative Front Bench, including the Chancellor of the Exchequer, who did not want to intervene in Northern Rock and wanted to let banks go bust, the banking crisis in this country would have—*[Interruption.]* The Economic Secretary chunters from a sedentary position, but what I am saying was said by the—*[Interruption.]* She can keep chuntering, but the truth hurts. The fact of the matter is that if we had listened to the Chancellor—

The Economic Secretary to the Treasury (Justine Greening) *rose*—

Mr Jones: You cannot intervene on an intervention. I am going on because the Economic Secretary has been wittering on for so long.

The Temporary Chair (Mr James Gray): Order. Interventions must be short. The tenor of the debate is moving widely away from the amendment that we are supposed to be discussing. The amendment is about the bank levy, the way in which it is raised and the way in which it affects the wider banking sector. I accept that there is a point about that, but we must return to our consideration of the amendment, rather than having such a wide discussion.

Barry Gardiner: I am of course always happy to abide by your ruling, Mr Gray, so I will move on to focus on the adequacy of the bank levy in the context of other reforms to the wider banking system. It is clear that those other reforms are necessary. We can debate the history at length, and we may take different lessons from that history about the type of regulatory reform that we wish to see, but I want to focus on the adequacy of the levy.

7.30 pm

My hon. Friend the Member for Nottingham East (Chris Leslie) sought to contrast the payments that bankers would be receiving this year—the million pound-plus bonuses—with the situation of ordinary working families in this country, many of whom are seeing their own financial position severely worsened or are losing their jobs or benefits. He expanded on the modest emoluments that those people would receive this year.

However, the force of our argument is not just the contrast between the difficult situation of those people and the greed at the other end of the scale. It comes from the fact that there is a direct causal relationship between the two—the bankers are the ones who have caused the misery that our constituents will be enduring. More than that, the funds from the bank levy—the funds that are being paid in bonuses, from which we would seek to extract more for the Exchequer—could be better spent in tackling the problem in the other dimension. Instead of considering the matter from the point of view of its inequity, we should consider it in the context of achieving a resolution to the deficit crisis. That resolution can come through growth and through the spending of these resources in ways such as my hon. Friend the Member for Scunthorpe (Nic Dakin) explained clearly. We want the Government to accept the amendment, so that we can consider the adequacy of the bank levy in the context of other reforms to the banking system. We want a policy that is for growth in the economy, not simply one that is for taxes.

Mr Love: Is it not also the case that the taxpayer has given the banking system an unlimited guarantee, and that according to the Bank of England, we are subsidising the banks to the tune of about £100 billion a year? Yet even with all that support, they still demand that they should be able to pay massive bonuses.

Barry Gardiner: Indeed. The support that the country has given the banks is perfectly right, in my view. I disagree with the right hon. Member for Wokingham on the matter. He said that he would not have bailed out the banks at all. His position was very clear—he takes a very hard monetarist line and says that if the banks fail, they fail. Labour Members believe that the consequences of that failure cannot simply be ignored.

Mr Kevan Jones: Is that not exactly the line that the Chancellor took when he was shadow Chancellor? He argued that intervention was not important in the case of Northern Rock, for example. If we had followed what he suggested and had less regulation of the banking system, we would have been in a worse situation than we are now.

Barry Gardiner: My hon. Friend is absolutely right. To give the right hon. Member for Wokingham his due, he did distinguish his own position on the issue from

[Barry Gardiner]

that of his party's Front Benchers. Both would have failed to support Northern Rock, the consequences of which would have been disastrous for savers, but the right hon. Gentleman would have gone further. He would have stopped any support for the wider banking system, including for Halifax, the Royal Bank of Scotland and Lloyds. There we see the consequences of policies that had their origin in "There's no such thing as society." Only if someone does not pay regard to society can they adopt such a hard-line position, because it ignores the consequences of failure and the effect on ordinary human beings—not just savers but, as he said, investors. The structural consequences of the failure would have been economically disastrous for this country.

Andrew Gwynne: Is it not also the case that the banking system is getting the best of both worlds? Over the past few years it has received very substantial support for the taxpayer, but at the same time as paying itself ever-increasing bonuses it is refusing to invest in local companies and valid business propositions in all our constituencies, thus hampering economic growth across the country. Is it not right that the bank levy is introduced for a second year and beyond through the reviews suggested in the amendment, so that we can get that growth back into the economy?

Barry Gardiner: My hon. Friend makes an excellent point in contrasting the lending policies of the banks with the bonuses that they seek to pay, particularly to their higher-end staff. The Government have to be much clearer in the regulatory demands that they impose on the banks, because they are speaking with forked tongue. On one hand, they are insisting that there is tighter regulation and that there is a regime to ensure that there are adequate reserves and far more stringency in the banks' investment policies. On the other hand, they are on the side of business, urging the banks to lend more money. It is not possible for them to have it both ways, and we must not fall into that trap either. Either the Government have to say, "We want tighter regulation, and to hell with small business", or they have to say, "No, we want small businesses to thrive, because we want growth in the economy", in which case the regulatory regime for banks has to allow for that.

That does not affect my hon. Friend's point, because he is absolutely right to contrast the bonus structure with the banks' lending policy. The bankers expect the situation to be all good for them, but it is not so good when they are dishing out the money at the other end.

Andrew Gwynne: My hon. Friend is exactly right. Is not the real problem that we are actually getting neither of the things that he mentions? We are getting neither effective regulation of the banks nor money flowing into small and medium-sized enterprises.

Barry Gardiner: That is the sad fact of our situation. I am sure that all of us, as constituency MPs, have business people coming to us saying that they cannot get credit. Indeed, many successful businesses that have had no change in their circumstances are suddenly being told by their banks that their credit facilities are no longer there. The banks are unilaterally changing the terms of those facilities, and the Government must do something about that. They cannot on one hand let the banks off with a £20 billion tax allowance for bonuses and, on the other hand, say that they do not have to ensure that they are lending to small businesses.

The difference between Opposition and Government Members goes right to the heart of whether we believe that the most important thing to do is to get growth back into the economy, get money flowing into small businesses and pay people a decent wage rather than make them redundant—that means that their spending on goods and services does not contract, and they spend money on brown goods and white goods and generate wealth and jobs in the economy, so that we grow our way through the problems—or whether we believe that we have simply to cut, cut, cut the public sector and pay, pay, pay the bankers' bonuses.

John McDonnell: I would welcome the amendment because I think it is time to stand back and review the future role of levies. The amendment seeks to prise out the Government's analysis regarding the rate and the threshold of the levy, but it also gives us the opportunity to debate the overall adequacy of a levy and its role in the economic situation that we face.

I echo the right hon. Member for Wokingham (Mr Redwood) in saying that the world has moved on and the role of bank levies is different now. The first early-day motion on this matter, tabled by my hon. Friend the Member for Islington North (Jeremy Corbyn) and I eight years ago, in advance of the crisis, related specifically to the profligacy of the banks in their distribution of bonuses. We gained the support of 40 Members of the House. At that stage, the role of the proposed levy was fairly clear cut and straightforward: it was to act as a disincentive to the payment of such obscene bonuses, as others have described them.

Then, economic crisis hit us. The first sign was Northern Rock. I remember being in the Chamber when we exposed the role of Granite in Northern Rock and the tax fiddles, avoidance and evasion—whatever we want to call it—that were taking place. We called for the Government to use public ownership to nationalise and stabilise the banking system, but we added to that a call for the maintenance of a levy system, because we wanted to prevent a recurrence of the bankers' bonuses during a period of recession caused by their profligacy.

As the right hon. Member for Wokingham said, the world has moved on, and we now have a bizarre situation. Yes, a levy on privately owned banks that are making profits and paying large bonuses is relevant, but introducing a levy on publicly owned banks is bizarre—it is a circular form of taxation—which is why the review proposed in the amendment is important. Surely if we own banks, we should end such bonuses by diktat and enforce reasonable lending using our management control. I hope that the review will examine the adequacy of future bank levy arrangements.

I compliment a number of my hon. Friends who have spoken in this debate, none more passionately than my hon. Friend the Member for Wansbeck (Ian Lavery), who reflected the climate of anger in which this debate takes place. There is anger about how individuals have been treated by the banks, but also anger about the impact of the banks on the overall economy. The impact has also been felt by families in the loss of jobs and cuts in services. If we are to have a review of the bank levy, I

would welcome a commitment to absolute openness and transparency about the nature of the banks' current operations. Many people are bewildered by the banks' lack of adherence to the exhortations of successive Governments on the role that they should play, particularly in lending and long-term investment.

I welcome the proposed production of a report, but I would prefer it to be published earlier. The amendment proposes a deadline of "before 31 December 2011", but I would want the report no later than the autumn, because I believe we need a tighter analysis and review regime for the banks.

I am no longer sure that the Government know what the levy is meant to achieve; they are certainly not clear on the appropriate rate, or even to whom and what the levy should apply. The previous Chancellor's levy was clearly a bonus tax: it was an attempt to influence the behaviour of the banks and to end the remuneration system that encouraged reckless behaviour and the taking of excessive risk. The objective was also to raise income, although that was not the stated primary aim. Bizarrely—this is why I admitted an error earlier—the levy failed to influence behaviour, because the bonuses continued, but at the same time it was extremely successful at raising income. In fact, it was seven times more successful than was originally predicted. As I said, the original prediction was that it would to reap £500 million, but £3.5 billion was gained.

7.45 pm

The review is important because when the current Chancellor was asked what the role of the proposed levy is, he replied that it was a lump-sum tax, or simply an aimed-for sum. However, that sum has changed as the rate has metamorphosed over the past year. On at least six occasions, there have been changes in the rate calculated, and therefore in the estimated amount to be gained. Why is the levy set at the level the Government propose? They have given us no clear understanding of that tonight. All we know, from various media reports, is that the bankers have laughed all the way to their banks. The tax take has been described as "relatively insignificant". A number of commentators, some of whom appeared before the Treasury Committee, described the levy as generous, and others have described it as an easy ride for the banks. If the levy were set purely to generate a lump-sum tax take, why at that level? Why not double, triple or quadruple that level? I fail to see what analysis of the estimate has been made. In fact, so far, the Government have published no independent analysis that would allow the House to understand the rationale for the estimated take.

Mr Kevan Jones: Does my hon. Friend agree that if the levy was designed to change the behaviour of bankers, it has failed? Barclays, for example, paid more than £110 million to five of its top bankers.

John McDonnell: I agree with my hon. Friend, but I will come to that point later. The way in which the banks have continued their profligate distribution of bonuses looks like them cocking a snook at the Government and the level at which the levy has been set.

When the Chancellor appeared before the Treasury Committee, he advanced two arguments on how the levy was constructed. First, he argued that the levy was based on the price of the insurance that the Government and the taxpayer now implicitly offer for the wholesale funding of the banks; the levy is therefore a tax on the wholesale funding of banks' operations. However, a calculation of the appropriate insurance for that scale of banking insurance, which could surely be done, would show that that sum is significantly more than the current bank levy proposal would raise.

The Chancellor's second argument was that the levy was in the interests of equity: the banking sector, as well as the rest of us, should make a contribution to resolving the economic crisis. However, the amount that the bankers are being asked to provide to help to tackle the crisis that they created is piffling in comparison with the damage caused to our wider society, and minute in comparison with the burden that is being carried by others in terms of job losses and services cuts. Whole communities now face significant suffering and deprivation.

The Chancellor himself admitted that the targeted revenue sum was "relatively small" because, he argued, it balanced fairness with competitiveness, yet no study has been published and no evidence has been produced on the impact on banking competitiveness of varying the levy. Like my hon. Friend the Member for Nottingham East (Chris Leslie), I want to know what independent assessments have been made of the balance between fairness and competitiveness and how the calculation was arrived at. I agree with my hon. Friend the Member for Edmonton (Mr Love), who said that the measure throws the Government's commitment to tax simplicity out the window. The taxation system on this issue is now more complex than any other point of taxation in the tax book, so I endorse the questions about how HMRC, with its current staffing cuts, can cope with the implementation of the levy. I would also welcome the Government publishing the consultation on the assessment of the amount of tax take from the proposed levy, because it looks like consultation was either non-existent or fairly minimal.

The amendment would require the report to consider "the adequacy of the bank levy in the context of other reforms". Our understanding is that the levy was set to assist the implementation of the Merlin agreement and to ensure that the banks had a lending strategy to help get the economy moving and out of recession. As others have said, the levy must be set so as to ensure a continued influence on banks' behaviour in relation to remuneration and bonuses. While promoting the bank levy, the Prime Minister and Chancellor exhorted bankers to show restraint. Is the levy set at the right level to ensure that the other reforms linked to it are completed and adhered to?

Ian Mearns (Gateshead) (Lab): The evidence of our eyes and ears of the relationship in recent months between the Chancellor and the Prime Minister and the bankers is that there has been one word from the Chancellor and another word from the Prime Minister, and the banks have continued to do exactly what they want.

John McDonnell: That is exactly my point. It might be that the levy is being set in relation to other banking reforms, particularly those on bonuses and remuneration, but not only have we seen the complete disregard of the Chancellor's and Prime Minister's exhortations, with bonuses continuing at a very high level, but we have

[John McDonnell]

seen, as another Member said, a diversion into other forms of remuneration and salary increases. That is almost an abuse of the system as set out in the Government's proposals.

If the debate is about the adequacy of the levy, and in view of the fact that in spite of the Government having set down a marker in the proposals, bonuses have continued and remuneration has increased, can the Government not support the amendment? If the review reported at least by December—I would prefer the autumn—we could consider increasing the levy to ensure adherence to the wider banking reform proposals the Government want implemented. It is clear from the evidence produced today that the banks need a continuing threat—a sword of Damocles—hanging over their heads, if we are to get any change in the bonuses and remuneration that are so offensive to all our constituents suffering in the recession.

It might be that the levy was set so that the Merlin agreement could become fully operable and lending might start in earnest again. As my hon. Friend the Member for Nottingham East noted, however, so far all the indications are that the revival of lending has not taken place. The Government's proposals therefore warrant a review at the earliest stage, because even now, while they are still being implemented, they are not working. The evidence for that is all around us. It is clear now—this is why the review is so important—that the levy has become almost irrelevant to the real issues of capitalisation and regulation.

Mr Love: I agree with my hon. Friend about the review's importance. On the one side, bankers are telling us that they are lending money and that money is available to lend; on the other side, we have small business organisations united in saying not only that money is not available, but that the terms on which it would be made available are so onerous as to make it impossible for them to take out a loan. The review could resolve who is right and who is wrong.

John McDonnell: The review would certainly test the adequacy of the levy as an instrument for influencing banks' behaviour, which I believe is its purpose. However, the problem is not just the lack of lending; it is the continuing profiteering in the mainstream banking system—let alone the shadow banking system that my hon. Friend the Member for Walthamstow (Stella Creasy) has been so assiduous in exposing. In the main Budget debate, I highlighted some of the interest charges being made. A report by Moneyfacts last August showed that the profit margins enjoyed by the banks on fixed-rate deals are the highest since 1988, and that the average interest rate on personal loans was 12.6%, which at 12.1% over the base rate is an all-time high. So far, the threat of the levy has done absolutely nothing to change banks' behaviour in any aspect, whether remuneration, bonuses or lending. We are in danger of allowing the banks not merely to return to business as normal, but to get even worse. Even those in public ownership are out of public control. I find that extraordinary.

The review must take place in the context of other attempts, such as the Basel discussions, to restrain or control banks' behaviour. Basel II seems to let the banks off the hook on a range of issues, from remuneration to capital ratios. The levy is meant to come in the context of the reforms the Government are engaging in nationally and internationally, but the *Financial Times* reported today that discussions about global standards on bank lending risks are not moving towards an agreement, so now we are not even moving forward in capital ratio discussions.

We need to consider the levy in the context of the banks' role overall and the anger in our wider communities. Many believe—rightly—that the banks played the key role in creating the recession, and now, if we are not careful, by not lending or engaging in economic growth, they will play a role if not in tipping the economy into a double-dip recession, at least in leaving the economy to scrape along the bottom of economic activity. I have referred before to the words of Graham Turner, from the Left Economics Advisory Panel. He works in the City and is an expert on what happened in Japan. We face the prospect of a long, low-level, depressed, deflationary spiral if we do not use the levy to stimulate the banks into playing a responsible role within our economy.

We will come out of recession only through an astute mix of fiscal and monetary policy. In the 1930s—this is the whole point about Keynes—it was about not just deficit funding and quantitative easing, but more importantly banking reform. Banking reform is one element of the strategy that any Government must adopt to take us out of recession, and the banking levy is one of the few tools and weapons at our disposal that can force through banking reform. So far, the threat of the banking levy has failed to engage even those banks that are in public ownership in a proper discussion about banking reform and the role that they will have to play in tackling the recession and encouraging economic activity.

8 pm

I urge the Government and all parties to accept the amendment. All it does is seek a review, so that we can come back to this place—the amendment says in December; I would welcome doing it earlier—having reviewed the banking levy's effectiveness. I do not understand why that is difficult for the Government to accept. At that stage, if we find that the banks are continuing to ignore the Government's exhortations and to ignore the levy as a means of encouraging them to engage in constructive activity in our economy, we can adjust the policy. We can then use it as a proper lever to encourage new banking practices, increase transparency and accountability in the banking sector and get the regulation for which everybody across all parties is now clamouring, but which in the past has been ignored.

I support the amendment because it could be the start of a valuable process of engaging realistically with banking regulation in this country. I also support it because if the banking levy proves to be ineffective and we do not review it and make it effective, if the bonuses are let rip again next Christmas but lending is not happening and the bankers and the banks are not playing their full role in tackling our recession, the anger among our constituents will be immense, especially if they are on the dole or are facing cuts, or if their communities are facing severe deprivation. That anger will also fall upon our heads for failing to act by simply having a review to ensure that we have the right mechanism to tackle the banks and the recession.

Mr Kevan Jones: It is a pleasure to follow my hon. Friend the Member for Hayes and Harlington (John McDonnell), who summed up the anger that is still out there among many of our constituents, who do not understand why neither of the parties that now form this push-me, pull-you coalition is following through on their rhetoric in the general election.

I support the amendment, which stands in the name of my right hon. Friend the Member for Delyn (Mr Hanson) and those of my hon. Friends the Members for Bristol East (Kerry McCarthy), for Wallasey (Ms Eagle) and for Nottingham East (Chris Leslie). The amendment addresses clause 72 and schedule 19, which deal with the bank levy. The explanatory notes say:

"Clause 72 and Schedule 19 impose a new tax"—

the point that my hon. Friend the Member for Hayes and Harlington emphasised—

"the bank levy, which applies in relation to periods of account ending on or after 1 January 2011. The Schedule identifies who will be liable to pay the tax and how the tax is to be administered."

The complexities have been referred to, some of which I will cover later.

I have already referred to the rhetoric that we heard in the lead-up to the general election. My hon. Friend the Member for Ealing North (Stephen Pound) has referred to the hobby of bashing bankers, which was certainly the sport of the day for the future Prime Minister and the Deputy Prime Minister. In every TV studio that we saw them in, they talked about who would be tougher on the bankers, arguing that if they were elected, they would be as tough as possible on the bankers—who, as everyone recognised, got us into the mess whose economic consequences this country and our constituents are now facing.

Mrs Jenny Chapman (Darlington) (Lab): This is not just about banker bashing, as my hon. Friend will know; this is about an opportunity cost, particularly in regions such as ours in the north-east. My constituency did not succeed in securing any grants from the regional growth fund. It is that lack of opportunity, too, that makes people so angry.

Mr Jones: It does, and my hon. Friend makes a good point. The rhetoric from Conservative central office, now joined by the Liberal Democrats, is that we are in this economic mess because of the recklessness of the Labour Government, somehow forgetting both the international economic climate and the effects of the irresponsible lending by banks, on which the levy will now be imposed. My hon. Friend is quite right: I know that her constituency is facing a tough time at the moment, and not just in the public sector. A number of private sector companies are closing in Darlington as a direct result of the fiscal straitjacket that this coalition Government have put on the north-east region. Before the election the Prime Minister said that there would be a "day of reckoning" for bankers, but if this is a "day of reckoning"—*[Interruption.]*

Stephen Pound: Does my hon. Friend agree that we seem to have had an example today of the Sage of Twickenham being seduced by the subtle, perfumed blandishments of the banking industry? Might this not be time for us to say, "We've had enough of 'Double Your Money' and 'Who Wants to Be a Millionaire?' Let's go for 'Call My Bluff'"?

Mr Jones: That is exactly what the electorate will be doing: calling the bluff of this Government and asking whether they will live up to the promises that they made. Indeed, it is interesting that when I mentioned the Prime Minister's "day of reckoning", someone on the Government Benches said that it would be a bank holiday. If I was a banker, that is exactly what I would think this weak banking levy and these weak banking regulations were delivering.

The Deputy Prime Minister even joined in on the act, saying on Radio Sheffield that he wanted to

"wring the neck of these wretched people".

I am not sure whether he was referring to the Conservatives or the bankers—or, after Thursday, some of his Cabinet colleagues, when the AV referendum delivers a no vote, which is how I recommend everyone should vote on Thursday. Despite all the overblown rhetoric, we have seen no action to follow it through. As was said earlier, many of our constituents cannot understand why, if we were going to tax the bankers through this levy—and thereby control their reckless behaviour, as my hon. Friend the Member for Hayes and Harlington said—they seem to have completely ignored it.

We need to consider that when thinking about the appearance of the head of Barclays before the Treasury Committee, when he said,

"there was a period of remorse and apology for banks."

I am sure that many of our constituents are very grateful for that. However, he continued:

"I think that period needs to be over".

It might be over for him, but it is not over for many of our constituents, including those running small businesses who are struggling to get loans from banks. He went on:

"we need our banks willing to take risks...so...we can create jobs".

Well, lending money to those businesses would be a start. Another starting point for doing that might also be Barclay's five top bankers. They have just received bonuses of £110 million, which does not—

Stephen Pound: Each?

Mr Jones: No—not yet.

Those bonuses do not reflect the behaviour of bankers who have been responsible in their lending.

Andrew Gwynne: My hon. Friend makes an excellent point. Does he understand the dismay of those from small and medium-sized companies in Denton and Reddish who come to see me? They would not mind their banks being a bit more generous in their lending now and then. They cannot even get a decent proposal through their local banks for funding to expand their businesses. These are not risks; they are sound business proposals that would generate jobs in my constituency. No doubt the same happens in my hon. Friend's constituency, too.

Mr Jones: My hon. Friend makes a good point. Those examples can be seen up and down the country.

Given the amounts of money that some of the directors of Barclays are being paid, they could lend money to those small businesses themselves. The two highest-paid managers, Jerry del Missier and Rich Ricci—great name!—

[Mr Kevan Jones]

were handed more than £40 million each after share deals awarded over the previous five years. Bob Diamond, the chief executive, took the helm in January this year and, in that period of remorse, has received £27 million, including £6.5 million in bonuses for 2010 and £2.525 million awarded in shares, which could be paid out in the future. The share deal for the past five years paid out £40 million, and the one for 2007 paid out £5 million.

We know about those amounts because of the Government's great deal under Project Merlin to force banks to expose what their directors are being paid. If that was supposed to act as a threat to them, they seem to be ignoring us and doing it all anyway. They seem to have very tough hides, because rather than being remorseful for the mess that they got us into, they are still taking the money.

Ben Gummer (Ipswich) (Con): The hon. Gentleman is speaking of remorse. He was one of the more eminent members of the previous Government; is he remorseful about the pay-off given to Sir Fred Goodwin, who broke the Royal Bank of Scotland and who was given a knighthood by the previous Government and was a member of the council of "wise men" who advised the previous Chancellor of the Exchequer and Prime Minister?

Mr Jones: I had only a small walk-on part in the previous Government. However, when asked whether we can justify some of the bonuses that were paid, I would say no, we cannot. I agree with the hon. Gentleman about that.

When our constituents vote this Thursday, they should be aware of the lack of Conservative and Liberal Democrat Members present for this debate today. I note, however, that the hon. Member for Bristol West (Stephen Williams), who speaks for the Liberal Democrats on finance, has referred to the Barclays bankers' pay deal as "obscene". As part of the coalition, the Liberal Democrats need to speak out loudly to ensure that something is done about the bonuses.

The levy is supposed to curb behaviour, but I agree with the hon. Member for Ipswich (Ben Gummer) that the greatest scandal is the bankers' bonuses being paid by banks controlled mainly by the Government. For example, the Royal Bank of Scotland is 87% owned by ourselves as taxpayers, yet more than 100 of its bankers were paid a bonus of more than £1 million last year, totalling more than £1 billion. We are talking about the bank levy raising more than £2 billion a year, but the banks are paying out £1 billion in bonuses. That raises the question of whether the levy is high enough. If it is not going to change the behaviour of the banks it clearly is not high enough, and we should look in greater detail at the idea of raising the levy.

We have heard a lot of rhetoric on the regulation of the banks, but we have seen very little action. The bankers' bonus tax raised £3.5 billion for the taxpayer, but the levy that we are now discussing will raise only just over £2 billion a year. The new levy will add about £800 million to that. The banks have got off pretty lightly. In addition, as my hon. Friend the Member for Nottingham East said earlier, they will gain about £100 million from the reduction in corporation tax from 28% to 24%.

The danger that was threatened by the banking sector to Labour when we were in power, and is still threatened today, is that if we do not allow these large bonuses to be paid, or if we charge the banks too high a levy, they will move offshore or elsewhere. The example of Sweden has been mentioned as the only example of that, however. I have looked into whether the lack of such bankers' bonuses elsewhere affects where people live. An interesting survey has been carried out by eFinancialCareers, which looked at 2,511 bankers, 654 of whom were in the UK. It showed that bonuses rose by about 5% in this country, whereas in the United States they decreased by the same amount.

8.15 pm

Another issue of concern to many of us is the fact that banks will increasingly come up with ways of paying bonuses other than in cash. We have already seen arrangements whereby 40% to 60% of bonuses can be paid through share options at a future date. It was pointed out earlier that some of those individuals could defer accepting their bonuses for several years, possibly until tax rates have gone down, or in order to use other mechanisms to avoid payment of tax.

If we are to follow through on the rhetoric, we need to ensure that the proposed levy is justifiable, as my hon. Friend the Member for Nottingham East said earlier. But what is wrong with the amendment? It is simply asking for something quite reasonable—that the Chancellor

"review the bank levy and publish a report"

on that levy. Such an analysis would also examine the thresholds involved. I would also be interested to hear from the Minister why the first £20 billion is exempt. Why was the figure of £20 billion chosen? That measure will take out quite a number of small institutions. It has been argued that it was set at that level to discourage larger banks, but it will also benefit those banks, which will avoid paying anything on the first £20 billion.

Andrew Gwynne: Why does my hon. Friend think that those on the Government Front Bench are so apprehensive about having a review of their own banking levy? Does he suspect, as I do, that the findings could show that it was not working?

Mr Jones: Yes, possibly. The Government are getting used to performing U-turns on a daily basis: and after Thursday, the reinvigorated Liberal Democrats might be able to force a change and get the levy increased.

Stephen Pound: Irony!

Mr Jones: Indeed.

We need time to see whether the system is working, and whether it is a way of increasing the money that we get from the banks. At the end of the day, the taxpayer has put huge amounts of public money—rightly, in my opinion—into supporting the banking system. I do not agree with the suggestion made by the right hon. Member for Wokingham (Mr Redwood) that we should have let the banks fail three years ago. If that had happened we would certainly have had a real problem, not only with Northern Rock but with a large number of other banks. That would have ruined the UK banking system, and there would have been international implications as well.

Mr Anderson: It is not only my hon. Friend who disagrees with the right hon. Member for Wokingham (Mr Redwood); the OECD disagreed with him as well, saying that the actions of the previous Government prevented the recession from turning into a depression.

Mr Jones: I agree with my hon. Friend. The Tory spin doctors forget that if we had followed the first reaction to the Northern Rock crisis from the then shadow Chancellor, the right hon. Member for Tatton (Mr Osborne), we would have let Northern Rock go, which would have had a knock-on effect on other banking systems and the recession would have turned into a depression. It is perhaps not fashionable to say it, but we should thank the Chancellor and the Prime Minister of the time for the decisions they took to ensure that that depression did not materialise.

Jim Shannon (Strangford) (DUP): It is a pleasure to see my hon. Friend the Member for South Antrim (Dr McCrea) in the Chair. I understand that this is the first time a Northern Ireland MP has chaired a Committee of the whole House, which is particularly fitting on the 90th birthday of Northern Ireland's formation as a state.

Does the hon. Member for North Durham (Mr Jones) agree that one thing that annoys people about the banks and their bonuses is that after the Government and taxpayer bailed them out, they went on to make excessive profits? Does he agree that some of those profits should be returned to the taxpayer and the Government to pay off the money spent bailing them out in the first place?

Mr Jones: I agree. I am sorry that I forgot to welcome Reverend McCrea to the Chair; it is a pleasure to serve under his chairmanship. The hon. Gentleman makes a good point. It was taxpayers' money that rightly bailed out the banks; if they are making excessive profits now, which clearly they are, the banking levy would allow some payback.

If the Government are feeling timid and do not want to upset the banking sector, the amendment provides them with an obvious get-out by making it clear that there is a review at the end of the year that would enable us to see whether the levy was having a detrimental effect. Evidence to date suggests that the £3.5 billion that the bonus tax took out of the banking sector has not damaged the banking system in any way, shape or form. The public expenditure effects, however—they will affect my region and also the area that the hon. Member for Strangford (Jim Shannon) represents—are going to be absolutely devastating.

Ian Mearns: I wonder whether my hon. Friend would reflect on the view of many of my constituents, who feel that the Government's reticence in tackling the bonus culture or in tackling the banks in any tangible way has much to do with the number of Members sitting on the Government Benches who have an employment history within the banking sector?

Mr Jones: My hon. Friend brings me on to a new relevant area, because he shows how the banking and financial sector are able to influence the debate. The previous Labour Government as well as this Government might have been somewhat in awe of the threats made by the banking sector—for example, to move offshore, with a consequent effect on jobs, if too much regulation is imposed. It might just be coincidental, but since the right hon. Member for Witney (Mr Cameron) became Leader of the Opposition, donations to the Conservative party have increased, and about 50% of them come from the City and the financial sector, including some donations of £500,000 from four or five key individuals, including from Finsbury and Pelham PR, whose job it is to persuade politicians and other decision makers of the importance of, and the need for, the banking sector. As I say, it could be completely coincidental that the Tory party gets large amounts of money from this sector, but one could draw the conclusion that this is one of the reasons this Government have taken such a light-touch approach to regulation of the banking and finance sector.

Hugh Bayley: I wanted to follow up the intervention of my hon. Friend the Member for Blaydon (Mr Anderson). It was not only the OECD that praised the London summit, which got the leaders of the western world to work together through fiscal stimulus to avoid recession. I remember going to the IMF in spring 2009 and what it described as "the Brown plan" was, it said, the only thing that stood between a global financial meltdown and getting the world economy back on a level footing. Does my hon. Friend share my concern and dismay at the Prime Minister saying that he would not support the former Prime Minister if he decided to run for the job of managing director of the IMF? Surely the best way to test the Prime Minister's thesis about whether the former Prime Minister's leadership was good or not is to allow him to run and see whether other countries support his candidature.

Mr Jones: I would not want to stray too far down that avenue, but it does say something about the pettiness and smallness of our present Prime Minister, whereas the previous incumbent is not only respected in financial circles but has proven ability to do the job. Pettiness is one aspect of this Government but another part of their mantra is that they must sound tough. They won an election by sounding tough, but they have not followed it through when it comes to banking regulation.

The right hon. Member for Wokingham spoke about banking regulation. He is no longer in his place, but he used a wonderful phrase about his being in favour not of less regulation, but of "better and less regulation". My hon. Friend the Member for Wansbeck (Ian Lavery) touched on whether the previous Government should have regulated the banking sector more. In hindsight, I think yes, they should. I think we all accept that; it is not an admission of failure to concede that. We also need to remember who else at the time was arguing, along with the right hon. Member for Wokingham, for less regulation and less red tape in all areas, including banking. The answer is, the Conservative Front-Bench team—those same Conservative Front Benchers who were arguing for the same spending levels that we had right up to 2007, although that seems to have been forgotten about in the revisionist history that has developed since they gained power with the Liberal Democrats last May.

The Government's bank levy is estimated to bring in £2.5 billion a year—less than Labour's bank bonus measures, which according to the Office for Budget Responsibility brought in £3.5 billion. We should not

[Mr Kevan Jones]

forget that the cut in corporation tax in 2011-12 will give the banks £100 million in tax relief, but that at the same time local government is being asked to make cuts. My own county council, for example, is going to lose 40% of its budget—£125 million—over the next four years as a result of the unnecessary austerity measure proposed by this coalition Government.

Mrs Mary Glindon (North Tyneside) (Lab): On a day when a leading economist has said that affordable income is falling by 2% and that the average family will be worse off by £780, it falls on the Government to support this amendment and show some care for the people who are working so hard out there and suffering while the banks are simply laughing all the way to the bank!

Mr Jones: My hon. Friend makes a very good point. One of this Government's favourite soundbites is that "We are all in it together", but it is quite clear that we are not all in it together. When bankers are claiming bonuses such as the ones we know certain individuals have got, it is just mind boggling to think about what could be done with the money.

Mr Ward: It is useful to have on record your opposition to the reduction in corporation tax, which will enable the companies concerned to employ many of the people about whom you have been talking. However, what really interests me is why, when the Government are monitoring every single day the repayment of loans to the banks, the effect of the tax levy and its adequacy, banks' lending to businesses—which was mentioned by the hon. Member for Denton and Reddish (Andrew Gwynne), who is sitting next to you—and the strengthening of the banks' balance sheets, you are prepared to wait—

The Temporary Chairman (Dr William McCrea): Order. Let me draw the hon. Gentleman's attention to the fact that "you" refers to the Chair, and that I am not participating in the debate.

Mr Ward: I apologise, Dr McCrea. I should like to know why the hon. Member for North Durham (Mr Jones) is prepared to wait seven or eight months for a review of something that the Government are doing every single day.

8.30 pm

Mr Jones: Given the hon. Gentleman's interventions, I am pleased that he will be here for only one term. It is simply not worth responding to some of them. I should have more respect for him if he asked—

Mr Ward: Answer the question.

Mr Jones: I would answer the question if it were not so stupid. If the hon. Gentleman believes that the review would be delayed for too long, why does he not table an amendment demanding that it be produced immediately? I am happy to give way to him if he wishes to intervene again.

Mr Ward: If you are interested—if the hon. Gentleman is interested—in any of this, he need only table some written parliamentary questions. He could obtain answers to all of them without amending the Bill. This is absolute nonsense. The hon. Gentleman is prepared to wait eight months for answers that he could obtain in response to a written question.

Mr Jones: If the hon. Gentleman believes that it is possible to obtain all the answers that he requires by means of parliamentary questions, that demonstrates his naivety. Having been in the House for nearly 10 years and having, as a Minister, spent many hours trying to avoid answering parliamentary questions, I can only say "Good luck" to him.

Let me quote from the amendment—

Mr Ward: I have read it.

Mr Jones: Then let me remind the hon. Gentleman what it says. It refers to

"the Government's analysis behind the rate and threshold chosen for the bank levy"—

we have not yet been given that analysis, a point made by my hon. Friend the Member for Nottingham East—and to

"the adequacy of the bank levy in the context of other reforms to the wider banking system".

We have heard a good many statements on bank regulation and on how the bankers can be made to lend more responsibly, but if the hon. Gentleman thinks that he can obtain the information that he requires by means of parliamentary questions, he is a better man than I am.

Stephen Pound: According to the current edition of *Private Eye*, when the hon. Member for Ipswich (Ben Gummer) enters a room, it lights up. No doubt my hon. Friend agrees with me that when the hon. Member for Bradford East (Mr Ward) enters a room, a tenebrous gloom seems to hang around his shoulders. May I adjure my hon. Friend to resist the temptation presented by the hon. Member for Bradford East, and say quite simply that if the hon. Gentleman thinks that December 2011 is too late, we will happily consider an amendment from him that would introduce the damned thing next week?

Mr Jones: I agree, but I not am sure that it would help much. Given that subsection (c) of the amendment refers to

"the total tax revenues expected from banks across all categories of taxation in each year from 2011-12 to 2016-17",

I think that that would be very difficult to do. However, I look forward to seeing all the written questions tabled by the hon. Member for Bradford East (Mr Ward). I am sure that his coalition partners in the Treasury are longing to get hold of them. May I suggest that the hon. Gentleman table his questions on a Wednesday on a named-day basis? That usually messes up Ministers' weekend boxes.

Stephen Pound: He should not table them after 3 pm.

Mr Jones: No, because otherwise some Ministers might not get them in their weekend boxes. Anyway, it is nonsense to say that the information could be obtained in that way.

Mr Ward: Will the hon. Gentleman give way?

Mr Jones: With pleasure.

Mr Ward: Is the hon. Gentleman really not aware of the in-depth investigation conducted by the Business, Innovation and Skills Committee of the role of the banks and the contribution that they need to make to the economy?

Mr Jones: I am, but that is part of the scrutiny process, and so is this. If the hon. Gentleman is so interested in the banking levy and the effects of the Bill on his constituents, why does he not speak? At one point he was alone on the Liberal Democrat Benches. The Government Benches have been fairly deserted this evening: the poop deck of the *Mary Celeste* may have had more life in it. Members who support the proposal in the Bill should at least turn up to argue in favour of it. No doubt we will be receiving "Focus" leaflets from the Liberal Democrats—although after Thursday they may be called something different—describing how tough they have been in regulating the banking system, but it is clear that they have not.

The hon. Gentleman has until late tonight, and tomorrow, in which to contribute to the debate so that he can reproduce his contribution in his "Focus" leaflets ad nauseam, which I know the Liberal Democrats love doing. People will be able to learn about how he stood up for them against the bankers rather than just listening to the hollow words and rhetoric of the Prime Minister and the Deputy Prime Minister in the run-up to the general election. The beauty of being in government is that politicians can actually do things. I know it has come as a big shock to many Liberal Democrats that they are in a position of responsibility whereby they can actually affect the lives of ordinary people. *[Interruption.]* Yes, responsibility without influence, as my hon. Friend the Member for Gateshead (Ian Mearns) says from a sedentary position. As the Liberal Democrats are in government, they can follow through and make sure that the Bill deals with the people who were responsible for getting us into this mess three years ago. They also have an opportunity to tackle the excessive profits. I do not know what the average salary is in Bradford, but I am sure that £1 million is a lot of money to the people there. I know that in 1914, prior to the first world war, Bradford won the competition for being the place where the most Silver Ghosts were sold, because it was a rich mill town back then; I learned that from the predecessor of the hon. Member for Bradford East when I was working for him in a by-election many years ago. I doubt whether many Rolls-Royces are sold in Bradford nowadays, however, and the hon. Gentleman's constituents can only dream of some of the bonuses he is supporting this afternoon.

Andrew Gwynne: Will not such a review serve to make it clear that many of the commitments made by the Liberal Democrats in opposition have not been implemented—and, indeed, have not even made it off the drawing board to become Government policy?

Mr Jones: Yes. I do not particularly like giving opportunities to Liberal Democrats, but it would give them an opportunity to show that they have the teeth that the Liberal Democrat Cabinet Ministers claim they have got in this coalition, because they would be able to say to the Conservative part of the coalition that they want change—that they want, for example, to increase the levy or to make sure that the huge bonuses being paid are taxed in a different way, or to bring in regulation. Let us be honest about this, however: most Liberal Democrat Ministers have not got sharp teeth—unless they have been to the dentist in the last few weeks. In the next few days we will see the beginning of the demise of the Liberal Democrats, and, as it were, the extraction of their teeth. It will certainly be interesting to see how sharp their teeth are after Thursday.

The current Government's bank levy should take the same amount as the Labour Government's bank bonus measure raised, which was £3.5 billion.

Mr Ward: As repeating the same point time and again is not a problem in this Chamber, I will do what everybody else here does and repeat myself: £3.5 billion is a lot less than £10 billion, which will be the amount generated—£2.5 billion times four years—so to talk about it as a reduction is just silly.

Mr Jones: This is becoming a bit like bashing Bambi to death. The fact of the matter is that the hon. Gentleman is either being very obtuse or something else that I will not say. We are talking about £3.5 billion for each year, which would add up to more than what is being proposed. We are talking about four times £3.5 billion.

Mr Robinson: Which is £14 billion.

Mr Jones: Yes, £14 billion.

Mr Ward *rose—*

Mr Jones: Yes, the hon. Gentleman can intervene again if he does not quite understand.

Mr Ward: The amount levied by the previous Government was stated very clearly to be a one-off that could not be repeated. Everybody knows that, so why cannot the hon. Gentleman admit it?

Mr Jones: That is because I have said that we should do it again. I am sorry if the hon. Gentleman does not get that. He might say that it is a one-off deal, but perhaps it is a bit like one of those once and only, one-off sales that we see on television that furniture companies have every other week. I am proposing that we repeat the levy and raise that £3.5 billion again. Does he get it now?

Mr Ward: Yes, I do get it. I see not only Bambi before me, but the ice that the hon. Gentleman is stood on.

Mr Jones: That was too subtle for me.

The important point was made by my hon. Friend the Member for Nottingham East when he talked about what we would do with this money. As my hon. Friend the Member for Hayes and Harlington said, if the levy is seen as a tax, it is a pretty meagre tax on the banks, as it raises a small amount of money. However, the question is still about what we then do with the money. We could put it into rebuilding the economy by investing in housing and the regional economy, as has been said. The Government have allocated £1.4 billion over the next three years to projects, which is two thirds less than the £1.4 billion that the previous Labour Government invested in regional development agencies per year. In regions such as mine, the north-east, companies and

[Mr Kevan Jones]

individuals have to bid for that money. A banking levy could come in very useful for the investment that is being put forward.

The problem with the Conservatives—the Liberal Democrats have gone along with this—is that they have this notion of "Public sector bad, private sector good." What they have failed to realise in regions such as the north-east is that large-scale public expenditure cuts have a huge knock-on effect on the private sector. The unemployment level is already 10.2% in the north-east, whereas it was as low as 4% under the previous Labour Government. Durham university has done a study suggesting that if 45,000 to 50,000 public sector jobs in the north-east are cut, 20,000 jobs will actually go from the private sector. Regions such as mine had no responsibility for the mess, but those responsible for it could pay for some of that reinvestment and that could be done through the banking levy.

Ian Mearns: The point that my hon. Friend is making about the north-east economy is appropriate. Clearly the job cuts in the public sector have not yet hit the employment market, yet the statistics for last month showed that although there had been a national decrease in unemployment of 17,000, it had increased by 11,000 in the north-east, which has a population of only 2.5 million. That is happening even before the job cuts hit the market, so the situation up there is very serious indeed.

Mr Jones: It is very serious. What my hon. Friend describes will have an effect on the private sector and on what has already been seen in the banks. The Government have set great store by making sure that banks lend to small businesses. That was one of the things talked about at the general election by both the Conservatives and the Liberal Democrats, but we have seen little evidence of it actually happening. As I said, it will be painful for many small businesses, particularly those in the north-east, when they see the amount of bonuses being paid to bankers and find that when they ask those same banks for investment they are told that either it is not available or that the terms on which it is available involve such horrendous rates of return. As my hon. Friend the Member for Wansbeck (Ian Lavery) has said, the same may also be true of personal finance, whereby certain individuals who would in the past have got access to credit will no longer be able to do so.

Hugh Bayley: It is not just that banks are still not providing finance for small and medium-sized businesses. Under the Labour Government, we had support through the regional development agencies—Yorkshire Forward in Yorkshire—to help businesses with the Government loan guarantee schemes, and in my constituency that secured a very important investment for a packaging factory. The RDAs are now being done away with and so there is not that support from the Government to get the banks lending.

8.45 pm

Mr Jones: That is right. My hon. Friend might have examples from his constituency—I certainly did—of the RDA underwriting small business loans for small companies when the banks, particularly Barclays and others, suddenly withdrew the finance. One company came to me that wanted a £1 million overdraft for six months to get some investment and the RDA helpfully underwrote that to allow the investment to go forward and create in the region of 25 new jobs. That is the important point about the relationship between the banking system and the regions.

Mr Robinson: Before my hon. Friend leaves this point, I would hate for the Government not to realise the impact that their refusal to have this levy or even a review of it is having not only in the north-east and the north but in the west midlands—the area from where the Government are apparently looking for the big revival in the private sector and manufacturing to come. Advantage West Midlands, the RDA, has had its funds cut by no less than 70% and schemes that were going to have the go-ahead, triggered either by a guarantee or seedcorn funding, will simply be stopped. The resurgence in manufacturing and of the economy as a whole will certainly not come from the west midlands, where the level of activity is below the national average and where the level of unemployment is above it.

Mr Jones: My hon. Friend makes a good point. That small seedcorn funding made all the difference for small companies as they established themselves and grew. The problem we have in the north-east—I am not sure whether things are the same in my hon. Friend's region—is the lack of confidence in the regional economy for the reasons mentioned by my hon. Friend the Member for Gateshead. The uncertainty about what will happen in the next few months as the public sector job cuts work their way through the economy means that there is no appetite to invest in small businesses. A few weeks ago, I was talking to someone from a small building company who relied for part of his turnover on school building contracts with the local council, which had suddenly been stopped, so the money is not available and people will have to be laid off. We have not yet seen the effects of such decisions.

If we add to that the fact that banks are not lending and are going to carry on in their own way, those involved with small businesses end up wondering why decent hard-working people like them who, in many cases, have built up businesses over many years are suddenly through no fault of their own having either to lay people off or to fold the businesses completely. These are family businesses which have been going for many years, and people see individuals getting bonuses that involve amounts of money of which they can only dream and which are equivalent to the turnover for their companies over two or three years, never mind one year.

Stephen Pound: My hon. Friend has teased out a very important element of the amendment. In Northern Ireland, the public sector accounts for approximately 74% of all economic activity and for perfectly sound and understandable reasons the private sector has not been able to generate economic activity. I implore my hon. Friend, following on from his points, to take on board the reality of the situation: a reduction in expenditure could have a disastrous effect, especially in Northern Ireland.

Mr Jones: I agree. I spoke in the last Budget debate about the effects of the public expenditure cuts on the north-east and our dependence on public sector jobs is very similar to, if not as high as, Northern Ireland's. This is another example of the nonsense that is being put about that suggests that if those jobs and that money are taken out of the economy we can somehow replace them overnight with private sector jobs. Those jobs are not just there; they are linked directly to public expenditure. If we also have a situation in which banks are not lending and companies are fearful of borrowing because they fear what the economy will bring in future, one can understand how we can get into a downward spiral. As I have said before, I fear that we could have a recovery that bobs along the bottom, as my hon. Friend the Member for Hayes and Harlington has described. We could end up with a two-speed Britain with a boom in the south-east economy—possibly again drunk on the excesses of the financial markets—while regions in the north-east, Northern Ireland and elsewhere struggle and do not get a look in when it comes to the growth that is expected on the back of the huge numbers of jobs that the Government say will be created.

The bank levy is a missed opportunity and I do not think the amendment is at all radical. It is quite modest to ask for a review of the situation; the Government will have to review the levy sooner or later anyway. Political expediency will lead them to do so when it starts to dawn on people that, despite the rhetoric of the election, the Government are not being tough on bankers at all but are letting them off—and many people will ask why. I believe that in the past five years, since the Prime Minister became its leader, the Conservative party has accepted about 50% of its donations from the financial sector; that prompts questions about why it is not taking a tougher and more robust stance against the financial sector.

Let me conclude with a few questions that I think the Minister needs to answer. My hon. Friend the Member for Nottingham East raised the issue of the tax-free allowance of £20 billion. The explanatory notes on clause 72 and schedule 19 state:

> "Paragraph 6 sets out the steps to be followed in order to ascertain the amount of the bank levy. The steps show how the allowance of £20 billion is to be applied and how the bank levy charge is calculated for long and short chargeable periods. Part 6 of the Schedule provides details of how to identify the entity responsible for payment of the bank levy."

I have asked why the figure is £20 billion and not £5 billion, £10 billion or £50 billion? *[Interruption.]* Hon. Members say "Higher!" but we have not heard any explanation why £20 billion was the figure arrived at. If we are not only to maximise the amount of money we get from the banking levy but be able to justify to our constituents how fair the measures are, we must be able to explain how that figure was arrived at.

Mr Robinson: Does my hon. Friend know why the Government set £2.5 billion as the absolute limit for the amount they wanted to raise from banks and made everything fit with that? Does it not all come down to the fact that the Government have struck an awful deal with the banks? They have limited so much and got Merlin in return—and perhaps some other things to which my hon. Friend has referred but which I shall not go into now. They have tied themselves in knots, complications and contortions to deliver this deal and the banks have simply walked away from Merlin saying, "Thank you, very much." Is not that the problem?

Mr Jones: My hon. Friend makes a clear point. I do not know which wag in the Treasury came up with the nickname Merlin for this project. Having dealt with the Treasury and Treasury Ministers I have never thought of them as having a sense of humour, but whoever came up with that name clearly had one. Again, my hon. Friend makes a good point. There is no explanation for the figure of £20 billion other than the yield that it is intended to produce. The Minister needs to provide the evidential basis for the £2.6 billion yield. If we levy, for example, £2.7 billion, £2.8 billion or £2.93 billion, at what point do the Barclays bankers pack their bags and move to Zurich? Would the entire system of bankers' bonuses fall apart if the figure were more than £2.6 billion?

I have raised the issue already, and I accept that international finance is a global business and can move, but in terms of bonuses, bankers are clearly not bothered about the £2.6 billion figure. May we see the evidential basis on which the figure was arrived at? What would be the effect if it were a little higher or lower than £2.6 billion? It is important that we know that.

Mr Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman makes an interesting point. The Government would be helpful to us if they clarified the figure that they think would be the tipping point. Would it be £3 billion, £4 billion or £5 billion? We want the banks to be profitable and to lend money to our constituents, but at what point would they move overseas? The Government have so far failed to tell us.

Mr Jones: The hon. Gentleman makes a good point. That is the acid test. The Government must explain why they set that figure. I am happy to listen to the evidence—even the evidence that the hon. Member for Bradford East could come up with. I do not think we are anywhere near the tipping point at which the entire banking system crashes, especially as Barclays and others are paying large bonuses. If we had a review and analysis, we could see how the figure was arrived at. Unfortunately, we are in the dark about that.

A further point is the progress that the Chancellor has made on tax activities. If we are to remain competitive internationally, is there an international tipping point across Europe in respect of bank levies and caps on bonuses?

The hon. Member for Bradford East seems to be dreaming if he thinks he will ever find himself in the Front-Bench team of the Liberal party or the coalition, but it is nice to see him sitting on the Government Front Bench.

Is work being done internationally to look at what other countries are doing? We need to study that in detail to see whether £3.5 billion would be too much. We need to achieve agreement across Europe.

The subject of Project Merlin has been raised. What leverage does the Treasury have over lending to SMEs? To what extent will the cost of the levy be passed on to customers of the commercial or private sector—in other words, to all of us who use banks? Will it become more difficult for SMEs to borrow money if bank charges are passed on? To explain Project Merlin, much

[Mr Kevan Jones]

more needs to be put forward. A review would enable us to look in detail not just at the bank levy, because we must remember that the amendment also relates to other areas of banking tax. That would also lead to the public having a lot more confidence in politicians actually following through on their rhetoric about being tough on bankers.

9 pm

In conclusion, this is a missed opportunity. If we followed through on the rhetoric and showed that we were not only fair but tough on the banks, we would be able to stand in front of our constituents and say that we had stood up on their behalf to those responsible for the crisis that hit this country, which our constituents are all paying for today through the austerity affecting them, and that the mess we got into as a result of the crisis a few years ago will not be repeated. If they do not do that, the Government will have to review and change, because otherwise the electorate will do it for them. The Government will not be able to stand up and say that somehow they have been tough, that they have followed through on the rhetoric and, more importantly, that they have made sure that such a crisis will never happen again.

Mr David Lammy (Tottenham) (Lab): It is a great pleasure to follow my hon. Friend the Member for North Durham (Mr Jones), whose eye for forensic detail and lucidity in these matters are second to none. He could not be described as brief, and on this occasion I intend to be a bit briefer. The amendment seeks a review of this proposal because, at its heart, this is about equity and fairness. You, Dr McCrea, understand better than anyone what fairness and equity mean.

There has been much talk about small business men. A small business man came to see me a month ago about the lack of finance from Barclays bank. It is true to say that even though we all have stories of small businesses that are unable to get loans, many constituents come and ask Members specifically not to contact their banks, because they are scared, frankly, that they will be cut loose and that the intervention of a Member of Parliament could make things worse. The fact that across the Chamber no party is suggesting that we have got back to a situation in which there is access to loans indicates that industry and small businesses in this country are in a very serious way.

That brings me to the other deceit, or conceit, that lies at the heart of what has been suggested. Much has been made of the manufacturing sector. Yes, it is hugely important, but it employs 4 million people or thereabouts, whereas 23 million are employed by the service sector, which is a depressed sector. That is perhaps why, alongside the public sector cuts we are now seeing, unemployment in Tottenham is the highest in London. The levy, set at the right amount and consistently reviewed, could have done something to ameliorate that.

It is about fairness and equity, and it is also about what the Government's story on growth really is. Some of what we are hearing on how they see the levy and the box into which they want to put it, with the constraints of £2.5 billion only, can only mitigate the growth that we want to see in our constituencies.

The single mums who came to see me a few weeks ago because the after-school activity club is being cut for their young children and they are wondering how they are going to get back from work by half-past 3 to pick them up need to feel that bankers, too, are making a contribution. The elderly suffering from Alzheimer's in one of my local residential homes, against a backdrop of three being closed because the local authority is being squeezed, need to feel and want to believe, because of the age they have reached and the contribution they have made to this country, having paid into the system, that the banking sector is also making a contribution that is fair. The many public sector workers who received their payslip for the last time just a few days ago also want to believe that bankers are making their contribution.

These people cannot understand why, despite the fact that growth in our economy is so sluggish, at barely 2% over the most recent period, City workers are taking home an increase of 7% on average. Why have 231 workers at Barclays bank managed to receive bonuses of £554 million between them? How is that possible, when the dividend for those who have shares in that bank was just over £600 million? That is a bonus culture that has not been checked, that has not been sorted out, and that feels brutally unfair.

When I was canvassing in Slough at the most recent general election, a 90-year-old said to me, "Love, you know what it is? The poorer you are, the more you give in this country." That is how it feels at this point, when we have to come back to a subject on which really we ought to agree. We know that the banking sector led to this depressed economy, so why should it be let off the hook at this time?

When my hon. Friend the Member for North Durham asked, "Where did we get this £20 billion from?", I asked the Minister to begin his contribution with the answer. Where did that £20 billion allowance come from? It is a staggering amount of money to slot in at the last minute so that the figure drops beneath the £3.9 billion mark which the industry itself originally predicted. Where did that money come from, and how did we secure the millions in tax relief for that sector? We owe a bigger contribution from the banking sector to the young people of this country, one in five of whom is currently unemployed.

This Government have led us to a situation in which the new arrangements for funding higher education are between the student solely and the university. They have taken the state entirely out of the picture, cutting teaching funding by 80% and abandoning arts and the humanities and any contribution to them. Effectively, with a proper banking levy they could have said that the state could stay involved. Industry, the other sector that benefits, could have made a contribution, too, but the banking sector is certainly somewhere where we could have started. The Government, however, turned their face against that, saying, "No, we'll land the debt on our young people and let the very people who have led to their unemployment off the hook."

I want to understand why the Minister has made that decision, and how we will get back to growth, given that young people are to be dealt with in that way.

Mike Gapes: My right hon. Friend asks why. Is it not clear why? This is a Government of millionaires and toffs, and they are in the pocket of the banksters. That is what it is all about.

Mr Lammy: My hon. Friend is exactly right.

The Government's rhetoric prior to the general election about what they would do with the bankers, and about recklessness and bankers paying their dues, led some to believe that at least we could agree that bankers were responsible for the situation and that they should make a contribution—and a serious one at that, which we should constantly keep under review for obvious and clear reasons. As my hon. Friend the shadow Minister said, the amendment is incredibly tame: it simply asks for a review and says to the Minister, "Can you look at this again?" It seems reasonable to ask him to do so, given that the state of our economy could change between now and Christmas, but he has said no even to that. As other Members have suggested, that can only be because of the slightly peculiar relationship between the Conservatives and the many friends in the sector who bankrolled them. That is unfair, and it is not right, and the public know it. I suspect that on Thursday we will see that they have sensed this injustice in the balance of how we should deal with the difficulties that we face.

It is not the first time that we have had a debate in this House about how we deal with an economically depressed situation. There are those who believe that we should invest—in fact, reinvest. That is a Keynesian approach to growth from the same party that did not back away after the second world war, when this country was in rubble, but invested in the NHS. Then there is the party that says we should cut, and the cuts fall hardest on the poorest while those who can afford to make a bigger contribution get let off. Yes, there is a balanced argument as to why one would support a reduction in corporation tax: in order to see growth in the economy. However, when people set that tax reduction against this levy, which is minuscule relative to the huge sector that has brought us to this point, and then against the £20 billion tax relief that has come out of nowhere, of course they get suspicious. I hope that the Minister will explain why this proposal is fair to a young person who is one of the one in five who are unemployed, to someone who is experiencing their local authority cutting services that they desperately rely on, or to a public sector worker who has just received their last payslip because they have lost their job. Will he also explain how it gets us back to growth? If he is to let off this sector of all sectors, how are we to develop that growth strategy and generate the funds for the investment that we need to stimulate recovery?

The Chancellor of the Exchequer said that we must move from retribution to recovery. That is an interesting play on words. What most Labour Members want is not retribution but reciprocity—a bit of give and take, and something that is fair and honourable. I have to say to the Minister that this proposal is deeply dishonourable, unfair and wrong, and he should come to the Dispatch Box and explain why the simplest of reviews is not possible on this occasion.

9.15 pm

Mr Love: I congratulate my next-door neighbour and right hon. Friend the Member for Tottenham (Mr Lammy) on a very competent speech.

It will not come as a surprise to those in the Chamber that I support the amendment. I support it primarily because there is so much public interest in and concern about bankers' bonuses and the contribution being made by bankers when we are all supposed to be pulling our weight. I also support it for the reason given by the shadow Minister: a peculiarity of our system is that we cannot amend upwards any proposal in the Finance Bill, and the amendment offers an alternative way to look critically at the levy by proposing a review, which is not unreasonable. By December, we should have some idea of how it is working.

The most important feature of the amendment, as discussed earlier, is that it asks for a report to be published that can be debated by this House. Because of the importance of the issues involved, that is critical. The report will include an account of how the rate and the threshold were decided. As we have watched the measure's development over the past few months, we have started to have a sneaking suspicion that Ministers decided what amount of tax should be paid by the banks and then worked back to what the threshold and the rate should be. I will come back to that point later.

Much has been said by Opposition Members about the measure's adequacy. It is right to say that it will not raise as much as the bank bonus tax did and it is felt widely, within the House and outside, that the levy does not reflect the contribution that bankers ought to make. That relates to new subsection (2)(c) in the amendment. I will come back to bankers' bonuses, because they have an important implication for the contribution that bankers should make.

In what the Government propose, we are being asked to agree to a levy on UK banks and building societies and on the UK operations of foreign banks. It is estimated that it will affect between 30 and 40 institutions, covering all the largest financial services institutions in the City of London and throughout the country. That proposal seems reasonable, but it is important that it is reviewed to see whether it is appropriate.

The tax will be levied on what the Chancellor termed the wholesale funding of banks, which is the liabilities and equity minus a number of items that are considered safe, such as tier 1 capital and insured retail deposits. I think that we are being asked to agree that that will incentivise the use of prudent balance sheets, rather than risky balance sheets. Of course, the wholesale funding that the Chancellor talked about was a major cause of the difficulties in the credit crunch. We all remember the collateralised debt obligations and the exotic funding regimes, although I do not think that any of the major institutions are into any of that now. The proposal, which mirrors the proposal that was discussed internationally, is intended to incentivise our banks to hold safer liabilities than they held before.

Many Opposition Members have commented on the threshold of the tax, which has been set at £20 billion. I hope that the Minister will respond to the concern that that figure is far too high. The rate has been a moveable feast, and there have been many different rates and proposals. As was mentioned earlier, the Chancellor got up one morning—it just happened to be the day of Treasury questions—and announced another change. Changes have also been announced presumably because of corporation tax, and there has been concern that the rate may have been raised as a result of the failures of Project Merlin, which I will talk about later. We have had many different threshold rates, and I ask the Minister to clarify how we reached all those rates, where we are

[Mr Love]

now and how much money the levy will raise. It is suggested that it will raise between £2.5 billion and £2.8 billion, which, as other Opposition Members have said, seems a very low figure in the present situation. I hope that he will respond to that concern.

What is the levy meant to achieve? Supposedly, it deals with a number of matters. First, numerous speakers have mentioned the implicit public subsidy that we provide to banks. The Bank of England has done some work and suggests that there is a £100 billion subsidy; others have suggested lower figures, but there is consensus that the figure is very substantial. If the bank levy will raise only one twentieth or one fortieth of that sum, that puts the matter in context.

To pick up on a point that the right hon. Member for Wokingham (Mr Redwood) made, the bank subsidies make life for new entrants to the marketplace—they are called challenger banks—very much more difficult, as they do not have any of those subsidies, reflecting the idea of banks being too important to fail. That notion should be the crux of our discussion about the financial services sector, because it raises the question of moral hazard: will banks that are too important to fail take riskier decisions, as happened in the lead-up to the credit crunch? I would like the Minister to explain how those issues relate to the levy. We understand that it will provide only part of the contribution that has to be made, but what contribution will that be?

I mentioned banks being incentivised to hold less risky liabilities. The reason for that is clear: if things go wrong, it is not just the financial services sector that is affected. Unlike other industries, in which problems affect other companies in the same industry, if the financial services sector hits difficulties, the whole economy is hit, as we found out to our great cost in 2007. It is critical that we reduce the possibility of that contagion happening in future.

We must deal with a number of issues peculiar to our financial services sector. Many believe that too much is concentrated in four or five very large banks and that as a result there is not sufficient competition. I will not go into the details of the Banking Commission's report or the most recent Treasury Committee report, but those who have read them will know that both have strongly suggested that consumers do not have a great deal of choice in our banking system, that the banks are too concentrated and that it is very difficult for new banking companies to come into being. There is not sufficient competition and, by common consent, the cost is that banks make excessive profits. The levy should tax those profits. I would like the Minister to say whether he believes it will do that sufficiently.

To return to a point that I made a few moments ago, in the light of the subsidy given to the banks—£50 billion is one suggestion, £60 billion is another and the Bank of England says it is £100 billion—a levy of £2.5 billion, which is between a twentieth and a fortieth of that subsidy, does not seem to address the problem that we face. Why does the Minister believe that the measure answers the concern about the financial services sector?

I could be more generous and suggest that the Government are moving in the right direction. After all, all the changes in the rate of the banking levy have been increases—from 0.07%, to 0.075%, and for longer held assets, from 0.04% to 0.05%. I think I got those right, but I would be unsurprised if someone stood up and said, "You're wrong. It's changed," or if I woke up tomorrow to find that the Chancellor had re-announced the rate. Those changes have raised the take from the levy by £200 million or £300 million, so that £2.5 billion will be raised in the first year. However, as I said at the start of my speech, given how the £20 billion threshold was constructed and the rate changes, we cannot escape the conclusion that the Government have set the overall amount that they wish to take and then gone back to work out the threshold and the rate. I should like the Minister to explain why that is not the case.

Of course, critically, at £2.5 billion or £2.8 billion, the levy does not raise as much as the bank bonus tax, so the suggestion—I put it no stronger than that—is that the banks are getting off lightly. The corporation tax reduction—corporation tax seems to have been constructed because the banks do not invest a great deal but have high turnover—and other changes could have been ideally designed for the banks. There is therefore a suspicion that banks are doing really rather well out of this year's Budget. If that is not so, I should like the Minister to tell us why not.

There are many good reasons why the Minister should have been more draconian in introducing the levy. After all, as has been said by many hon. Members, when the coalition parties were in opposition, they told us that negotiations between the Government and the banking industry on proposals such as Project Merlin would produce certain results; on bonuses, however, the Government got absolutely nowhere. Statements were made about constructive negotiations, so it was embarrassing to find bankers telling us that there was no change.

Of course, still more critically, we were told that small businesses are the lifeblood of our economy—that mainly small businesses in the private sector would make a reality of the Government's so-called strategy of getting the private sector to take up the slack created in the public sector. If they are to achieve that, they need to grow.

Roberta Blackman-Woods (City of Durham) (Lab): May I draw my hon. Friend back to the use of the bank bonus tax to promote growth? We heard last week that the construction industry was struggling to come out of the recession. Of course, applying the bonus tax and giving it to the construction sector to, for example, build affordable homes, which are very much needed in my constituency and many others, would have helped to stimulate the economy.

Mr Love: I agree with my hon. Friend. Clearly, the sector of the economy that has lost out the most is construction. If the Government intend to contribute only the homes bonus and changes to the planning regulations to the construction industry—they are creating uncertainty up and down the country—I foresee a bleak future for the construction sector in the next two to three years. I urge the Government to consider that carefully. They say they have a growth strategy but they do not, and we are now suggesting one. It would repay them to listen to what people are saying and to address the inadequacies of their response, particularly in the construction sector.

9.30 pm

I was speaking about lending to SMEs. The failure of Project Merlin is risible, and it is a sad reflection that all the Government could get from the banking industry was a gross figure of an additional £10 billion of lending. If, as someone said earlier, figures are to be released to show how things are developing and to ensure transparency, I suspect they will show that the banks are not coming up to par. However, I hope I am wrong, so I ask the Minister to reassure me on that.

The cut in corporation tax is another reason why the Government should have been firmer in how they introduced the bank bonus tax. I understand that the cut is worth £100 million a year. If there are now to be two reductions in corporation tax—the Budget includes a further 1% reduction—the cut will be worth £200 million, which seems to me a good reason why the Government should have been tougher. They are giving back in corporation tax, so they should have been tougher on the bank bonus tax.

There is confusion in the Government about what they are suggesting the financial services sector ought to do. On the one hand, we are asking banks to lend more, and on the other, we are asking them to hold more capital and, into the bargain, to pay more tax, as the right hon. Member for Wokingham said. That is not a coherent policy. Banks have to lend to keep the economy going, but they also need to increase their capital. One of the major advantages of the bank bonus tax was that it incentivised the retention of profits, which would have helped to build up banks' capital base.

The real failure of tonight's proposal, however, is that it does not live up to the Chancellor's own expressed reason for its introduction. When pressed on the matter, he said that equity was the reason. He had to prove to the public that he was looking to get from the banks their contribution to the austerity measures that had to be introduced as a result of the banking sector's failures. In my view and that of other Opposition Members, however, he clearly has not done that. Although we look forward to him agreeing to the review that will tell us whether he has done it, perhaps the Ministers could gives us some reassurance.

That brings me to the bank bonus tax. I would like to refer to an earlier intervention. If, as is likely, we pass the bank levy in its present form, despite the amendment, we simply will not raise enough money to do all the things the economy needs if it is not to bump along the bottom, as someone characterised it earlier. If we are not to bump along the bottom for the next few years, we need to do something. I commend the work done on the bank bonus tax and how it would have been used. That was a tax of 50% only on bonuses over £25,000, so it did not tax the smaller end of the bank bonus market. The particular merit of the bank bonus tax was that the bank paid, not the employee.

I mentioned earlier that the bank bonus tax raised £3.5 billion. Why did we introduce it? First, it should be noted that it had widespread support among the public, who felt that we were directly addressing bonuses and the bonus culture. Taxpayers kept saying, "Why have you guaranteed the banking sector and not any other part of the economy?" We in this House know why that was, but they needed a justification for it. One justification for that implicit guarantee was that we wanted to rescue the economy. We did not give that guarantee so that we could enrich bankers a year later. That was not the idea. We were doing everything we could to reflect public concern, as well as ensuring that the system was stable and that bankers paid their fair whack.

However, the bonus tax was described by the bankers—these are direct quotations—as "populist", "political" and, believe it or not, "penal". There were also threats to leave the country. We have been looking out for additional electoral registrations in Zurich, Paris and New York, and although there is a flow backwards and forwards, to and from those countries, the reality is that the bankers did not leave. They did not leave because the banking industry recognised that we made the correct and appropriate response, which I would commend to the Minister.

Finally—this comes back to the earlier intervention—let us look at what the Government have brought forward in what they call their growth zones. Enterprise zones? I mean, come on! As for the idea that they are an appropriate growth strategy, we need only look back at the experience of previous enterprise zones to know that creating jobs under such a regime is prohibitively expensive. The national insurance holiday is another centrepiece of what the Government said they wanted to do. However, although they will not release any concrete figures, it was already clear from an article in the *Financial Times* in January that, far from 400,000 businesses being helped over the four or five years of the policy, at that time only 1,500 had been helped.

Mike Gapes: My hon. Friend mentions the national insurance holiday for new businesses, but it discriminates against London and Londoners. Some of the poorest people in the poorest communities in the poorest boroughs in this country are in London, as are some of the areas with the highest unemployment, yet the national insurance holiday does not cover London, which he, as a London Member, knows as well as I do.

Mr Love: I thank my hon. Friend for that intervention. He is correct. When that legislation was passed, we argued that many parts of London had suffered tremendously from the credit crunch and were as deserving as—if not more deserving than—other parts of the country. However, that argument was not listened to. Perhaps the policy would be a little more successful if the Government had included London, along with all the other parts of the country.

The policy has clearly not been a success. The Government's growth strategy is not producing growth. I would therefore like to suggest an alternative growth strategy, the merit of which is that it was beginning to bear fruit at the time of the general election.

I will pick out just a few areas at which the Government need to look carefully, while searching their conscience and trying to construct a positive growth strategy and address these concerns. First, youth unemployment is just about topping 1 million. One in five of our young people aged 16 to 24 are unemployed, and to focus on getting young people back into work, as we were trying to do before the general election, would pay dividends. We shall lose a whole generation if we do not address the youth unemployment problem, and that should be a priority for the Government.

Mr Robinson: The whole House will agree with my hon. Friend that youth unemployment is the single biggest threat on the unemployment front at the moment, at 20% and rising. Was not the cancellation of the future jobs fund a short-sighted, perverse reaction by the Government that could well result in a repeat of what happened in the 1980s—a whole generation being lost to the working population because of the rise in youth unemployment?

Mr Love: Yes, the future jobs fund was the very vehicle to provide a job, training or relevant work experience so that our kids did not have to sit on the sidelines without a future, getting demoralised and not being in a position to take up the job opportunities that will be available when the economy turns round. It is a dereliction of duty on the part of the Government not to address that issue.

Nic Dakin: My hon. Friend is giving a cogent and coherent analysis of the amendment before us. Does he not agree that the review suggested in the amendment represents a real opportunity to find the money needed to invest in young people and their job opportunities? It is not too late for the Government to address this error.

Mr Love: Absolutely. The merit of the amendment is that it would give Parliament, and particularly the Government, the opportunity to review the operation of the levy, as well as providing the banking sector with other opportunities to make a contribution to sorting out some of the deep-seated economic problems in our country. I hope that the Liberal Democrat part of the coalition will be sympathetic to our arguments and speak up where it matters, to try to get the Government to recognise that there is an alternative that would be good for the economy and good for our society.

A second issue is house construction. In my local authority area we have the fourth worst housing stress in the country. Things are difficult, and they are going to get significantly worse. I mentioned earlier the Government's incoherent construction policy, with its homes bonus that is not a bonus, and its planning system that is so riddled with inconsistency and lack of certainty that major construction is now off the agenda. It is a system that allows local considerations to dominate and outweigh much-needed construction in different parts of the country. I can see only a bleak future for public and private housing construction—but our proposal provides one small, modest way in which the Government could improve the situation.

Mrs Chapman: Does my hon. Friend agree that it is not only the house builders who have a hard time when the construction industry suffers? In Darlington last week, we heard the announcement of the loss of almost 200 manufacturing jobs in a company that builds conservatories. Obviously, that is a difficult business to be in with the construction sector in its present state.

Mr Love: I agree entirely with my hon. Friend, and I hope that someone on the Government Front Bench is listening. These are urgent problems.

Let me mention two other brief points about a growth strategy. We do not have a Sheffield Forgemasters contributing to growth. I remind Government Members of that because a viable, well-thought-through and supportable project was put forward, yet it has still not received any funding—

9.45 pm

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. As we know, we are debating the bank levy. There has been some stretching of the debate already, and we are in danger of stretching it even further. We have had a good debate so far, and I am sure that the hon. Gentleman will want to keep to the amendment.

Mr Love: I bow to your advice, Mr Hoyle. I will conclude my remarks about the lack of a growth strategy by saying that as an optimist, I believe that it is never too late. I hope the Government will think carefully and recognise that the growth strategy they produced on paper simply does not respond to the real needs of the economy.

I finish where I started, by commending the amendment to the Government. It poses no threat to them; it simply seeks to review the bank levy system that they are introducing. They will know, because they have spent a great deal of time on this, just how important the public think the role of the banks in getting our economy sorted out is. After all, it is widely perceived that the banks were the main cause of the problem in the first place, so people are looking to them to help our economy in a meaningful way. For the reasons that I have stated, the amendment will address some of those issues and provide an opportunity to examine how the levy is working in December. I hope that it will provide us with an opportunity to straighten out and ensure that the levy really addresses the needs of our country.

Mr Hoban: Amendment 9 seeks to require a report into the effectiveness of the new bank levy, which is introduced in clause 72. I will come to the components of the amendment shortly, but I think it would help hon. Members if I first explained the role and features of the levy.

The levy is a new tax that will ensure that the banks fairly contribute to the Exchequer, while encouraging them to move to less risky forms of funding. This levy forms part of the Government's far-reaching plans for banking reform. We have already announced an overhaul of financial regulation, marking a break from the light-touch regime championed by the shadow Chancellor when he was the City Minister. We have created an Independent Commission on Banking, which published its interim report last month and is due to publish its final report in September.

When Labour Members were in government, they refused to debate the structure of the banking sector. They were afraid of banking reform and they were afraid to understand and tackle the lessons from the financial crisis. This debate would have been better if one of them had had the courage to accept the failures of the previous Government on the regulation of the banking sector. Not one of them did so. I think this whole debate is a cover for their bluster. When we proposed in March last year to introduce a bank levy, on a unilateral basis if necessary, Labour Members were against it. The then Chancellor was against it and the present leader of the Labour party, who wrote the Labour manifesto, was against it, too. What we have

heard today is a whole load of bluster, rhetoric and empty words about how we must tax the banking sector properly when Labour Members lacked the courage to champion these moves when they were in government. We have taken the lead on the issue, when they would have hung back and waited for international consensus and agreement. We have taken the lead, as I say, and France and Germany have joined us in announcing levies. Others have since followed, including Hungary, Austria and Portugal.

The hon. Member for Nottingham East (Chris Leslie) made great play of the various rates that other countries were introducing. Let me point out to him, then, that in France the levy is expected to raise only €500 million. In Germany, the levy is expected to raise €1 billion annually. The hon. Gentleman prayed in aid the US on two occasions, but the US has not yet introduced legislation, so his comments are empty—

Chris Leslie: Will the hon. Gentleman give way?

Mr Hoban: No, I am not going to give way. We have had quite a long debate already, and it is time we made some progress.

Chris Leslie: On a point of order, Mr Hoyle. I understood that this was a Committee stage, and that we were considering the Bill in detail. Is it usual practice for a Minister responding to a debate not at least to give way and allow a dialogue on the clause in question?

The Chairman of Ways and Means (Mr Lindsay Hoyle): That is not a point of order. It is up to the Minister to decide whether to give way, and I am sure that he heard the cries for him to do so.

Mr Hoban: Subsection (2)(a) of the amendment requires a report on

"the Government's analysis behind the rate and threshold chosen for the bank levy".

It might help Opposition Members if I explained how we designed the levy, and why we set the rate and threshold as we did. The levy is intended to ensure that the banking sector makes a fair and substantial contribution, reflecting the risks that it poses to the financial system and the wider economy. It is intended to encourage banks to move away from risky funding models, and complements the wider regulatory agenda to improve standards and enhance financial stability. During the crisis, it became clear that some banks had become over-reliant on short-term funding for long-term lending. When financial markets seized up, those banks were exposed.

I must emphasise that the levy is based on the liabilities of a bank, not on its assets. It is based on the bank's deposits, its share capital and loans made to it, not on loans made by it. It applies to the global balance sheets of UK banks, building societies and banking and building society groups, and to the UK operations of banks from other countries.

In determining the scope of the levy, we concluded that foreign banks operating in the UK also posed potential risks to the UK financial system and the wider economy, whether they operated as branches or as subsidiaries. It therefore follows that they should contribute on the same basis, and branches and subsidiaries of foreign banking groups are included to ensure that they cannot avoid the levy by group restructuring. That will ensure the provision of a level playing field for all banks operating in the UK.

The levy will be paid by between 30 and 40 building societies and banking groups, and we have made it clear that we expect it to yield about £2.5 billion of revenues each year in its steady state. That appropriate contribution balances fairness with competitiveness, and the rates of the levy were chosen to allow it. We initially announced that a reduced rate would apply for 2011, recognising the uncertain market conditions prevailing at the time, but we no longer consider that to be necessary.

In December the Bank of England noted that the near-term outlook and resilience of the UK banking sector had improved. Markets also now have greater certainty about the timing and direction of regulatory change, with the Basel III regulatory reforms being introduced in 2013 and transition periods being extended to 2015. We therefore decided that from 1 March this year, the full rate of the levy should be introduced for 2011. The levy will now yield £2.5 billion in that year. The steady state target yield was set out last year, when we also announced our intention to make significant cuts in the main rate of corporation tax.

Chris Leslie *rose—*

Mr Hoban: I am going to continue my speech.

We were clear at that time, as we are now, that the bank levy yield far outweighs the benefits that banks receive from the corporation tax change. Other sectors will benefit from the reduction in corporation tax, but the banks will not benefit because of the levy. In the March Budget, the Chancellor went further in helping our economy to grow, and announced an additional 1p reduction in the main rate of corporation tax. At the same time, to offset the benefits to banks from that further cut and maintain the same incentives for them to move to less risky funding, we announced that the rate of the levy would increase from 1 January 2012, to 0.078%.

The threshold has prompted some discussion. The initial announcement on the bank levy last year proposed that it would include a threshold of £20 billion. However, as part of the subsequent consultation exercise, we explicitly sought views on whether it would be preferable to make it an allowance rather than an all-or-nothing threshold. A threshold would provide a cliff edge that banks would avoid by restructuring. Respondents to the consultation made that clear to us, and even suggested that banks, or indeed building societies, might avoid growing their UK operations to avoid the threshold and to avoid paying the levy. We accepted that argument, and have therefore decided that there should be an allowance on the first £20 billion of liabilities liable for the levy. That means that smaller banks, building societies and foreign banks with a small UK presence—that is, those whose liabilities are less than the £20 billion allowance—will not pay the levy.

The allowance will ensure that the levy is proportionate to the risks inherent in banking businesses of different sizes. It balances the probability that the failure of a bank could pose a systemic risk against the relative burden imposed in order to gather additional revenue at the margin. While size is not the sole factor in determining risk to the system, it is an important one. Increasing the

[Mr Hoban]

allowance would risk excluding banks or building societies that are highly likely to pose a systemic risk if they fail. Similarly, setting the allowance at a lower level—which Opposition Members seem very keen on doing—would risk imposing an unnecessarily high burden on institutions that do not pose a systemic risk to the UK economy in the way that larger banking institutions do. These details, along with many others, have already been made public, and I am sure that the Opposition Members who tabled the amendment are aware of the steps the Government have taken to explain the basis of the decisions. All tax measures now have a tax information and impact note, which sets out clear information relating to the measure and its impact, and which has provided a significant amount of analysis on the levy so far. It is clear that there is no need for a report to provide an analysis of the rates and threshold of the bank levy.

Let me turn to the second element of the amendment.

Mr Lammy *rose—*

Mr Kevan Jones: Will the Financial Secretary give way?

Mr Hoban: Let me make progress. The hon. Gentleman spoke for over an hour and I am responding to the speeches made in five hours of debate. I therefore think the hon. Gentleman should hear me out, after which I may consider taking interventions.

Let me turn to the second element of the amendment, on the adequacy of the levy in the context of other reforms to the wider banking sector.

Mr Lammy: On a point of order, Mr Hoyle. In Committee, when Ministers have not answered questions from Back Benchers, is it normal for them not even to give way? Surely the Financial Secretary could simply photocopy what he is reading out, and send that to all of us so we can go home?

The Chairman: That is not a point of order. It is up to the Minister to decide how he wishes to reply to the debate.

Mr Hoban: I think that is the best suggestion the right hon. Gentleman has so far made in this debate. I shall send a copy of my speech to all hon. Members who are interested in it, so they can then go home.

The levy is a permanent tax, and is part of our wider package of far-reaching reforms. It is designed to be consistent with global regulatory practices, drawing on proposals from the International Monetary Fund and reflecting emerging proposals from the Basel committee. Excessive risk taking in the financial sector was a significant contributory factor in the recent financial crisis. As I said earlier, the levy is intended to encourage banks to move away from riskier funding.

The levy should not be seen in isolation from other reforms to the banking system. Domestic, European and international banking reforms will change the landscape of banking. For example, Basel III will lead to higher capital levels, and its liquidity reforms will change the funding profiles of banks. There is a vigorous debate within the EU and the G20 about whether the holders of bank debt should be required to contribute to the recovery or resolution of banks, for example through the conversion of debt to equity. As I said earlier, we have established an independent commission on banking to consider structural and related non-structural reforms.

The hon. Member for Edmonton (Mr Love) raised issues to do with the implicit guarantee, to make sure the right reforms are in place so banks are not dependent on the guarantee from the taxpayer. We have tackled that issue, whereas when his party was in government, it failed to do so. I wish he would give us some credit for the action we have taken to reform the regulation of the banking system during the year in which this Government have been in office.

The final element of the report calls for information on the total tax revenues expected from banks in each year to 2016-17. We have been clear that we expect the levy to raise about £2.5 billion each year. We have also taken other steps to ensure that banks pay their fair share. The previous Government introduced the code of practice on taxation for banks, but they utterly failed to get banks to sign up to it. They talk tough now, but they failed when in government; only four of our leading 15 banks actually signed up to that code of practice when they were in office. By the end of November, however, all the top banks had signed up to the code, and by March 2011 some 200 banks had adopted it. We therefore need take no lessons from the Labour party about getting the banks to sign up to codes.

We are very clear that banks should make a contribution reflecting the risks they pose to the UK financial system and wider economy. While amendment 9 calls for a report, this Government are delivering action. We have already set out the reason for the rates chosen and the decision to set an allowance at £20 billion. We have been clear on how the bank levy fits with and complements our wider reform package and we have been clear that we expect revenues from banks to grow as the economy recovers. We have also secured agreement from the top banks on the tax revenues they expect to pay over the spending review period. We are raising more in this levy than the previous Government raised through their one-off bank payroll tax. Labour Members refused to introduce a bank levy when they were in government. We backed it where they have failed to act and I ask hon. Members to support the clause.

10 pm

Chris Leslie *rose—*

The Parliamentary Secretary to the Treasury (Mr Patrick McLoughlin) *claimed to move the closure (Standing Order No. 36).*

The Chairman: Order. I think it would be of interest to the House to hear from the hon. Member for Nottingham East (Chris Leslie), and I am sure that he will not take too long.

Chris Leslie: Thank you, Mr Hoyle. The Chief Whip really needs to take a breath and perhaps calm down for a moment. *[Interruption.]* I did not quite put it in the way that the Prime Minister might.

The Financial Secretary to the Treasury usually does act honourably by trying to respond to the debate, and probably he secretly would have done so today. Our debate was wide ranging and we covered a number of specific points on the detailed design of the bank levy, with which he entirely refused to engage. He refused to

give way in this Committee stage of the Finance Bill, which shows the Government's thinly veiled contempt for the parliamentary process. No debate, no scrutiny and no contributions came from those on the Government Benches, other than the speech by the right hon. Member for Wokingham (Mr Redwood). They have accepted absolutely no challenge and no scrutiny. They have put their heads down and ploughed on—the Lansley strategy of policy making in action.

The Financial Secretary gave no explanation of why the Government set the banking levy at this puny £2.6 billion or why they have given a very generous tax-free allowance of £20 billion to the banks. Their original design, as set out in June, could have netted £3.9 billion, but when the banks complained the figure went back down to £2.6 billion. He says that we should not criticise the levy for being set at such a low rate because the French levy will raise less, but of course it will because the French banking sector is smaller. The fact is that our banking levy is being set at a third of the rate that the French are pursuing. He did not answer any questions on the netting of derivatives, the double taxation treaties or what would happen in terms of accounting practice. He certainly did not address the outrage in the country, never mind in the House, about the continuing appalling abuse of bonuses in the banking system. That is an obscene ongoing process and although bonuses might reduce slightly in one year, that is offset by the increase in the salaries that those bankers are enjoying. He did not even address the new loophole he is introducing in the Bill so that those enjoying deferred bonuses will now be able to pay the tax rates in future years, thus perhaps avoiding the 50% income tax rate when eventually the Government scale back from that.

Mr Kevan Jones: Does my hon. Friend agree that we had a wide-ranging debate, including on bankers' bonuses, and that the Financial Secretary did not even address that issue in his wind-up?

Chris Leslie: Astonishingly, the Financial Secretary, having had his coat tugged by the Government Chief Whip, did not even address many of these points at all. As I say, the right hon. Member for Wokingham made his points about the role of the state-owned banks, how they ought to behave and how perhaps they would change their behaviour in a different market position.

My hon. Friend the Member for Wansbeck (Ian Lavery) made an important point about the comparison between those who enjoy exceptionally high bonuses and ordinary working people who, I think he said, might take 125,000 years on average to earn the bonuses that some bankers earn in one year.

My hon. Friend the Member for Scunthorpe (Nic Dakin) said that the Government have no mandate for their approach, and that is absolutely true.

My hon. Friends the Members for Walthamstow (Stella Creasy), for Brent North (Barry Gardiner) and for Hayes and Harlington (John McDonnell) also made important points about the feeble nature of the design of this element of bank taxation.

My hon. Friend the Member for North Durham (Mr Jones), in his rapid canter across the landscape of banking taxation, made a point about the obscenity of bonuses, which the Government have singularly failed to address through their failures on Project Merlin. My right hon. Friend the Member for Tottenham (Mr Lammy) talked about the impact on his constituency of the public services that will be cut because the Government will not pursue the sources of revenue that could be necessary to help ameliorate some of those reductions.

My hon. Friend the Member for Edmonton (Mr Love) made, I think, the most important point of all: our amendment is no threat to the Government. We are simply asking for a review and a report on the levels of bank taxation and the banking levy. The Government are introducing a tax cut for the banks and the bank levy proposal is weak and fails to ensure that banks pay their fair share. This is a simple amendment that is surely unobjectionable and I think we should seek the Committee's view.

Question put, That the amendment be made.

The Committee divided: Ayes 153, Noes 296.

Division No. 261] **[10.5 pm**

AYES

Abrahams, Debbie	Farrelly, Paul
Ainsworth, rh Mr Bob	Field, rh Mr Frank
Alexander, Heidi	Fitzpatrick, Jim
Ali, Rushanara	Flint, rh Caroline
Allen, Mr Graham	Flynn, Paul
Anderson, Mr David	Fovargue, Yvonne
Bailey, Mr Adrian	Gapes, Mike
Balls, rh Ed	Gardiner, Barry
Barron, rh Mr Kevin	Gilmore, Sheila
Bayley, Hugh	Glindon, Mrs Mary
Beckett, rh Margaret	Goggins, rh Paul
Begg, Dame Anne	Goodman, Helen
Benn, rh Hilary	Green, Kate
Berger, Luciana	Greenwood, Lilian
Blackman-Woods, Roberta	Gwynne, Andrew
Blears, rh Hazel	Hain, rh Mr Peter
Blomfield, Paul	Hanson, rh Mr David
Brown, Lyn	Healey, rh John
Brown, rh Mr Nicholas	Hepburn, Mr Stephen
Bryant, Chris	Heyes, David
Buck, Ms Karen	Hillier, Meg
Burden, Richard	Hodge, rh Margaret
Burnham, rh Andy	Hodgson, Mrs Sharon
Campbell, Mr Alan	Hoey, Kate
Campbell, Mr Gregory	Hopkins, Kelvin
Chapman, Mrs Jenny	Hosie, Stewart
Clwyd, rh Ann	Howarth, rh Mr George
Coaker, Vernon	James, Mrs Siân C.
Coffey, Ann	Johnson, rh Alan
Cooper, Rosie	Johnson, Diana
Corbyn, Jeremy	Jones, Mr Kevan
Creasy, Stella	Joyce, Eric
Cruddas, Jon	Kaufman, rh Sir Gerald
Cryer, John	Keeley, Barbara
Cunningham, Mr Jim	Lammy, rh Mr David
Cunningham, Tony	Lavery, Ian
Curran, Margaret	Lazarowicz, Mark
Dakin, Nic	Leslie, Chris
Darling, rh Mr Alistair	Lewis, Mr Ivan
David, Mr Wayne	Lloyd, Tony
Davidson, Mr Ian	Love, Mr Andrew
De Piero, Gloria	MacNeil, Mr Angus Brendan
Donohoe, Mr Brian H.	Mactaggart, Fiona
Dowd, Jim	Mahmood, Shabana
Dromey, Jack	McCann, Mr Michael
Efford, Clive	McCarthy, Kerry
Elliott, Julie	McCrea, Dr William
Ellman, Mrs Louise	McDonagh, Siobhain
Engel, Natascha	McDonnell, John

McFadden, rh Mr Pat
McGovern, Alison
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Nandy, Lisa
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reynolds, Emma
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Wright, David

Tellers for the Ayes:
Mark Hendrick and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark

Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Jeremy Wright

Question accordingly negatived.

Clause 72 ordered to stand part of the Bill.

Clause 19

FUEL DUTIES: RATES OF DUTY AND REBATES FROM 23 MARCH 2011

Kerry McCarthy (Bristol East) (Lab): I beg to move amendment 7, page 12, line 36, at end add—

'(8) The Chancellor shall publish, within 3 months of the passing of this Act, an assessment of the impact of taxation on fuel prices.'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss clause stand part.

Kerry McCarthy: The backdrop to today's debate is an economy that is flat-lining, as the Chief Secretary to the Treasury admitted last week. Since the Chancellor's spending review, we have had no economic growth, and it is ordinary people who are hardest hit by that stagnation, with 2.5 million people out of work, including nearly 1 million young people—one in five 16 to 24-year-olds. An increasing number of people have been jobless for more than a year—nearly 850,000 and rising. This year, as the Government's cuts start to bite, hundreds of thousands more people could lose their jobs. I believe that that is what the Minister of State at the Cabinet Office called an

"immediate national crisis in the form of less growth and jobs than we need."

Apparently, it is what the Chancellor describes as "good news" and a sign that the economy is on the right track. Families are feeling the effects of the crisis in their pockets. Prices are still rising by more than 5% on the retail prices index, while earnings are growing at just 2% a year.

Rising fuel prices are a big part of this squeeze. According to the Office for National Statistics, fuel prices are currently one of the most significant contributors to consumer price inflation. According to this week's figures from the Department of Energy and Climate Change, the average UK pump price is now £1.36 for a litre of petrol and £1.42 for a litre of diesel. I am sure that many Members will be aware that at their local petrol pumps prices are even higher. That means that petrol is more than 3p a litre more expensive than it was last month, or 15p more than this time last year, and that diesel is 3p more expensive than last month, or nearly 20p more than last year. Unfortunately, the 1p saving we got from the Chancellor's cut in fuel duty lasted barely a week before price rises at the pumps wiped it out.

Mr John Spellar (Warley) (Lab): My hon. Friend rightly draws attention to fuel prices. Does she not find it extraordinary that the coalition Government are proposing to subsidise fuel prices in some of their friends' constituencies, thereby increasing by default the duty on those in many of the urban constituencies that we represent?

Kerry McCarthy: My right hon. Friend is quite right that the Government are looking for a derogation in some rural areas, but only a very limited number. When the House last discussed the proposal, considerable representations were made by Government Members who argued that if there was to be a derogation, other areas should also benefit from it and that it was unfair that just a few remote islands should see the benefit.

Stewart Hosie (Dundee East) (SNP): The argument that a derogation in remote and rural areas is somehow an increase elsewhere is an interesting one. Should we take it from that that the hon. Lady is opposed to the road equivalent tariff being implemented in the Western Isles as well?

Kerry McCarthy: The point that my right hon. Friend the Member for Warley (Mr Spellar) was making was that if taxes are to be cut for some people somewhere, but the same amount of revenue has to be raised, that means that someone else is subsidising it. That is a fairly simple point to take on board.

As I was saying, it is not just rising fuel prices that are hitting people. Rises in fuel prices feed through to higher food prices and higher energy prices for household bills. Despite a recent up-tick, the OECD estimates that food prices in the first quarter of this year were nearly 6% higher than they were last year, and energy prices more than 9% higher. As real incomes fall, spending on basic items, such as food—*[Interruption.]*

Mr Kevan Jones: On a point of order, Mr Hoyle. You have many attributes, but you do not have eyes in the back of your head. Would it be possible for you to ask those Members behind the Chair to leave the Chamber in order to reduce the noise level, so that others can follow the debate?

The Chairman: I must admit that, if there was noise interference, I did not know where it was coming from and could not hear it in front of the Chair. I am sure that Members will be quieter in future.

Kerry McCarthy: I thank my hon. Friend the Member for North Durham (Mr Jones) for that, because it certainly seemed quite noisy from where I was standing.

As I was saying, as real incomes fall, spending on basic items such as food, energy and fuel makes up an increasing proportion of the average family's weekly spend, as the Office for National Statistics acknowledged in March when it changed the make-up of its retail prices index basket. That means that families are increasingly vulnerable when prices rise quickly.

The Opposition accept that no Government can control the price of oil, which the global markets set, and that the situation in the middle east is affecting people in countries throughout the world, to which the UK is of course no exception, but the Government have control over fuel taxation, and that has a significant effect on pump prices. When so many people are out of work and real wages are falling, the Chancellor has a responsibility to do all he can to help business and to promote economic growth and jobs; and when ordinary working people are struggling to make ends meet, he has a responsibility to do everything possible to help them get on.

That is why we tabled amendment 7. It is important that Parliament has the opportunity to scrutinise the Government's policies on fuel taxation and their total effect on fuel prices at the pump, because the Chancellor's cut in fuel duty, as set out in clause 19, is not all that it seems. In January the Government decided to increase VAT on fuel from 17.5% to 20%, even though the Prime Minister told voters just before the election that he had "no plans" to increase VAT. Without that VAT rise, petrol would be almost 3p cheaper now, swamping the 1p cut that the Bill brings in.

The Federation of Small Businesses said that the UK's small and medium-sized enterprises would be "severely affected" by that hike in fuel tax. A survey of its members in January pointed to the increase as the single biggest threat to their business—something that will resonate with Government Members, who I am sure have been lobbied by the FSB on that point. Some 89% of businesses that responded thought that the Government's measures would add £2,000 to their costs over six months. A spokesperson for the FSB said in response to the January rise in fuel tax:

> "The Government have said it is putting its faith in the private sector to put the economy on a firm footing, yet 36% said they will have to reduce investment in new products and services and 78% said their profitability will be reduced—hardly conducive to growth."

Many small business people in my constituency are struggling to stay afloat, particularly in the face of cash-flow difficulties. The VAT increase at the beginning of this year was expected to put severe strain on their cash flow, so the Chancellor's 1p reduction in fuel duty has to be seen in that context.

Some people will be able to cut down on their use of fuel or even stop using petrol all together. Some people are switching to cycling or to public transport, and for those who are able to do so that is a good thing. As an MP for Bristol, which saw investment from the previous Labour Government so that it could become the UK's first cycling city, I welcome people taking up cycling.

Mr Kevan Jones: The argument that my hon. Friend puts forward is very interesting, but does she agree that the situation is difficult for rural constituencies such as mine, where bus subsides are being cut because of the Government's cuts to Durham county council and some communities will not have any access to any public transport whatever?

Kerry McCarthy: My hon. Friend makes an absolutely valid point, which I was just about to turn to. Some people will say that the rise in fuel prices is an incentive for people to use public transport such as buses, but they can only do so if they are in an area that is well served by public transport. Bus subsides are being cut, and increasingly some areas—particularly remote rural areas—are being completely left without a bus service, meaning that people simply have no choice but to use their car. They include not just people who are poorly served by public transport, but those who run businesses and have to visit customers and suppliers and transport goods throughout the country. They include those who have to run around in the morning dropping children off at different schools or at nursery and then get to work on time, and many other people besides. At a time when fuel prices are rising, adding to them with extra tax is hammering people at the worst possible time. These are often families who are already running a very tight budget, and even a few extra pounds a week on their bills makes a real difference to their ability to get by.

10.30 pm

Mr Chuka Umunna (Streatham) (Lab): Has my hon. Friend noticed the projections for the increase in household debt under this Government? The Office for Budget Responsibility is projecting that it will increase by more than £500 billion this year and over the next five years, and it is also saying that the reason for this is not only inflation but the comprehensive spending review and the Budget.

The Chairman: Order. We must keep questions to the subject of the amendment that we are dealing with.

Kerry McCarthy: Before the election, the Economic Secretary said in this House during a debate on fuel duty:

> "What people want from the Government today is a helping hand to get them out of their financial troubles. Instead, what they see from the Government is no help at all. Far from providing a hand to pull them out of their troubles, the Government are pushing them further down into them."—[*Official Report*, 16 July 2008; Vol. 479, c. 359.]

How astonishing, then, to find that that is exactly what she and her Government are doing. They may have made a show of helping people up with a small fuel duty cut, but that is after they have given them a much bigger push down with their VAT rise on fuel. Before the Chancellor gave his Budget statement, Labour Members called for him to look again at the fuel duty escalator, which I think the Economic Secretary is muttering about from a sedentary position. In previous Budgets, we cancelled or postponed fuel duty rises when pump prices were rising quickly. In the 2010 Budget, the then Labour Chancellor phased in the increase for that year in three stages to ease pressure on business and household incomes. In the 2008 Budget, the previous Government postponed the increase in fuel duty for six months, again to support the economy and help businesses and families. We therefore welcome the fact that the Chancellor has done so again in this Finance Bill. However, when that cut is put in context, we see that families and businesses are facing more pressure than before as a result of the Government's policies on fuel tax.

This is not the only policy in the Bill that is not all that it seems when it is put in context. The Government have made much of their increase in the personal allowance for income tax. The Chancellor said:

"The increase in the personal tax allowance already announced will vastly exceed anything lost through employee NICs uprating". [*Official Report*, 23 March 2011; Vol. 525, c. 954.]

However, he failed to mention that the rise in the allowance is swamped by his VAT rise, which will take £450 a year, on average, from the pockets of families with children. Families earning as little as £31,000 could lose their child tax credits as the Government take £400 million out of the system, while the Government's Welfare Reform Bill creates uncertainty for families over whether they will keep their child care support and free school meals. In a couple of years, a family with two children with a single earner earning just £44,000 could find that the Government have taken £1,750 a year away from them in child benefit. It is no wonder that the Institute for Fiscal Studies said that the Chancellor was

"giving with one hand...and taking away with lots and lots of other hands."

Nor is it surprising that the economist Roger Bootle said today that household incomes were "all but certain" to fall.

All this comes at a time when Government cuts mean front-line cuts in services that people rely on—schools, the NHS, social care, even the police—and workers in those vital public sector jobs are facing redundancies. The Government may say that some factors are outside their control. When we were in government, oil prices rose substantially, as we are seeing now, but we left government with a proportional tax take on fuel lower than when we came into government—down from 75% to less than 65% on petrol and down from 74% to 64% on diesel. It is no coincidence that under the last Conservative Government fuel taxation shot up from 66% of the price of petrol in 1992 to 75% in 1997, and from 66% to 74% for diesel.

The Minister of State for International Development made the front pages in March, saying:

"if this does go wrong",

referring to the Budget,

"£1.30 at the pump could look like a luxury, $200 a barrel is on the cards".

He can hardly have expected that remark to put a stop to speculation in the oil markets.

Rather than helping people through the tough times, the Government seem to want to make things worse. There was an alternative for the Government. Before the Budget, we called on the Chancellor to scrap the hike in VAT on fuel. That would have been of genuine help to families and businesses.

Andrew Gwynne: Is my hon. Friend, like me, extremely surprised at the lack of ambition from the Government parties when it comes to seeking a derogation for the rise in VAT on fuel? Given that President Sarkozy managed to get a derogation on VAT for French restaurants, does she not think that the British Government should do the same for fuel?

Kerry McCarthy: My hon. Friend makes a valid point, which I will come on to in a moment. *[Interruption.]* Ministers are peddling the line that it would take six years to achieve such a derogation from the EU. I ask them, have they even tried? I suspect that the answer is no. It is a fairly defeatist attitude to say that we will not even ask because we know what the answer will be. That is not fighting for Britain's corner in the European Union.

As I was saying, there was an alternative for the Government. We called on the Chancellor to scrap the hike in VAT on fuel, which would have been of genuine help to families and businesses. It could have been paid for from the £800 million more than expected that was raised from the bank levy. Unlike the stabiliser proposed by the Conservatives in the run-up to the general election, that would not have been "unbelievably complicated and unpredictable", to use the words of the Secretary of State for Business, Innovation and Skills.

The stabiliser is based on the idea that taxation will vary according to fluctuations in petrol prices, so that

"when fuel prices go up, fuel duty would fall. And when fuel prices go down, fuel duty would rise",

to use a direct quotation from the Conservative party consultation document on the issue. The stabiliser was a flagship policy for the Conservatives in the general election campaign. The present Prime Minister made an issue of it when he visited a Coca-Cola plant in Morley just a week before polling day, where he said that

"it would give you certainty as you go about your lives, knowing what your salary is, knowing what your mortgage is, we'd be helping with the cost of living by trying to give you a flatter and more constant rate for filling up your car".

When the Conservative party got into government, it soon realised that that was an empty promise, made glibly without doing the homework required, as we have seen with so many of its policies in its year in government. In the Budget, the Chancellor resorted to a different so-called stabiliser by increasing the supplementary charge on North sea oil. We will discuss that issue later tonight when we come on to the next group of amendments.

It is true, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) mentioned, that asking for a special rate of VAT would require our asking for a

[Kerry McCarthy]

derogation from the European Commission. The Chief Secretary to the Treasury said that the Government could not afford to "sacrifice income willy-nilly". However, he was willing to go to the EU to ask for a derogation for remote islands, although not for the rest of Scotland or the UK. Even members of the Conservative party agree that the solution should apply to the rest of the UK.

Justine Greening: I just want to check that the hon. Lady is aware that she is talking about two entirely different taxes. The tax that relates to rural areas is fuel duty, and the other derogation that her party is unwilling to accept is illegal to pursue relates to the EU VAT directive.

Kerry McCarthy: I am making the point that there are precedents for applying to the EU for a derogation, and I will come on to examples of other Governments who have done so.

I was about to quote the hon. Member for Brigg and Goole (Andrew Percy), who said from the Conservative Benches when we were debating the rural derogation:

"The pressures that affect the islands of Scotland and the Scilly Isles affect our constituents too."

He went on to say that

"if any solution is applied to one part of the United Kingdom, it must be applied to other parts of it as well."—[*Official Report*, 16 March 2011; Vol. 525, c. 352.]

Incidentally, we have heard reports that the Chief Secretary's derogation on that issue may be approved by this summer, after he applied only on Budget day. That is rather quicker than the six to seven years that the Government have claimed would be needed for a broader derogation on VAT for fuel.

The French Government were willing to go to the EU to ask for special dispensation for French restaurants, and several member states have asked for other derogations in the past. Derogations have been granted for goods as diverse as fertilisers, pesticides and works of art, and for services from amusement parks and hotels to cleaning and cable television. In 1994, the British Government secured a derogation for domestic fuel, and in the past derogations have been granted to some member states for reduced VAT on goods such as heating oil.

Justine Greening: Since the hon. Lady gives a whole list of derogations, perhaps she will also be prepared to tell the Committee how long they took their respective Governments to achieve.

Kerry McCarthy: As I said before, the Economic Secretary invents a mythical time frame which she says it would take for her to achieve a derogation from the EU on VAT on fuel. I have asked her several times now in various debates whether efforts have even been made to raise the subject with the European Commission, and answer has come there none.

Justine Greening *rose—*

Kerry McCarthy: Perhaps the Economic Secretary is going to answer now.

Justine Greening: The hon. Lady obviously does not know the answer, but I do—it took more than six years. Does she think motorists should have to wait six years before her party's policy can come into effect? It is unlikely ever to be accepted.

Kerry McCarthy: The hon. Lady invents a mythical obstacle to achieving a derogation, without even having tried. Many of her Back Benchers who are constantly urging Ministers to stand up to the European Commission will be very disappointed that they are using the Commission as an excuse. They could have avoided this situation by not introducing the rise in VAT on fuel earlier this year. They should have considered the consequences before entering into such a policy.

The UK has not applied for as many derogations as other member states. We have only one reduced rate, which is used largely for energy and energy-saving materials and a number of health products, as well as the zero rate. France, Italy and Poland have each secured three different reduced rates of VAT, in addition to a zero rate, so there is clearly scope for the UK to ask for a little more.

While Labour was in government, we never applied for a special rate of VAT on fuel, but the reason for that is simple: we never raised VAT on fuel in the first place. This is a problem that the Government have created, so rather than simply telling the Committee that a derogation would be illegal, perhaps the Economic Secretary can once and for all tell us whether the Government have made any serious attempt to start negotiations with the European Commission on the matter, or whether they are simply capitulating to the Commission without putting up a fight.

We have tabled the amendment so that the Government's fuel duty cut will be shown for what it really is—a 1p cut that is wiped out by the 3p a litre increase resulting from their VAT rise on fuel. It comes at a time when petrol prices are already rising rapidly and reaching record highs, when families are already squeezed and when the economy is struggling to grow. It comes after the Government refused to take the alternative approach that we put forward, which would have been a genuine help to families. The amendment means that the Government will have to face up to the fact that they have made the wrong choice at the wrong time and are harming, not helping, working people.

Alison McGovern: I rise to speak in favour of the amendment, which states clearly that the Chancellor should publish

"an assessment of the impact of taxation on fuel prices."

It is a short but, I think, highly important amendment, not least because fuel prices are a key part of our economy and have an impact on inflation. I want to say a few words about why taxation on fuel has a bearing on inflation and why that is at the heart of some of the economic problems that we face today, not just from a dry, technical point of view but from the perspective of families in Wirral, Merseyside and elsewhere who are struggling at the moment.

This country has previously dealt with severely high inflation, but for many years we have had relatively low and stable inflation. That is also true across the globe. The nature of the fuel industry means that fuel prices have a specific impact on inflation, but I would point

[redacted]at inflation in the UK is slightly higher than in the rest of the EU. That should be a warning signal to us. I am not particularly hawkish on inflation and on saying that fuel prices could drive problems in our economy. We need to recognise not the danger of returning to the days of terribly high inflation, but the danger of inflation of nearly 5% when wages are being held down, which limits people's quality of life. People see food and fuel price increases when they go to the shops or fill up their cars—as my hon. Friend the Member for Bristol East (Kerry McCarthy) correctly said, food prices are partly driven by fuel prices—yet their wages are held down, so at the same time, they face higher prices in the shops and less in their pay packets every month.

10.45 pm

That means a falling quality of life for the average person in this country—*[Interruption.]* Some in the House clearly think that that is a laughing matter, and I will let my constituents know that they do—*[Interruption.]* I am very awake to the fact that my constituents are incredibly concerned about their quality of life and what this measure means. They understand that our economy has faced tough times, but they are not beating a path to my surgery to demand exaggerated pay settlements because of fuel and food prices. They are very realistic. However, as politicians, we must ask ourselves whether it is fair to expect people constantly to deal with higher prices in the shops and on petrol station forecourts when the Government are asking for their wages to be held down. That is an issue of fairness, by which I mean that it is not morally right to ask people to accept falling standards of living because of an economic situation that is no fault of theirs.

It would have been bad enough for the VAT increase to have occurred when wages are being held down just because of the period of economic cycle. My constituents would have seen their quality of life fall, but one of the biggest worries and fears that I hear of in my surgery every week is the impact of the Government's other policies on people's quality of life. My hon. Friend mentioned some of the impacts from this April. Cuts to the amount that parents can claim for child care will have an impact—they could be worth up to £1,560. That is not small fry. When it comes to making ends meet every week, the Government must think about the long-term plan for ensuring that, by and large, living standards for the average citizen in the country do not fall.

Justine Greening: The hon. Lady mentioned VAT. Given her concerns regarding the increase that she says the Government introduced, did she vote against it?

Alison McGovern: The VAT increase that the Government have introduced is clearly highly regrettable. I might just take the opportunity of the Minister's intervention to correct a common way of phrasing what happened under the previous Government when my right hon. Friend the Member for Edinburgh South West (Mr Darling), the former Chancellor of the Exchequer, temporarily lowered VAT. Government Members often say that Labour increased VAT, as though the decrease was not intended to be a temporary measure to help the economy. There is a difference: the Labour Government helped people through with a cut in prices, but this Conservative-led Government think that the future of taxation in this country should be higher prices in the shops.

Mr Kevan Jones: A more relevant question to ask Conservative Members is why during the election they made a promise not to put up VAT, given that the first thing they did when they came into power was increase VAT.

Alison McGovern: My hon. Friend is absolutely right. I thank him for that intervention.

We voted against the measure to put up VAT because it was not right to increase pressure on prices in the shops that everybody pays no matter what their income.

Stewart Hosie: Will the hon. Lady give way?

Alison McGovern: And that is a fundamental principle that Labour Members hold dear.

Stewart Hosie: On a point of order, Mr Hoyle. It is entirely up to the hon. Lady to give way as she sees fit, but when the Scottish National party moved to strike out the VAT rise, Labour most certainly did not vote for it. Could she correct herself—

The Chairman: Order. As Mr Hosie knows, that is not a point of order.

Alison McGovern: Thank you, Mr Hoyle. It would be testing your patience not to stick to the amendment, as I shall endeavour to do for the rest of my remarks.

All Members will realise that the average family, the average couple and the average pensioner are facing a more and more difficult situation as the money coming in has to be stretched even further, and with prices going up in the shops. That is people's experience. The impact of taxation on fuel prices and its role in driving up inflation and driving down living standards requires investigation and careful thought. This is not just my view or that of just some economist: when I looked into the possible causes of rising inflation in the UK, the first person I thought might have the answer was the Governor of the Bank of England, who, in his letter to the Chancellor about why the Bank had not met the inflation target, cited the VAT rise as one of the inflationary pressures facing the country.

As I said, I am not some inflation hawk who holds to a 1980s antediluvian economic philosophy that inflation is necessarily bad. Some countries have had relatively high inflation as well as growth. However, the important thing about taxation and fuel prices, and their role in inflation, is that it is possible to build in inflationary expectations in the long term through some of these measures. I wonder whether the Government have really thought about what they are doing in not combating some of the issues related to rising prices that we have seen.

There is also an obvious link with people's worry about the lack of investment at this time. There is no doubt that investment means jobs today and productivity tomorrow, and therefore a more effective economy that enables people to have a better standard of living at less cost. That has to be the aim. At the moment, the Government are balancing the books using VAT and

[Alison McGovern]

extremely flat taxes that do not pay regard to people's income. They are asking people in my constituency on relatively modest incomes to pay the same higher prices at the fuel pumps as people in the Chancellor's constituency down the road in Tatton, who by and large—not universally—are a bit wealthier. That is not fair.

We have to consider carefully whether the increased taxation on fuel resulting from the VAT rise is having a negative impact on the economy in a wide-ranging sense. It is not only about whether fuel prices are up—obviously that could be the result of several things—but, most especially, about what that is doing to inflationary expectations. We need to consider whether it is having a damaging impact on the broader economy, and whether it is a disincentive to growth and productivity improvements in the UK. We also need to consider what it is doing to the living standards of people such as those whom I represent in Wirral and Merseyside who have seen living standards fall severely in the past two years.

Steve Rotheram (Liverpool, Walton) (Lab): I am sure that my hon. Friend would agree with the old adage, "You can't fool all the people all the time", but that is exactly what the Chancellor tried to do with his 1p tax cut to fuel duty. However, is it not the case that since the Budget, petrol prices have gone up several times more than that 1p tax bribe, and that the VAT increase in fuel duty is causing damage to motorists and businesses—

The Chairman: Order. Interventions must be short.

Steve Rotheram: It was short.

The Chairman: Order. I am ruling that interventions must be short and letting the Committee know that we will be taking only short interventions.

Alison McGovern: My hon. Friend makes an important, if a little lengthy point. People will not be fooled, because they will see fuel prices going up and ask themselves what the Government have done to help. People are connecting the impact on prices across the board with what happens when they fill up the tank. When they go to the shop, they see higher prices all around them and they wonder where they are coming from. There is one clear answer: No. 11 Downing street. The Chancellor has decided that people will have to pay more in the shops. Let us not imagine that he has said, "Well, I'm sorry everyone. These are tough times—we're going to ask you to put your hands in your pockets until we can lower VAT again." Rather, this is a permanent rise that will build in higher prices for the long term. Given the downward pressure on wages, the really worrying thing is that the rise is building in not only a reduction in quality of life, but inequality, which is very worrying and will hurt for many years to come.

Ian Mearns: I know that we are in Committee, but let me take this opportunity to send my best wishes to parliamentary colleagues from the north-east region who are unwell at the moment—the hon. Member for Hexham (Guy Opperman) and my hon. Friend the Member for North West Durham (Pat Glass), who are both incapacitated. I am sure that the House joins me in sending our best wishes to them both.

The amendment calls for the Chancellor to publish an assessment of the impact of taxation on fuel prices within three months of the Bill being passed. I will concentrate on the differential impact of fuel duty policy in the English regions. I say "regions" with some trepidation, because I know that the very concept, or even uttering the word, causes phobic shudders in some quarters on the Government Benches, but an analysis of road freight statistics by the North East chamber of commerce has demonstrated the extra burden that fuel taxation places on businesses in regions such as the north-east. Each tonne of freight brought in or out of the north-east of England delivers approximately £4.16 in fuel taxes to the Exchequer; although that figure probably changes daily, it is 18% higher than the average for English regions, which is only £3.52, and 74% higher than the figure for London. That analysis shows that more careful consideration should be given to fuel duty rates' economic impact in regions and to differential rates.

Road freight statistics show the extra distance travelled by goods transported into or out of the north-east compared with other parts of England. Every tonne of freight transported by road into or out of the north-east travels an average of 119 miles, compared with an average of 114 miles for businesses across the whole of England. Only businesses in the south-west of England transport freight further by road, with each tonne of goods going into or out of the south-west travelling an average of 192 km, which is ever so slightly more than the average of 119 miles for the north-east. Duty on diesel is currently at about 58p a litre.

Mr Kevan Jones: Does my hon. Friend agree that the impact of fuel duty is exactly the kind of issue that could be raised in the proposed report?

11 pm

Ian Mearns: That is exactly what I am suggesting such a report could achieve.

The VAT chargeable on the duty element of the fuel price brings the total impact of fuel duty to about 69p a litre—that figure is a few days old, so it might be more or less than that now, depending on the daily price rate. Using a typical fuel consumption rate for road haulage of 8.5 miles per gallon, that means that each kilometre travelled provides 22p to the Exchequer; given an average load of 10 tonnes, each tonne of freight transported into or out of the north-east region delivers £4.30 to the Exchequer in fuel taxes, compared with an average for goods moved between English regions of only £3.52. We are already starting to see the impact on an economically deprived region in terms of businesses developing there and on its prospects for employment, given its peripherality to the bulk of the English economy.

Many hauliers in the North East chamber of commerce membership have no choice but to pass a proportion of those costs on to their customers, the vast majority of whom tend to be based in the north-east region. The chamber of commerce has argued that decisions on fuel duty need to take greater account of the impact on businesses in each part of the UK, and that a more considered approach is needed than that of the automatic increases that have been fixed into Government policy for the upcoming period. The figures I have quoted

exclude those for goods transported within regions, as the impact of fuel duty would be the same in each region for that type of journey.

If the amendment were accepted, I would ask that a detailed analysis be included of the introduction of a measure that would help to stabilise fuel duty. In fact, that is exactly what the Federation of Small Businesses has been calling for. We have had debates in the past about some sort of fuel duty stabiliser, and it remains to be seen whether that would be a workable option, but surely when carrying out such an analysis, the Government could look at measures that would stabilise fuel duty and the cost of fuel.

Andrew Gwynne: My hon. Friend is making a superb case stating the competitive disadvantage that the Government's policies are placing on the road haulage industry in the north-east of England and in other English regions. Does he think that the reporting proposed in the amendment could help to determine Government policies for supporting economic growth in regions such as his?

Ian Mearns: I am trying to point out to Ministers that fuel duty imposed nationally has a differential impact across the different regions and indeed nations of the United Kingdom in terms of contacting the main hub of economic growth, the south-east of England. There has been a debate in my region about the dualling of the A1 north of Newcastle upon Tyne, but the main driver of growth in the north-east economy is actually to the south and west of the region in terms of the contact with the main drivers of our economic future.

Mr Kevan Jones: Was not the Conservatives' promise at the last election to dual the A1 another promise that they have reneged on?

Ian Mearns: What happened over a number of years—I am afraid that our Government were not immune from this—was that, rather than planning roads to encourage economic growth and development, we planned them to accommodate congestion. That was not always the best thing to do from an economic perspective. Down that road lies ruin, if you will pardon the pun.

The Federation of Small Businesses has asked for a fuel stabiliser. I am not saying that I necessarily agree with the federation, but stability in fuel prices is important. The Chief Secretary said of a fuel stabiliser:

> "It's a complicated idea and it's difficult to see... how we achieve it, but it's something that we are looking at very carefully to see if we can reduce the burden of fuel duty".

I wonder whether the concept could be more straightforward. When oil prices increased, the stabiliser—or a stabilising impact effect—would allow the Government to reduce duty to a lower limit; when oil prices fell, the Government would be able to raise duty to a higher limit.

Critics cite the difficulty of knowing whether the fluctuations in the price of oil are temporary or likely to persist beyond the near term, saying that it would be difficult for a fuel duty stabiliser to set fuel duties effectively. To counter the volatility in the price of oil, a fuel duty stabiliser or a stabilising measure would need to be based on an official forecast of the future price of oil, and then adjusted regularly according to the actual oil prices. It will be difficult, given the volatility in how the international oil markets are working at the moment, but we need to try to find some measure to help our small and medium-sized enterprises through this difficult process at this difficult time; otherwise, we are in real danger of seeing fuel become a major blockage to economic growth, not only in particular regions, but across the whole nation.

Would this be bad for the public finances? The Chief Secretary said that we cannot "sacrifice income willy-nilly". Critics argue that a stabiliser or a stabilising effect would be too expensive to implement during a time of austerity, but that criticism fails to take into account the wider implications of high fuel prices on the UK economy. If set correctly, the measure could be fiscally neutral for the public finances and help to provide much-needed economic stability for the UK economy. My main point in asking for some sort of analysis in a review is that the measure is needed so much more in the regions of England, particularly regions such as the north-east, but the south-west as well.

Mike Gapes: The amendment states that the Chancellor should

> "publish, within 3 months... an assessment of the impact of taxation on fuel prices."

I will address my remarks to the scope of such an assessment. It is important not to focus solely on the narrow issues surrounding VAT, although they are important, or on the global increase in fuel prices, which is one of the factors causing the revolutions in north Africa and elsewhere in the world as people suffer from rising food prices as a result of rising fuel prices.

There is something very specific about how we in this country choose to tax fuel. Compared with other European Union countries, we choose to have very high taxes on fuel. One consequence is the problems from which our road hauliers have suffered in comparison with some of their competitors in European countries that have road pricing.

It is interesting to note that in the 2010 general election, the Liberal Democrats proposed to move towards

> "a rural fuel discount scheme which would allow a reduced rate of fuel duty to be paid in remote rural areas, as is allowed under EU law",

as well as to prepare for a system of road pricing to be introduced "in a second parliament". That was the Liberal Democrat position. The Conservatives, of course, had a completely different view, promising a "fair fuel stabiliser", presumably designed to help people in the rural communities.

I represent an urban area. My constituents suffer high fuel prices in London and, unlike some people in rural areas, they do not have the advantage of having to pay only 11.14p duty on a litre of so-called red diesel, instead of 57.95p duty on a litre of low-sulphur diesel. We know that there is abuse of the red diesel system by certain people who, when driving on main roads, use diesel that should be used only for off-road activities. That opportunity is not open to my constituents. People living in Ilford and elsewhere in Greater London do not have access to red diesel that they can abuse in order to avoid paying tax. However, people who are represented by the Liberal Democrats, who are in favour of giving priority to remote rural areas but not to those of us who live in urban areas, or by Conservative Members who are happy not to enforce adequately the provisions against abuse of the red diesel system, are not concerned

[Mike Gapes]

about that. I want the review to examine the abuse of the red diesel system. I believe that a lot of money that should be going to the Exchequer is not doing so and that there is discrimination against people who live in urban areas and have no access to red diesel for their motoring purposes.

Mr Kevan Jones: I take my hon. Friend's point about the abuse of red diesel, but may I disabuse him of the fact that it is not available in urban areas? When I was chair of trading standards in Newcastle, the abuse of red diesel in urban areas was just as prevalent as it was in some rural areas. The fact is that certain criminal elements in London can gain access to red diesel fairly easily.

Mike Gapes: Obviously I am not as accomplished as my hon. Friend at making contact with the criminal elements in London. However, he has raised a serious matter: there are criminal elements who exploit differentials in duty. We have seen that in Northern Ireland, when terrorist organisations financed their activities by smuggling fuel across the border from the south to the north and vice versa, and we have seen it in other contexts.

If we are to have a policy on fuel taxation, we need to ensure that if we introduce measures that discriminate in favour of certain people in remote rural communities, we do not also create loopholes that will be used in a discriminatory way to undermine the sense of justice and fairness that our people want us to exercise. If we have high levels of fuel taxation in this country, which we do, and if that causes problems for our road haulage industry and discrimination between rural and urban areas, when the review is conducted—I hope that the Government will support the amendment, because it is vital that we look at these issues in—

Geoffrey Clifton-Brown (The Cotswolds) (Con): On a point of order, Mr Hoyle. The amendment is very narrowly drawn. I have listened to the debate very carefully. Can you tell the Committee whether it is in order to discuss the matters that have been raised in it, ranging from the abolition of child benefit to the widening of the A1 and, now, the abuse of red diesel?

The Chairman: The Chair will decide that. I find it strange that the hon. Gentleman, who is a very senior Member of the House, is questioning the judgment of the Chair.

Mike Gapes: Red diesel is taxed at a lower level than other diesel. We are discussing the taxation of fuel and the need for a review of fuel taxation. Surely that is extremely pertinent to the terms of the amendment.

Mr Kevan Jones: The amendment states:

"The Chancellor shall publish, within 3 months of the passing of this Act, an assessment of the impact of taxation on fuel prices."

I am sure that that includes diesel.

Mike Gapes: I entirely agree.

I believe that one of the difficulties in our economy, which affects our haulage industry, arises from our tax levels compared with levels in other European Union countries. We all know that if we drive across to France and fill a tank with diesel, or "gas oil" as they call it, it is possible to pay—depending on where we are—40%, 50% or 60% of the amount that we would pay in the United Kingdom. The haulage industry based on the other side of the channel therefore has a competitive advantage. The great lorries with Polish and other countries' number plates that we see bringing goods into this country have a competitive advantage over those of our own haulage industry.

We need to look at these matters. I have to say that I think the Liberal Democrats were right. *[Interruption.]* Yes, occasionally they are right, and I think they were right when they said we need to look at road pricing. Unfortunately, the only person who has done anything serious about road pricing is, of course, the former Mayor of London, Ken Livingstone, who introduced the congestion charge, which the Conservatives have now accepted even though they opposed it when it was first introduced.

The Chairman: Order. I think we are now beginning to stray a little from the subject under discussion. I am sure we will return to the topic of the fuel levy.

Geoffrey Clifton-Brown: Hear, hear.

The Chairman: I do not think we really need to hear from the hon. Gentleman at this stage.

11.15 pm

Mike Gapes: Thank you, Mr Hoyle. I will, as always, take your sagacious advice.

We need to look at the consequences of the way in which our economy is integrated globally, and the knock-on consequences of our competitive position in European markets. We need a review of fuel taxation, taking account of the position of the haulage industry and the discrepancies and disparities between different parts of the UK—I accept what my hon. Friend the Member for Gateshead (Ian Mearns) said about the north-east region. There are difficulties and we need to look at this issue in the round. It is eminently sensible to have a comprehensive review of fuel taxation policy, as called for in the amendment.

Everybody agrees that the current arrangement is not working well. There is a huge amount of public disquiet—all of us receive e-mails and letters on the subject, and the Federation of Small Businesses and others write to us. People are concerned about high fuel prices. There are things we can control, such as not increasing VAT on fuel, and there are things we cannot control, such as the impact of global events, but as long as we have an economy that is dependent on fossil fuels and oil, we will always be vulnerable to such things. The debate embraces wider issues than are dealt with in the terms of the amendment. I will not talk about those issues now Mr Hoyle, but it is important that we address them in a comprehensive review of fuel taxation policy. I therefore support the amendment.

Hugh Bayley: First, I want to compare the records on fuel taxation of the most recent Labour Government and the previous Conservative Government. My view is that the Labour Government were a great deal kinder to the motorist, and the following figures are provided by the current Government. Figures from the Department

of Energy and Climate Change show that in 1990, when the Conservatives were in power, 59% of the price paid at the pump by the motorist and road haulier for unleaded petrol was taken by the Government in fuel taxation, and that it rose to 75% during the following seven years of Conservative rule; the Government therefore took more and more and more in taxation. When Labour was in power, however, the proportion of the price of unleaded petrol taken in fuel taxation fell to 65%. The figures for diesel are almost the same. Under the Conservatives, the tax take rose from 57% to 74%, whereas Labour brought it down to 64%.

I would like the Economic Secretary to the Treasury to answer one question in her response, on the following subject. Since the general election, Government policy—not just Conservative policy, but Conservative and Liberal Democrat policy—has been to increase the tax on fuel by about 3p a litre through the increase in VAT and to give back roughly a third of that, 1p a litre, through the reduction in duty. That policy will slightly help road hauliers, because the duty element will reduce. The VAT element increases, but hauliers are able to recover the VAT, or at least pass it on in the VAT they charge their customers. So the effect of the Government's policy will be to clobber the private motorist to the tune of 2p a litre, because they will have to pay the VAT increase out of their own pockets, while providing slight relief to businesses, particularly hauliers. I say "slight" because the price of fuel has increased as a result of a number of factors, including the increase in the cost of oil and the fall in the value of the pound on the international exchanges. So motorists and hauliers have been clobbered by the market and by the Government, but hauliers are being hit slightly less hard than the private motorist because they are able to recover the VAT increase.

My question to the Economic Secretary is as follows: is it a deliberate act of Government policy to make life slightly easier for businesses but to clobber the private citizen, or is it just an accident that that has happened? This is one of the things that ought to be studied in the review that the Opposition amendment proposes. We should examine the relative merits of taxing fuel for vehicles through VAT as opposed to through fuel duty, and who the gainers and losers are.

My hon. Friend the Member for Wirral South (Alison McGovern) made a very powerful speech about the impact that the increase in VAT on fuel has had on family budgets, and the impact that inflation generally, and fuel inflation in particular, is having on families who are having their earnings squeezed. My Front-Bench colleagues' amendment proposes that the review ought to consider that matter.

I would like such a review also to consider one other issue, because I do not believe that the Government have yet done so—although I would be delighted to be corrected if they have carried out the sort of analysis that I propose. The review should also examine the impact that taxation has on the demand for fuel. The previous Conservative Government, one and a half decades ago, introduced a fuel price escalator. I understand that their reason for doing so was environmental: they wanted to increase the price of fuel to depress the demand for it, and so reduce carbon emissions. That was the policy intention, and it is one of the reasons why Conservative policies cost taxpayers and consumers so much. I mentioned that the fuel tax take rose from 59% to 75% in their last seven years in office. I wonder whether the Minister can tell me whether that sharp increase in fuel taxation under the previous Conservative Government actually did depress the demand for fuel, because that is an important consideration. If we change the marginal rate of fuel taxation, economics suggest that there should be some elasticity in demand.

The Government say that they want to be the greenest ever, so they ought to consider the carbon emission consequences of changes to fuel duty and VAT on fuel. I hope that Treasury Ministers have taken advice on that from both the Department of Energy and Climate Change and the Department for Transport. They ought to have done, if they really are—*[Interruption.]* Does the Financial Secretary to the Treasury want to intervene? No, he is back in his seat. The Government ought to take advice before they make such proposals, so that they can assess the environmental impact of a fiscal measure. I am waiting to hear from a Minister, but it sounds as though that has not happened. It ought to if the Government are serious about the environmental consequences of their fiscal policy.

Justine Greening *rose—*

Hugh Bayley: The Economic Secretary wants to intervene, and I hope she can tell me that the analysis has been done and what its outcome is.

Justine Greening: I direct the hon. Gentleman to the tax note that we issued at the Budget. The answers to his questions are there; clearly he has not read it yet.

Hugh Bayley: I have not read it—*[Interruption.]* That is why I ask the question. If the hon. Lady would care to read it to the Committee, I would be pleased to listen.

Justine Greening: As the hon. Gentleman could not read the note himself in advance of the debate, I shall read it to him now:

> "Removing the fuel duty escalator and cutting duty by 1ppl could result in a small increase in CO_2 emissions in 2011-12 of 0.4Mt. However, emissions from road transport are forecast to be approximately 1 per cent lower than current levels by 2015-16 owing to underlying trends in"

fuel efficiency.

Hugh Bayley: Is it the Government's policy, then, to use fiscal measures to reduce carbon emissions? Is that what brought about the carbon variation of 1.4 megatonnes—is that what the hon. Lady said? *[Interruption.]* It is 0.4 megatonnes; I am grateful to stand corrected. Has the reduction that she mentioned come about as a result of the Government's proposed fiscal changes, or as a result of the economic downturn that is a result of their policies? There is an important difference. One would expect the fall in economic activity that we have seen as a result of the Budget—the Office for Budget Responsibility has revised down its forecast for growth as a result of the Government's fiscal measures so far—to lead to a decline in carbon emissions from both road transport and other sources. I am not clear from what the hon. Lady has read out whether the reduction in carbon emissions will be a result of the fiscal measure or of a reduction in demand because of a contraction of the economy.

Barry Gardiner: If I interpreted the note correctly, it was a projection of what might happen as a result of the fiscal measures. It did not answer the question posed by my hon. Friend, which concerned an analysis of the results of the differing policies on carbon reduction hitherto. Does he agree that it is vital that we use green taxation only as a means of changing behaviour, and never solely as a revenue-raising measure? That is the question that he posed about past policy, and the Economic Secretary did not answer it.

Hugh Bayley: One would assume that a Government estimate has been made on the basis of some evidence. My hon. Friend shrugs his shoulders, but he was in government for a time and I certainly give a Government the benefit of the doubt. I believe that their civil servants would make the best estimate they could based on the evidence they had. Past responses to fiscal changes in the taxation of fuel would of course be a good indicator. Either the Minister can tell me that that is the basis on which the estimate has been made or she is not certain. If she is not certain she should be honest and say so, because we will then need the further analysis proposed in the amendment.

11.30 pm

Jim Fitzpatrick: Technological advances such as hybrid vehicles, greener cars, electric vehicles and biofuels might lead to a reduction in emissions. Could they therefore be incorporated into the review? They will surely have an impact on taxation policy in future.

Hugh Bayley: The premise that my hon. Friend puts forward is absolutely right. The fact that more and more people are using low-emission vehicles will obviously have an impact. However, the purpose of the review proposed in the amendment is to consider what effects the fiscal changes will have. If the price of fuel is raised, some people will consume the same amount of fuel anyway because they are in business and they do not want to contract their business, but generally speaking it has a marginal effect. Private motorists will reduce the number of discretionary journeys they make by trying to take their cars to the shops less frequently and perhaps abandoning some leisure trips, and businesses will look for ways of economising as prices rise. I have heard the Minister's comments and I am grateful to her for drawing my attention to the estimate that the Government have made, but it is a fairly bald statement and it does not answer my question about whether the measure is driven by the Government's environmental concerns or their revenue-raising concerns, and we need a clear answer on that.

Mr Kevan Jones: Will my hon. Friend give way?

Hugh Bayley: I am going to sit down shortly to let my hon. Friend himself make a speech, but I shall certainly give way.

Mr Jones: May I propose a third reason for the reduction—political expediency and creating the impression that the Government are doing something about fuel prices?

Hugh Bayley: That could very well be the case, and we will listen with great interest to what the Minister says in reply to the debate. All we are asking for is transparency. We want to know whether the Government are doing this for environmental or revenue-raising reasons, what the implications of the rise will be in environmental and revenue terms and what the impact will be on family budgets. I believe—indeed, I know—that all that information is not known, so I think that the Opposition's amendment is a sound one.

Julie Hilling (Bolton West) (Lab): Will my hon. Friend give way?

Hugh Bayley: I keep trying to sit down, but my hon. Friends are preventing me from doing so.

Julie Hilling: My hon. Friend mentions the potential effects on the environment, tax-raising and families. A project has been brought to my attention because it can no longer afford the fuel for the vehicle it uses to take young people with mental disabilities out on trips, so those disabled young people are no longer getting the benefit they used to get from going out. Is he aware of similar issues in his constituency?

Hugh Bayley: Yes, I have had third sector organisations coming to me and saying how much more difficult life is getting because sources of funding are drying up.

It is clear from the interventions of my hon. Friends that the point I have raised has wider implications that ought to be studied by the Treasury and other Departments. I know what the process is for tabling amendments that ask for reviews and reports regarding legislation, and they are tabled not just to frustrate or irritate those on the Treasury Bench but to pose serious questions and seek serious answers. The Minister is waving her piece of paper again, and I promise I will read it properly, but what she read out to me did not answer my questions. It is an input—an estimate of one figure—but as we have heard, further study of the environmental and social impacts, the impact on family budget impacts and the overall economic impact is needed. I hope that as a result of that analysis the Government will produce better, more coherent cross-government proposals for the taxation of fuel in future.

Mr Kevan Jones: I support the amendment, which asks for a review. In the previous debate, we asked for a review of the implications of the bank levy. Similarly, the amendment calls for an assessment of the impact of taxation on fuel prices. It would be disingenuous to suggest that all Governments have perfect relationships when it comes to dealing with fuel duty. Clearly, the previous Government had problems with the cost of fuel and difficulties over taxation, but my hon. Friend the Member for York Central (Hugh Bayley) exploded one of the myths about the tax-take from fuel duty. Under the Conservative Government from 1990 to 1997 the tax-take on unleaded petrol rose by 16%, and under the Labour Government between 1997 and 2010 the tax-take fell from 75% to 65%.

The Government delayed the planned fuel duty rise, as Labour Governments did previously, as oil prices rose. Was that the right decision? Yes. At a time when many hard-working families are affected not only by higher inflation and increased taxation, but by wages being driven down and in some cases by family members

facing unemployment, the Chancellor's VAT increase puts about £1.30 on the cost of filling up a 50 litre tank of petrol.

Justine Greening: Will the hon. Gentleman tell the Committee whether he voted against the VAT increase? I suspect he did not.

Mr Jones: I am becoming concerned. The hon. Lady's blood pressure does not seem stable tonight. She seems to be turning red and getting rather excited in tonight's debate, which I am not sure is good for her health. Why did she argue for and push through an increase in VAT when she and her Prime Minister stood on a manifesto saying that they would not put VAT up? That is not being honest with the British people. What she has to explain to hard-working families in my constituency, North Durham, and in Putney is why she reneged on that promise.

There has been much talk in recent weeks about trust in politicians, and a lot of nonsense talked by the yes to AV campaign about whether MPs are hard working and trustworthy. When the Prime Minister and the hon. Lady say clearly that they will not increase VAT, and then that is the first thing she does, I understand why my constituents and hers are rather cynical about certain promises.

In the Budget the Chancellor used the gimmick of cutting the price of petrol by 1p. We will shortly debate how he will pay for it. It has had disastrous consequences for the economies of parts of Scotland and north-east England. He also increased VAT by 3p. He took it off with one hand and put in on with the other. Paying for that will have consequences for oil exploration in the North sea not only in the next year or so, but for a generation.

Andrew Gwynne: Does my hon. Friend recall that the Chancellor of the Exchequer, soon after the Budget, took a very dim view of those retailers who did not pass on the 1p decrease in fuel duty, and does he agree that the purpose of having such a review is to see whether the Government's policy was ultimately a success or a failure?

Mr Jones: That is a very good suggestion. That is one of the issues that could be included in the review. Do the Government honestly think that they can con my constituents and others and that a 1p reduction in petrol duty will really be a vote clincher for them? Late last Friday I was in the excellent Sainsbury's in Pity Me in Durham, and I noted that customers who spent £70 on their groceries could get 5p a litre off their fuel. It is a deal offered by other supermarkets—I do not want to favour Sainsbury's. Are those on the Treasury Bench really convinced that constituents will be conned by the 1p reduction, when the cost is being increased by 3p, and if they can get 5p a litre off when they spend more on extra groceries?

My hon. Friend the Member for Ilford South (Mike Gapes) made a good point, which I accept, about the differences in fuel prices in different parts of the country. I think that there is a case for part of the review looking at why fuel is priced differently across the country. I hasten to add that at the weekend, when I was in Worksop in Bassetlaw visiting my father, I went to a Sainsbury's—it happened to be the supermarket there—and noticed that diesel was £1.38, although down here in London and in parts of Durham it is £1.42. Clearly the constituents of my hon. Friend the Member for Bassetlaw (John Mann) are getting a good deal from the Sainsbury's in Worksop. These are the issues that could be looked at in a review.

Mr Graham Stuart (Beverley and Holderness) (Con): The hon. Gentleman is speaking movingly about his desire to see regional variations in taxation. He was a highly distinguished Minister in the previous Government, so will he tell us how many representations he made to the then Chancellor of the Exchequer when his voice stood a real chance of making a difference?

Mr Jones: If the hon. Gentleman had been listening, he would know that I was not arguing for regional variations in fuel taxation. I was saying that if we are to have variations in fuel prices, which we already have, and if the Government are to introduce a derogation and cheap fuel for certain island constituencies, clearly buying off the Liberal Democrats, the effects on the economy need to be assessed. I would also argue that if that is to happen for some of those rural communities, it must also happen for parts of County Durham where having access to a car is not a luxury, but a necessity for getting into work along the A1 corridor to Newcastle and other places. The fact that the Government are also reducing the public subsidy that local government can give to bus companies means that in the next few months parts of my constituency will have no bus services whatsoever on some days of the week.

Jim Shannon: The hon. Gentleman mentions the price of fuel. In Northern Ireland this week the price of diesel was £1.44.9 per litre, which is probably one of the highest in the United Kingdom. If there is to be regional help for the islands of Scotland, there must also be help in Northern Ireland for rural communities. Although he might have some concerns about that, would he not agree that it is only fair that that should happen?

Mr Jones: It is, but the islands derogation has been brought in as a sop to the Liberal Democrats. They have to get something out of this coalition, after all, and a few pence off fuel may well help them at the ballot box, but I doubt it in the long term. The hon. Gentleman makes a fair point that, if we are to assess the effect of the increase, regional variations will need to be considered.

11.45 pm

As I said to my hon. Friend the Member for York Central, the measure was clearly a political gimmick by the Chancellor, who thought that somehow he was the motorist's friend, but a 1p decrease will have no effect on most households' budgets, when they are affected by other prices going up—some of which have been mentioned already—in terms of the cost of living.

The other point that needs looking at, and which my hon. Friend the Member for Gateshead (Ian Mearns) made very eloquently, is the cost of fuel for hauliers. There is a disproportionate effect on the north-east, and if any review were to be undertaken that would be an important one, because that cost sends the price of goods up. The point that the hon. Member for Strangford (Jim Shannon) made about Northern Ireland could also be considered in any assessment.

The Government clearly do not want to go anywhere near the idea, however, because they realise that it will open a can of worms. I include not just this Government in that, but other Governments as well. It is time, however, that we took an overall look at how we tax fuel to ensure that we understand why fuel prices increase, the tax-take and how it impacts on the economies of certain areas and on individuals' economies—on individual families and their household expenditure.

At a time when the Government are providing a tax giveaway to the banks of more than £100 million by reducing corporation tax, many hard-working families who are struggling to fill up their family car will find it unacceptable and unbelievable that they are being asked to shoulder a bigger proportion of the tax-take than those bankers, and the Government need to take that point into account.

The Government should support this amendment, which would allow us to address all the issues that have been raised in tonight's debate, including the important points that were made by my hon. Friend the Member for York Central, who takes a great interest in green issues. I just hope that we can somehow persuade the Government, if not tonight then in the future and, possibly, with some cross-party support, to change the way in which we tax fuel to ensure that regions such as mine are not disadvantaged by arbitrary taxation increases, which this Government have imposed by increasing VAT.

Justine Greening: Clause 19 cuts fuel duty by 1p per litre. In fact, it has already happened—at 6 pm on Budget day. That was the first step in removing the Labour party's planned fuel duty escalator and, instead, putting in place a fair fuel stabiliser, which will ease the burden on motorists.

The hon. Members for Gateshead (Ian Mearns) and for North Durham (Mr Jones) talked about the burden that the planned tax rises would have placed on their own region, and I can tell the hon. Member for York Central (Hugh Bayley) that, in fact, under the previous Government fuel duty rose by 55%, so it is simply wrong to focus totally on the previous Conservative Government. His Government increased the burden on motorists substantially.

The amendment calls for the Chancellor to publish an assessment of the impact of taxation on fuel prices within three months of the Act being passed, and it aims to determine the extent to which the cut in fuel duty has been passed on. By introducing such a measure, Opposition Members clearly intend to distract the public from their policy, which would have seen pump prices rise yet further as they introduced their planned escalator. In addition, the Opposition appear keen to suggest that the cut in fuel duty and the cancellation of their fuel duty escalator has not offset the effect of the VAT increase at the start of the year—a VAT increase that as a party they did not vote against.

I will go on to set out the Government's assessment of the impact of this measure, as Members have requested, and to address the points raised in the debate, but perhaps I should start by explaining to the Committee why the Government took the action they did in the Budget to support motorists at this time of record pump prices. It is true that motoring is an essential part of everyday life for many households and businesses, as mentioned by the hon. Member for Wirral South (Alison McGovern). The Government also recognise that the rising price of petrol has become an increasingly significant part of day-to-day spending, and we know that high oil prices are causing real difficulties in ensuring that motoring remains affordable. It is important that when shocks such as the steep rise in the oil price occur a responsible Government are able to listen and respond.

The previous Government would have introduced a fuel duty escalator, which involved seven fuel duty increases, three of which have been implemented, adding 3p to pump prices, and they had planned another above-inflation increase for the start of last month.

Andrew Gwynne: Is the Minister not even slightly embarrassed that her Government did not seek the powers to get a derogation from the European Commission? Her party has gone from being the party of "No, no, no" on Europe to the Putney shrug.

Justine Greening: The hon. Gentleman's party does not even have a position on that because Labour Members abstained on it. If the policy in clause 19 is so bad, I expect them to vote against it, but I suspect that it will be another case of abstention making the heart grow fonder. I do not think that that will work with taxpayers, who remember exactly who was planning to bring in the fuel duty escalator had they remained in power.

This Government listened to hard-pressed motorists and businesses. We declined to increase the escalator and to introduce the 1p per litre fuel duty increase, which would collectively have added 6p to pump prices compared with what they are now. Instead, we responded with a £1.9 billion package to ease the burden on motorists at this time of record pump prices. We acted by cutting fuel duty by 1p per litre from 6 pm on Budget day. We cancelled the previous Government's fuel duty escalator for the rest of the Parliament. We introduced a fair fuel stabiliser that will better share the burden of high oil prices between motorists and oil companies, and so fuel duty will increase by inflation only when oil prices are high.

Hugh Bayley: I read from a Library briefing:

> "In its Budget in March 1993 the Conservative Government introduced a 'road fuel escalator'—a commitment to increase duty rates on these fuels in real terms by a specified percentage each year".

I accept that that was continued for a number of years by the Labour Government before being abandoned, but the Minister should not say that the public do not forget things and then gloss over the fact that it was a Conservative Government who brought in the fuel price escalator.

Justine Greening: I will tell the hon. Gentleman one thing we did not do, and that is hand over a huge fiscal deficit to the incoming Labour Government.

Hugh Bayley: Will the Minister give way?

Justine Greening: No, we have heard enough from Labour Members.

We had to take decisions to support motorists in spite of the catastrophic state of public finances that Labour handed over. We have made sure that there are no fuel

duty increases this year by deferring the inflation-only increase that was planned for April to 1 January 2012. This is real help for families and for businesses. As of 1 April, average pump prices are approximately 6p per litre lower than if we had continued with the previous Government's escalator.

Penny Mordaunt (Portsmouth North) (Con): I have listened to this debate with great interest, because I was previously spokesman for the Freight Transport Association and I remember that one year into the Labour Government's stewardship of the fuel duty escalator hauliers were on the streets of London on a go-slow programme because of the way that they approached taxation.

Justine Greening: My hon. Friend is right to refer to the response of hauliers to the previous Government's policy.

The hon. Member for York Central called the action that the Government have taken for hauliers in the Budget "slight". Actually, the average haulier will benefit by approximately £1,700 in 2010-11 as a result of those measures compared with what they would otherwise have faced. I also draw his attention to the remaining part of the package for motorists, which includes freezing vehicle excise duty on HGVs, providing further help to hauliers. The package is even broader than that, because for motorists who are required to use their own vehicle for work, the approved mileage allowance payments rate, which had not been increased by the previous Government since 2002, was increased from 40p to 45p per mile for the first 10,000 miles. An average AMAPs user claiming for 2,500 miles a year will benefit by £125 a year.

John McDonnell: In the Budget statement, the Government informed us that they were submitting a derogation request to the European Union for the rural fuel duty rebate pilot scheme. The Chief Secretary to the Treasury told us that permission would be received over the next few months. Will the Economic Secretary inform us of whether permission has been received? Given the representations that have been made today for an expansion to other regions, is that not something that should be considered as part of a review as a matter of urgency?

Justine Greening: The hon. Gentleman will be aware that the derogation is to carry out a pilot to look at how we can support rural areas with a fuel duty discount. He is right to point out that we have submitted a formal request to the European Commission, and we wait to hear its response. I assure him that we got on with that derogation request, just as we said we would.

If I may, I will make progress on the issues that have been raised by hon. Members.

Hugh Bayley: Will the hon. Lady give way?

Justine Greening: I will give way to the hon. Gentleman once more.

Hugh Bayley: The Economic Secretary has been extremely generous. A few minutes ago she referred to the deficit and the debt inherited by the incoming Government. Has she forgotten that during John Major's premiership, the national debt almost doubled, and that during the first 10 years that Labour was in power, the Government reduced the national debt by 40% through good stewardship of the economy?

Justine Greening: The hon. Gentleman is obviously one of the Labour party's structural deficit refuseniks. He simply refuses to accept that the deficit exists. I am sure that he would also refuse to accept that his party left unemployment 400,000 higher by the end of its term in office. We understand the problems that our economy faces and the Budget was all about tackling them.

I will turn to the substance of the amendment. For motorists to realise the benefits of the cut in fuel duty, retailers need to pass it on at the forecourt. If the cut in fuel duty had been fully passed on to average pump prices, including VAT, they would have been 1.2p per litre lower. The amendment seeks a published assessment of the degree to which the cut fed through to pump prices. As I said, we have already published a tax information and impact note that sets out our analysis of the impact of the cut. Following the Budget, the website petrolprices.com, which gives independent average daily prices and which the previous Government used to track prices, showed that average pump prices fell by approximately 0.8p per litre between 23 and 28 March. It can be clearly seen that the reduction in fuel duty largely fed through to prices at the pump. Therefore, prices are lower due to our actions and motorists are benefiting from the cut in duty. Let us not forget that average pump prices are approximately 6p per litre lower as a result of the cut in duty and our scrapping of the previous Government's planned escalator, which they would have gone ahead with.

Julie Hilling: I am a little bit confused, because the Economic Secretary is talking about how wonderful the Government's actions on fuel prices have been, but it seems to me that in the past 12 months, fuel has gone up by something like 25%. I do not see why the Government are saying how brilliant their actions have been when people are paying something like £1.40 a litre instead of £1.10 a litre. A penny off, 3p on, 40p on—it does not make sense to me.

12 midnight

Justine Greening: As the hon. Member for Wallasey (Ms Eagle) said back in May 2009,

"there are very few even socialist theorists who would suggest that commodity prices were somehow controllable".—[*Official Report*, 13 May 2009; Vol. 492, c. 918.]

I do not think the hon. Member for Bolton West (Julie Hilling) can expect the Government to control commodity prices, but what we can do is take action to lessen the effects of swings in the oil price as they feed through to the pump. That is precisely what we are doing in clause 19 on fuel duty, and we will shortly debate the mechanism by which we can pay for that, which is the fair fuel stabiliser.

Of course, the Labour party has suggested that we should create a separate VAT rate for petrol. As has been pointed out even by Labour Members, that would have provided no help for hauliers, and I remind the Committee of why the Chancellor rejected the proposal. It would take six years, and it would not even be able to come into effect then, because the current EU VAT

[Justine Greening]

directive means that it is illegal. I do not think motorists should have to wait for six years, and the Government are not going to wait six years. We listened, and we responded as of 6 pm on Budget day.

Finally, I shall address the issue of VAT. I know that it is not strictly within the scope of the debate, Mr Hoyle, but it is important. The Opposition have been quick to point out that although the Government cut fuel duty by 1p in the Budget, pump prices have increased by about 3p following the VAT increase. They appear to be implying that motorists would be better off under their plans for an escalator and a VAT rate of 17.5%, although of course we know that the right hon. Member for Edinburgh South West (Mr Darling) was planning to increase VAT himself. I suspect that they wish to use the amendment to prove their point.

It is simply not true that motorists would be better off under the previous Government's tax plans, and let me be absolutely clear that even comparing the changes that we announced in the Budget with the previous Government's fuel duty and 17.5% VAT plans, it is likely that on 1 April pump prices were 3p a litre lower than they would have been. Even after the two increases in fuel duty next year, average pump prices could still be about 1p a litre lower than they would have been under the previous Government's plans. Cutting fuel duty and scrapping their escalator more than offsets the impact of the VAT increase, and I should not need to explain to Opposition Members that an increase in VAT was needed to cut the deficit that they left behind. They did not even have the political courage to vote against that measure, which they were so upset about—absolutely shameless.

In government, Labour Members ran our country's public finances into the ground, and now, in opposition, they bring forward this feeble and unnecessary amendment. Dare they even push it to a vote? We will find out. I suspect that in the case of clause 19, it will be a case of another day, another abstention. The Government are providing motorists with a fair deal. Where the previous Government left tax rises, we have taken action, and I ask the House to reject the amendment.

Kerry McCarthy: We have had an interesting debate over the past couple of hours. It is notable that although we have had some significant and thoughtful contributions from my hon. Friends, not a single member of the Conservative party, apart from the Minister, or a single Liberal Democrat has felt the need to speak up for their constituents and talk about rising fuel prices. I am sure their constituents have lobbied them about it, but their silence in the Chamber today speaks volumes.

My hon. Friends the Members for Wirral South (Alison McGovern), for Gateshead (Ian Mearns), for Ilford South (Mike Gapes), for York Central (Hugh Bayley) and for North Durham (Mr Jones) have all highlighted the impact of the rise in fuel prices and of the Government's decision—and it was the Government's choice—to raise VAT from 17.5% to 20%. They described the impact on families' living standards, on businesses in their constituencies, on the haulage industry and across the board.

The point is that the Minister's view of the impact is short-sighted. She cited the impact of the measures in the Budget from 23 March to 28 March, which must be the smallest, most selective economic data ever cited in the Chamber. It would be interesting to know what happened after 28 March, to which she did not refer. She also tried to lead us down the garden path by talking once more about the fuel duty escalator, but she knows full well that the Opposition called for the Government to reconsider that in the Budget and welcomed the fact that they did so.

The debate is on the VAT increase, which the Government chose to introduce. We are asking simply that they publish an assessment, within three months of the Bill becoming law, of the impact of taxation on fuel prices. I do not think that that is too much to ask. I was surprised to hear the Minister say that we would not press the amendment to a Division, because I can inform you, Mr Hoyle, that we do indeed intend to do so. With that, I rest my case.

Question put, That the amendment be made.

The Committee divided: Ayes 121, Noes 277.

Division No. 262] **[12.05 am**

AYES

Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Bailey, Mr Adrian
Barron, rh Mr Kevin
Bayley, Hugh
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blomfield, Paul
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Chapman, Mrs Jenny
Coaker, Vernon
Cooper, Rosie
Creasy, Stella
Cryer, John
Cunningham, Tony
Curran, Margaret
Dakin, Nic
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Donohoe, Mr Brian H.
Dowd, Jim
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Farrelly, Paul
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Gwynne, Andrew
Hain, rh Mr Peter
Hanson, rh Mr David
Healey, rh John
Hendrick, Mark
Heyes, David
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hosie, Stewart
James, Mrs Siân C.
Johnson, Diana
Jones, Mr Kevan
Kaufman, rh Sir Gerald
Keeley, Barbara
Lammy, rh Mr David
Lavery, Ian
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Shabana
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonnell, John
McGovern, Alison
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Morris, Grahame M. *(Easington)*
Nandy, Lisa
Nash, Pamela
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reynolds, Emma
Robertson, Angus

Robinson, Mr Geoffrey
Rotheram, Steve
Ruane, Chris
Ruddock, rh Joan
Shannon, Jim
Sharma, Mr Virendra
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Wright, David

Tellers for the Ayes:
Lilian Greenwood and Phil Wilson

NOES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cable, rh Vince
Cairns, Alun
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Chope, Mr Christopher
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert

Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Jeremy Wright

Question accordingly negatived.

Clause 19 ordered to stand part of the Bill.

Mr James Gray (North Wiltshire) (Con): On a point of order, Mr Hoyle. I should apologise to you and the Committee for an inadvertent breach of the conventions of the House, namely that having chaired the Committee earlier this evening, I inadvertently forgot the convention that I should not vote. I have, in fact, voted twice in Divisions since then. I apologise for that oversight.

The Chairman of Ways and Means (Mr Lindsay Hoyle): The Committee is grateful for that explanation.

Clause 7

INCREASE IN RATE OF SUPPLEMENTARY CHARGE

Malcolm Bruce (Gordon) (LD): I beg to move amendment 13, page 2, line 36, leave out 'for "20%" substitute "32%"', and insert

'after "a sum equal to 20% of its adjusted ring fence profits for that period", insert "increasing by 1 per cent. for every $5 by which the reference hydrocarbon price exceeds $75 subject to a maximum rate of 32%".'.

The Chairman: With this it will be convenient to discuss the following: amendment 14, page 2, line 36, at end insert—

'(1A) A reference price will be determined by an independent arbiter agreed jointly between the Government and Oil and Gas UK and will determine separate prices for oil, gas and condensates.'.

Amendment 15, page 2, line 36, at end insert—

'(1B) The increased charge shall not apply to fields producing more than 90 per cent. gas. Where a field produces oil and gas the charge will be based on the price of oil equivalent taking into account the ratios of oil to gas produced.'.

Amendment 16, page 2, line 36, at end insert—

'(1C) The supplementary charge may be abated or offset against the cost of investment to increase production.'.

Amendment 2, page 3, line 2, leave out '24 March 2011' and insert '30 September 2011'.

Amendment 17, page 3, line 2, after '2011', insert

'and before 30 September 2012'.

Amendment 3, page 3, line 4, leave out '24 March 2011' and insert '30 September 2011'.

Amendment 18, page 3, line 4, after '2011', insert 'or 30 September 2012'.

Amendment 4, page 3, line 8, leave out '24 March 2011' and insert '30 September 2011'.

Amendment 19, page 3, line 8, after '2011', insert 'or 30 September 2012'.

Government amendments 11 and 12.

Amendment 5, page 3, line 27, leave out '24 March 2011' and insert '30 September 2011'.

Amendment 20, page 3, line 28, after '2011', insert 'or 30 September 2012'.

Amendment 10, page 4, line 7, at end add—

'(11) The Chancellor shall produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North Sea.'.

Clause stand part.

Malcolm Bruce: The purpose of this group of amendments is to persuade the Government to engage with the oil and gas industry to ensure that no major new investment opportunities are lost. I will explain the purpose of the main amendments, and I very much hope that Ministers will respond in a constructive way, because these are intended to be constructive proposals.

The Government are on record as saying that they understand the need for stability in the fiscal regime, and the Chancellor has described this as a Budget for growth. It is worth saying, however, that in contrast to the cautious way in which the Government have applied new taxes to banks, which have squandered our resources to the extent that many of them had to be nationalised, it is quite harsh to apply a marginal rate of tax of 82% to our single biggest industry. It is an industry that invests in real infrastructure and real engineering, and it takes risks in regard to weather, geology, exchange rates and cost unpredictability, as well as taxation.

I accept that the current spot price of Brent crude, at $125 a barrel, allows for unforeseen profits, at least for some fields. However, that does not apply to gas fields or to fields with large quantities of associated gas and, as Ministers will know, that is not the price that many operators actually realise, as they often contract their production at an average well below the spot peak.

I say in passing that the link between the oil tax changes and the fair fuel stabiliser are tenuous. Many of the companies operating in the North sea have no retail division, and there is no direct connection between their returns and the pump price. Also, the Government are themselves the recipient of a windfall. According to the Library brief and, I think, the Red Book, North sea profits are running at between £1.5 billion and £1.9 billion per annum over the next four years. That is additional revenue that was not anticipated in the pre-Budget statement in November. The Government have also received a VAT windfall on pump prices, averaging about 6p a litre. However, my point is not that there is no case for additional contributions from North sea operators and field shareholders. I do not take issue with the Government about that. My point is that this should be done after proper consultation and taking due account of the complex character of the mature North sea industry.

I have monitored the industry for 40 years. Indeed, 40 years ago this September, I started work as research and information officer for the North East Scotland Development Authority. Towards the end of that year, 1971, BP announced the successful commercial test of a well, which turned out to be the discovery of the Forties field. However, it is interesting to note that, believing that it had reached the end of its useful life, BP sold the Forties field to Apache in 2003. Since its acquisition of the field, Apache has greatly enhanced recovery from Forties and sees long-term potential for its development. It is worth noting that Apache has been one of the most vigorous critics of the Government's policies, and that it questions whether its investment will be fully committed or realised.

Andrew Gwynne: I accept the right hon. Gentleman's points about the North sea, but will he acknowledge that it is not only the North sea that is affected by these measures? For example, gas is a major industry in the north-west of England, and only this week, we have heard of the decision to cease operations in Morecambe bay and the Irish sea. Does he agree that that would be catastrophic for the economy of the north-west of England?

Malcolm Bruce: That is a very fair intervention. Perhaps I am using the term "North sea" in a slightly generic fashion. The term "UK continental shelf" is a bit long-winded, but that is what I really mean. Perhaps the House will take that as read for these purposes.

The hon. Gentleman is right: Centrica, the operator in Morecambe bay and other gas fields, has indeed indicated that it might not be able to resume production in the current regime and with the current prices. That makes the point, which I hope Ministers will acknowledge, that it is important for the industry and the Government to come together and negotiate, in order to ensure that we do not lose investment and production that might otherwise be lost altogether.

Mr Kevan Jones: One of the arguments put forward by the Treasury is that the 82% tax rate to which the right hon. Gentleman has referred applies only to mature fields. Does he agree, however, that those mature fields still need investment if they are to continue to produce oil?

Malcolm Bruce: That was precisely the point of my illustration about Apache and the Forties field. It wants to invest, and I believe it will continue to invest, but it is actively reviewing the extent to which it will invest in the light of these tax changes, which clearly make the investment less attractive.

Mr Mike Weir (Angus) (SNP): Will the right hon. Gentleman give way?

Malcolm Bruce: Before I do, I want to point out that today I received the Oil and Gas UK index of confidence in the industry, which is to be published tomorrow. It is not surprising to note that the index reveals a very sharp fall in confidence within the industry in the first quarter since the Budget. For example, exploration and production companies' confidence has fallen from an index level of 71 in the fourth quarter of 2010 to 46 in the first quarter of 2011. Even the confidence of supply chain companies has fallen, albeit less so, from 61 to 54, and when asked why the fall was less sharp, they said it was because their business was now much more international and they expected to pick up business elsewhere that they would otherwise have lost in the North sea. That gives a clear indication that the industry is facing a loss of confidence as a result of these changes.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Is the right hon. Gentleman happy with what his Government are doing in the North sea?

Malcolm Bruce: The fact that I am moving the amendment makes fairly clear what I think and what I am trying to do. What I am saying to the Government—*[Interruption.]* I accept that the Government have introduced a Budget that has made these changes. What I am trying to do is to get Ministers to understand that the industry is complex and that Government decisions might lead it to a review of investment, which could lose production, jobs and export opportunities. It is possible to retrieve the situation, however, if we have an active process of negotiation. Previous Governments have made the same mistake and realised the need to engage with the industry.

Mr Robinson: The right hon. Gentleman makes a fair point about the lack of consultation and involvement with the industry in this heavy change, which has been introduced on the hoof. The Economic Secretary, who is replying to the debate, having worked for three years as a senior executive in Centrica—a firm the right hon. Gentleman cited as having lost confidence—should have known better and realised the importance of consulting the industry beforehand.

Malcolm Bruce: At this stage, I am not here to attribute responsibility for the decision. My concern is—*[Interruption.]* With great respect, Members should acknowledge that, speaking as someone who represents a major North sea oil and gas constituency, I know my own industry and my own constituency. I also know the need for the Government to engage with the industry and I hope to persuade them that they can retrieve the situation to a degree by so doing.

Let me refer to a table that will appear in the UK Oil and Gas publication tomorrow. It shows something of which Labour Members should be fully aware—the correlation with the past. Interestingly enough, in 2009, North sea oil prices peaked at $145, yet within 12 months they were down to $35. At that peak level of production, investment had fallen £3 billion a year as a direct result of negative tax changes in 2006. The time lag, Ministers should be aware, is two to three years, after which investment falls away; it is then several years beyond that when we see job losses, lost investment and lost opportunities.

Mr Weir: The hon. Gentleman makes a good case, but he will know that it is not just the immediate impact that is important. With these mature fields, we need to make sure that the infrastructure remains in place, particularly if we are serious about carbon capture and storage, for example, which relies on much of the infrastructure from depleted fields in order to work in the North sea.

Malcolm Bruce: That is a perfectly valid and fair point, and it is clear that Ministers across all Departments understand it. What I am anxious for Ministers to appreciate is that the complexity of the industry in its mature phase, the number of different players and their variable requirements all require active negotiation. Across-the-board changes in taxes without that negotiation will lead to a loss of investment and lost projects.

Several hon. Members *rose—*

Malcolm Bruce: Let me make some progress.

With an oil price of $125, people will often say, "Most projects in the North sea are viable." Well, yes they are, but the industry has to compete for other projects around the world where the price is also $125 yet where the tax regime is more attractive and the risks lower. That must be taken into account in negotiation, because it is the basis on which investors in the mid-west of the United States, or in other parts of the world, will decide whether to back projects in the United Kingdom continental shelf or elsewhere.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): The right hon. Gentleman has rightly drawn attention to the loss of confidence in the oil and gas sector that has resulted from the Government's policies. How does he think that it can be restored? Trust is what has been lost, and no matter what negotiations may achieve, what will be hardest will be restoring that trust in the industry when it comes to future investments.

12.30 am

Malcolm Bruce: That is precisely why my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and I tabled the amendments. We want Ministers to begin in the process of building that trust.

The Government have made their case for this change and have defended it robustly on a number of occasions, but that is not the response that we need tonight. They have made their decision and I do not expect them to reverse it, because the Budget depends on it. What I expect them to do is engage with those in the industry, to explain the position to them, and to negotiate in detail on allowances and other flexible ways of ensuring that oil and gas that would otherwise be lost continue to be produced.

Helen Goodman (Bishop Auckland) (Lab): I understand that the right hon. Gentleman seeks flexibility on the part of Ministers and is trying to persuade them of the value of his case. If the Government give him a negative response, will he still vote with them at the end of the debate?

Malcolm Bruce: I think the answer is that I want to hear what the Minister has to say.

Mr MacNeil: Answer the question!

Malcolm Bruce: Hang on a minute. We have had a series of debates tonight, and have heard a number of lengthy speeches, not all of which have contributed much to the argument. We are now engaged in a very material debate about the most important industry that we have, and in a serious attempt to persuade the Government to engage, piece by piece, with the industry and rebuild the trust which, as was rightly pointed out by the hon. Member for Banff and Buchan (Dr Whiteford), has been damaged and needs to be repaired The industry was very pleased that the Economic Secretary engaged with it soon after her appointment and went offshore. It is important for her not to lose that good will, and to demonstrate that she has that degree of understanding. I am sure that she will do so, because I think that she has learned a great deal from her experience.

Mr Anderson: Will the right hon. Gentleman give way?

Malcolm Bruce: I want to make a bit more progress.

The Government have made their case, and have defended it. I am simply asking them to consider the real and legitimate concerns of the industry, to look at the independent assessments, and to accept that there is a danger of losing as much as £20 billion of investment and between 1 billion and 2 billion barrels of production over the next 10 years or so. That is a Forties field that we would simply discard. It would be a huge loss, and it would be very significant in the context of the British economy. If that investment is lost—or, indeed, secured—future jobs, export opportunities, imports and future tax revenues will be affected. They all hang on the restoration of that trust, and on the industry's being persuaded to invest in the marginal projects that might be put at risk in the absence of negotiation.

Malcolm Wicks (Croydon North) (Lab): Will the right hon. Gentleman give way?

Malcolm Bruce: I will give way to the former Minister.

Malcolm Wicks: The right hon. Gentleman is making a very thoughtful speech. Does he agree that there is a geopolitical and a national security implication? With global demand for energy increasing by a third or more over the next two decades, at the very time when the United Kingdom is becoming more dependent on imports, is it not important from a national security point of view for us to look after and nurture the North sea, and for that to have an impact on our fiscal treatment of North sea gas and oil?

Malcolm Bruce: It certainly is. The United Kingdom continental shelf has the potential to supply up to 70% of our requirements for quite a few years ahead. It is a more secure source, geographically and practically, than other parts of the world where the politics are uncertain. Given a high oil price, the Government, the industry and the economy can all benefit if we get the balance right, and can all lose if we get the balance wrong. It seems to me that negotiation is the way forward.

Let me explain how the amendments address some of the industry's specific concerns. On amendment 13, the Government stated in the Budget that they will reduce the supplementary charge back to 20% on a "staged and affordable basis". That is a welcome approach, but it would be more welcome if the charge had also been raised on a staged and affordable basis, instead of having a sudden 22% step increase. The amendment therefore proposes a graduated levy, increasing by 1% for every $5 the oil price rises above the Government's arbitrary set trigger price of $75, up to a maximum of

32%. I stress that these amendments express the proposals of myself and my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) as to how this could be done in a staged manner; they are not the amendments of the industry, although it is aware of them.

Amendment 14 sets up the basis for calculating the reference price. The Government seek to choose the spot price, but as I have said, few producers actually receive anything close to that. Indeed, it is not clear what calculations of what price the Treasury has made in determining its revenue projections. The amendment therefore proposes that there should be an independent mechanism for calculating a reference price, based on what producers actually receive. That would give predictability to the process and ensure that the tax base would adjust more smoothly when prices are volatile. I do not expect the Government to accept this proposal, but I hope they will accept that it is a constructive contribution to how an escalator could work both up and down, and in ways that would give the industry a lot more predictability than the Budget proposals as they stand.

Dame Anne Begg (Aberdeen South) (Lab): I am very interested in what the right hon. Gentleman has to say, but would not what he is proposing have the opposite effect to what he has suggested, in that it will make things less predictable? The oil and gas price is already volatile, and to add in this extra unpredictability would make that 10 times worse.

Malcolm Bruce: No. I have listened carefully to the case Ministers have made, and it is important to acknowledge that Ministers are looking at a very high spot price and saying, "This is in excess of what the industry planned for, and there is a case that it should make a contribution to the economy." I do not find that a totally unacceptable proposition, but I am concerned about it being introduced in a sudden bite from 20% to 32% and with no consultation or warning. What I am proposing is not an ideal; this is, perhaps, not where I would start from, but given where we are, it would be greatly preferable if it were to change in easily managed stages up and down, as that would enable the industry to predict where it would be and what level of taxes it would face. The alternative, which would not be very acceptable to the Treasury to pursue, is that it would go up on the basis of the $75 reference price to 32%. Are the Government really going to be comfortable, if the price falls to $69.95, to take it all off? I suspect not, and the industry suspects not. Even if the escalator up is not very well received by the Government, it is important that they try to ensure that it comes down on a predictable basis, because I think many in the industry feel it might never come down.

Stewart Hosie: I take it the right hon. Gentleman is not unhappy that tax levels are sensitive to profit, and I think that is perfectly reasonable, but why does he think that Ministers fail to understand that investment decisions are sensitive to tax, and why does he think Ministers fail to understand, notwithstanding the spot price, that the cost of extraction varies depending on the depth of the water, where we are in the North sea and even the type of oil that is being brought up?

Malcolm Bruce: I think, hope and believe that Ministers do understand it. That is one reason why I believe that if they do engage constructively with the industry we will get some progress and reforms that will enable the confidence to be restored and investment to be brought back.

Amendment 15 acknowledges the fact that the gas price is well below the oil price and the Government's own trigger price of $75; $55 to $60 seems to be the average sort of price. The industry should not be facing the charge at all. There are also a lot of fields that have associated gas—in some cases quite significant amounts—so this amendment simply suggests that that should be taken into account. One way to do that would be to tax the gas produced and the oil produced separately, and another would be to aggregate the two and take the average price; either way would be fairer. As has been said, Centrica is indicating that the UK does not look like a good prospect for it; the company is clear that it wants to diversify its investments elsewhere in the world, and that would be to our detriment.

Mr Robinson: A series of reasoned and reasonable amendments stand in the name of the right hon. Gentleman and that of the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith). Does he realise that the impression that would be left were he bought off tonight by some sweet sounding but meaningless words from this Tory-led coalition is that the Liberal party has a lot of responsibility but, sadly, absolutely no influence in the decisions being taken?

Malcolm Bruce: Time will tell—that is all I can say to the hon. Gentleman. My hon. Friend the Member for West Aberdeenshire and Kincardine and I together probably represent more oil and gas jobs than any other Member, except perhaps for the hon. Members for Aberdeen South (Dame Anne Begg) and for Aberdeen North (Mr Doran). It is important to point out that our areas account for only about a quarter of the oil jobs in the UK, as many of the jobs are in London, the north-east and elsewhere—

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Tell us more.

Malcolm Bruce: Indeed, some are even in Stornoway. It is important that this is seen to be a national industry.

I have debated oil and gas in this House for 28 years. I have seen every Government make the same mistake and I am disappointed that the present Government have done so, but I have also seen every Government engage and reach an understanding because they have learnt the complexities of the industry. All I am asking is that this Government engage in the same constructive way and that we reach a position where we get the balance right. The amendments seek at least to provide a framework for the sort of conversations that should take place between the Government and the industry.

Mr Robinson: I do not wish to delay the House, but I must ask the right hon. Gentleman: when did the Labour Government of 1997-98, in which I had some responsibility for sounding out and consulting the industry, make any mistake such as has been made by this Government? We

[Mr Robinson]

simply did not do so. We talked to the industry; I met John Browne and he explained the situation. Although we were prepared to do so, we did not even get into any formal consultation because he convinced us in the initial soundings that it would be the wrong move to make.

Malcolm Bruce: The evidence suggests that sudden step changes to taxes have been made by successive Governments and they have had the same effect: a drop in investment. *[Interruption.]* No, it has happened under Labour too—the party was in power for 13 years. The figures produced by Oil & Gas UK show that the last time this happened, capital investment dropped by £3 billion per annum over the subsequent three years, and that is a huge sum. Although negotiating field by field is a long drawn out and time-consuming process, too complicated for some investors, who will go elsewhere, that is preferable to simply standing one's ground and waiting for the worst to happen.

I hope that the Government will acknowledge that some projects are bound to be delayed or cancelled because the rates of return after the tax changes make them simply unviable. If the companies can negotiate to demonstrate to the Government the level at which such projects would become viable, which requires both parties to show their hands, capital allowances or other mechanisms could be brought into play in ways that would benefit both the Government, because the investment, jobs and spin-off could be secured, and the companies, because they would be able to develop viable projects, which of course will subsequently pay taxes to the Government.

Mr Kevan Jones: Will the right hon. Gentleman give way?

Malcolm Bruce: No, because I wish to make progress and reach the end of my remarks.

The final amendments in the group would delay implementation. The only purpose of that—this relates to the intervention from the hon. Member for Coventry North West (Mr Robinson)—would be to use the time to negotiate and decide whether or not we could come up with a slightly more sophisticated mechanism to meet the needs of the industry.

The amendments, taken together or in part, set the framework for the sort of concerns that the industry has and how it would like to engage with the Government. The one comment that everybody I have spoken to in the industry has made to me in the past week or two is, "Whatever else you do, can you just persuade the Government that we need to talk to each other? If we do that, we have a fair chance of getting a settlement that will not prejudice too much investment." Ministers will notice that the rhetoric has calmed down on the oil and gas industry's side, because people there actually want to talk.

I hope that the Government will acknowledge that this is a real concern for a substantial industry. I hope that they will also acknowledge that if it can be demonstrated that there has been negotiation, although it will not completely wipe out the shock of a sudden increase, it will, I think, show that the Government are serious in understanding that this is our biggest industry, that it has huge potential and that it still has a big future in this country.

12.45 am

It is important that the Government back up the Budget's rhetoric by saying that we are open for business, we want to encourage investment and we understand that the tax regime is relevant. The Government will accept, after all, that we are keen to encourage other new industries to develop in the UK, such as those that provide renewable energy, and they need to know that whatever the price regime or tax regime to which they are being committed, it will have predictability and stability in the long term. I accept that the Government have made this decision, but I urge them to engage constructively with the industry. If they do, the whole country will benefit.

Kerry McCarthy: It is always a pleasure to follow the right hon. Member for Gordon (Malcolm Bruce). He has made an eloquent case on behalf of his constituents, who are directly affected in more ways than most people by the Government's proposal to increase the supplementary charge on North sea oil to 32%. Amendment 10 simply asks the Chancellor to produce, before the end of this September, an assessment of the impact of taxation of ring-fenced profits on business investment and growth, including an assessment of the long-term sustainability of oil and gas exploration in the North sea.

The amendment should not be at all controversial, although we saw in the debate on the last group of amendments that the Government were not happy to be asked merely to produce an assessment of the impact of that policy. That is surprising because, after all, the Government say that they want more consultation and more transparency in their tax policy making. They say that they will—I am quoting their tax policy making document—

"embed impact analysis in the policy development process"

and

"integrate impact analysis into the consultation process."

Those are both the kind of sentences that one has to read several times before one can work out quite what they are on about, but my understanding is that the Government are trying to say that they want more transparency and consultation. We have had to table amendment 10 because, in reality, none of that has happened.

The Government are right to consider increasing taxation on sectors of the economy that are enjoying windfall profits. We did the same when we were in government. There is an urgent need to deal with the fiscal deficit that is recognised on both sides of the House, and it is right that we should ask for more from those who are able to pay, but this change has been rushed through without consultation, as the right hon. Member for Gordon said, surprising the industry, and inevitably it has fallen down at the first scrutiny.

If the Economic Secretary had consulted representatives of the industry, they might have told her that the stability and predictability of the North sea tax regime is important for investment. Oilfields are long-term investments that require long-term certainty and stability to attract investors. The industry believes that the value of investments in UK oil and gas has fallen by 24% as a

result of the 2011 Budget. That will cause long-term damage to the industry's trust in the Government for short-term political gain.

I agree with the Select Committee on the Treasury, which said:

"The decision to increase the supplementary oil and gas levy by 12% without warning, less than a year after the Government had undertaken to provide a 'stable' tax regime in the sector, may weaken the Government's credibility in seeking to establish a stable tax regime in this and other areas."

Andrew Gwynne: My hon. Friend is making an excellent point. Given the concern I raised earlier about people in the north-west of England who work in the industry, particularly in relation to Centrica's decision about Morecombe bay, does she find it all the more surprising that the Economic Secretary once worked for Centrica?

Kerry McCarthy: My hon. Friend makes a valid point. I wonder what the current sales and marketing finance manager for Centrica thinks of the actions of the holder of that post from 2002 to 2005, and what experience the Economic Secretary had during her three years working for the company that has caused her to turn against it in such a fashion.

As I was saying, there is a real requirement, as the Treasury Committee has noted, for a stable tax regime in the sector. The Chartered Institute of Taxation has said that

"the last minute and precipitate change in Oil tax rates for an industry that is particularly dependent on long-term planning seems wrong".

Does the Minister agree?

The threshold chosen by the Government may also be a problem for stability. The average oil price in 2008 was $100 a barrel, but in 2009 it was $60 a barrel and in 2010 it was $80 a barrel. If prices carry on fluctuating above and below the $75-a-barrel mark, as they have over the past three years, the uncertainty about the tax rate and whether companies will be caught by it could drive more investment away from the UK.

Had the Economic Secretary consulted the industry before the Budget, it might have reminded her that the supplementary charge applies to gas as well as oil. Gas prices are on the rise, but at less than 60p a therm they are still significantly below the Government's $75 a barrel trigger price on an equivalent basis. In the UK, gas prices are less closely correlated with oil prices than in other jurisdictions, where there are often still contractual links between the two. Whereas oil prices are set by the global market, gas prices are more localised. Graham Parker of the Office for Budget Responsibility told the Treasury Committee quite recently that gas prices were "quite variable" so even if the Government think they have chosen the right level for oil, they might have set the balance wrongly for the gas sector. That could be disastrous given that gas accounts for 46% of the North sea industry's production.

Mr Kevan Jones: Does my hon. Friend find it remarkable that such a decision should have been taken in such haste that the Treasury did not realise that that issue relating to the difference between oil and gas prices would arise?

Kerry McCarthy: Certainly, when I met Oil & Gas UK, it was very surprised and seemed to be of the view that the Treasury had forgotten that gas would be affected by the measures. The policy is very much back-of-a-fag-packet stuff. It seems that, in a knee-jerk reaction to the rise in public concern about petrol prices, the Government felt they had to act on that front, and so had to came up in haste with some sort of mechanism to raise revenue to fund the 1p cut in fuel duty. The effect on gas is an important issue, and the cost could end up being passed on to ordinary people in their gas bills, either because the increase itself is passed on to consumers or because UK gas production drops, meaning that we have to import more gas from abroad.

Had the Minister consulted the industry prior to announcing the measure in March, it might also have reminded her that when the previous Government increased North sea taxation, they introduced measures to promote investment alongside that change. When we introduced the supplementary charge in 2002, we also introduced a 100% first-year allowance for capital expenditure in the North sea. That not only provided a buffer for companies to make the transition to the new regime but encouraged investment in UK oil and gas fields. When, in 2005, we increased North sea taxation again, we allowed further flexibility on the capital allowance. To maintain the stability of the tax system, we also gave a commitment not to increase the tax again in that Parliament. I wonder whether the Minister can echo that commitment today.

It was right to increase taxation on oil and gas at a time of windfall profits, and now is also such a time, but we were conscious of the need to create stability for the industry and to maintain investment for the future. If this Government had thought their changes through, they could have taken a similar approach, but instead the effects of their hasty and ill thought out decision are already being felt. We have heard the reports about disinvestment in the industry. Centrica, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has mentioned, has hinted that it might decide not to reopen its Morecambe Bay field, which produced 6% of the UK's annual gas requirement. I wonder what the Minister's former colleagues have to say about that. Statoil has suspended $10 billion-worth of investment in the Mariner and Bressay oilfields, which together hold reserves of 640 million barrels of oil. Research from Aberdeen university has gone further, suggesting that over the next three decades the Government's tax change could slash oil and gas investment in the UK by £30 billion. Production could be reduced by up to a quarter, leaving the UK more reliant on imported oil and gas.

This debate is not just about the profits of oil and gas producers. The oil and gas industry directly and indirectly supports 440,000 jobs in the UK. There are reports that at least 40,000 of those jobs are at risk because of the Government's action, at a time when 2.5 million are unemployed, including an increasing number of people who have been out of work for longer than a year. The Government have a responsibility to act with extreme caution before putting those jobs at risk.

Mr Kevan Jones: Does my hon. Friend agree that many people in the north-east who were previously made redundant from shipbuilding yards, for example, travel regularly throughout the UK and internationally

[Mr Kevan Jones]

to work in the oil and gas industry? Surely the Government's proposals will affect those people, who have come to rely on home-based employment and travelling overseas, in some cases long distances, to support their families?

Kerry McCarthy: My hon. Friend makes an important point. The jobs being lost are in areas where there is little other employment. As he says, people in the area he represents have been affected by the decline in other traditional industries under the last Conservative Government. Now they are being hit by a double whammy with their jobs in the oil and gas sector being put at risk.

Dame Anne Begg: Does my hon. Friend agree that the best way to deal with the deficit is to grow the economy? The industry was growing and investing, but that growth and investment could be put at risk as a result of the measures.

Kerry McCarthy: Precisely. We come back to that time and again with this Government. They are looking at the very short term for quick revenue gain or political gain, not taking a longer-term approach. The point should not have to be made that if the Government want to encourage growth in the private sector, which they are always talking about, they need to encourage investment and have the right economic climate for that investment to take place. If the tax regime is not stable, that is put in jeopardy.

I accept that it may not be possible for the Government to consult widely on every tax policy. There is a balance to be struck between robust scrutiny and consultation and the Government's freedom to act when necessary in the national interest, and consultation may flag up to certain companies that they ought to engage in tax avoidance measures, but in this case, the Government not only ditched their brand new tax policy framework, but went back on specific assurances to the oil industry.

The previous Government had formed a good working relationship with the industry, which may now be damaged. After a meeting in 2008 between the then Prime Minister and Chancellor and the oil and gas industry, the Government consulted with the industry to develop a package of new measures to revitalise investment in UK oil and gas reserves. Those were announced in the 2009 Budget and included the new field allowances and other incentives for companies to invest in the UK's smaller and more difficult fields. Such close working together is vital to the stability of the tax system for North sea oil and gas. Unfortunately, it will become more difficult if the Government cannot restore trust with the industry.

Although it sounds hard to believe, as I said earlier, last year the Government created new golden rules for themselves to make tax policy more predictable, more stable, and more transparent. We can only conclude that the Government have ditched those rules altogether, just a year after taking office, because we cannot see how Treasury Ministers are

"committed to providing clarity and certainty on the future direction of tax policy."

The industry body for the UK oil and gas industry agrees with us, saying that the measure has damaged the industry's confidence and trust in the tax regime. I cannot see either how the Treasury still believes, as it said last year, without a hint of irony, that consultation is

"an integral feature of all policy making",

which

"helps ensure that changes are well targeted and without unintended consequences, and that legislation is right first time."

What happened to that statement of intent from the Government? Clause 7 is a perfect example of a policy for which there was no consultation. As a result, it is poorly targeted, has potentially serious unintended consequences for the industry, and is certainly not a policy that they got "right first time", and all because the Government did not consult on their decision.

1 am

The Government also called specifically for tax stability for the oil and gas industry. In the last Budget, their only message to industry was that they recognised the importance of a stable and fair UK oil and gas tax regime that provides certainty for business. In 2009, the then shadow Chancellor even told the industry in Aberdeen that he would fix the oil and gas tax regime for the lifetime of the remaining reserves in the North sea. After all those fine words, why have the Government ended up hitting the panic button on oil and gas? Were they scrambling for a quick response on fuel tax after their last idea failed to stand up to scrutiny?

Before the election, the Conservative party told voters that it would consult on a fair fuel stabiliser. It said that it would ensure that families, businesses and the whole British economy were less exposed to a volatile oil market. The Prime Minister was very clear about how that would work:

"Our plan is to say when the petrol price goes up the tax should come down. Sadly that means when the price goes down the tax would have to go up but at least it would give you certainty as you go about your lives."

He said that it would

"help with the cost of living by trying to give you a flatter and more constant rate for filling up your car."

The then shadow Chancellor was also very clear that that would be delivered in the Government's first Budget.

Mr Kevan Jones: The Economic Secretary said in her winding-up speech on the last group of amendments that the result of the Government's policy on fuel duty has led across the board to a 0.8p reduction in the price of fuel at the pumps. Is that really a price worth paying for the effect it will have on the oil and gas industry?

Kerry McCarthy: The Economic Secretary said that it had led to a drop of 0.8p at the pumps between 23 March and 28 March, which seems very selective. It is clear now that petrol prices at the pumps have gone up and that the Government have gained very little from their approach.

In the run-up to the general election, both the current Chancellor and the current Prime Minister were clear that they would deliver on a fuel duty stabiliser. Voters were led to believe that the Government could and would act on that. However, in March, as we approached the Government's second Budget, the Opposition pointed out that the fair fuel stabiliser was still nowhere to be seen. Even with fuel prices rising above £6 a gallon, due

to the rising price of oil—the very situation that a stabiliser was meant to help with—the Government had still been unable or unwilling to act. That was because their original plans would never have worked.

The Conservative party had believed that rising oil prices led to higher tax revenues for the Government, which could then be shared with motorists. It turned out that, just like the proposals we see in the Bill, they had been poorly thought through. They were told that they were wrong not only by Labour Members, but by the Institute for Fiscal Studies, which stated that

"the claim that the Treasury receives a windfall gain when oil prices rise that it can "share" with motorists is incorrect."

They were told that they were wrong by the chair of the Office for Budget Responsibility, Robert Chote, who said it

"would be likely to make the public finances less stable rather than more stable."

They were even told that they were wrong by the current Secretary of State for Business, Innovation and Skills, who said before the election that the fair fuel stabiliser would be

"unbelievably complicated and unpredictable."

Justine Greening: The hon. Lady is providing a critique of our policy, but her party has just decided not to oppose our fuel duty reduction, which, compared with what they proposed for the public finances, represents a difference of approximately 6p per litre. How does she propose to pay for the change in fuel duty that she has just not voted against?

Kerry McCarthy: The Minister is trying to return to the topic we debated in the previous group, so perhaps she should have been a little quicker and thought up her intervention then. I am talking now about stability in fuel prices and the empty promises the Government made to the electorate in the run-up to the election that they would be able to do something to stabilise fuel prices at the petrol pumps.

Representatives of the oil and gas industry tell us that as recently as February the Government were giving assurances that they wanted to keep the North sea tax regime stable, as they had said in their previous Budget, but between February and April they very swiftly changed their mind. Perhaps the Minister can tell us why? What caused the Government to have such an urgent rethink on the fair fuel stabiliser? Many of us suspect that the increased scrutiny that the Opposition brought to bear on the Government's policy might have prompted them belatedly into action—action they would have realised much sooner was needed if they had only done their homework and listened to what people were trying to tell them.

Inevitably, given the panicked way in which it was put together, the Government's new version of the fair fuel stabiliser is equally as half-baked as the proposal put forward before the election. As a result, potentially tens of thousands of jobs, as well as billions of pounds worth of investment, are at risk, and the Government have broken their commitment to stable, consultative tax policy making.

Andrew Gwynne: My hon. Friend is making a superb case about the short-termism of the Government's approach. Is she not absolutely right to point out that, in a short-term fix on gas and oil, this discredited Government are going to risk jobs, industry and investment in this country?

Kerry McCarthy: Again, that is a very good intervention by my hon. Friend. The industry needs stability and long-term investment, because we cannot dig an oil well or develop an oilfield overnight, yet the Government are creating uncertainty that will send investors off to other countries where the tax regime is more stable.

The Government have also completely damaged the trust between themselves and the industry, and that is why we have tabled our amendment. We simply call on the Government to do what they said they would do before making major tax changes: carry out a proper assessment of the impact, so that we can scrutinise it and have transparency. The Government were right to look towards North sea oil and gas to ensure that the burden of taxation was fairly spread, but without stability tens of thousands of jobs could be at risk. For the Opposition, that is not a price worth paying for short-term political gain.

Stewart Hosie: The right hon. Member for Gordon (Malcolm Bruce) said in his opening remarks that the Government wanted the UK to be seen to be open for business. That is a very good objective, but the problem is that an 81% marginal rate of tax on anything, and the instability caused by a shock 60% increase, puts at risk their stated aim of promoting the UK in that way.

The right hon. Gentleman made the point about investment, and investment levels are unchanged generally, but there is now less focus on frontier developments than on investment in the mature North sea, and that is a huge concern. The 60% rise in the supplementary charge that was created, it is told, by the Chief Secretary to the Treasury—whom I see leaving the Chamber barely at the start of the debate—was the most damaging thing that the Government did in the Budget.

The Government will take £2 billion a year extra in tax from the sector, on top of the £4 billion windfall that they got last year, to which the right hon. Member for Gordon referred, and on top of the windfall that they will get this year—2011-12—over the 2010 forecast. All that runs counter to the Chancellor's stated objectives of tax stability, delivering a growth agenda and production here in lieu of imports.

Let us remember that when that bombshell was announced, leading industry members reportedly met in a state of disbelief about the Government's plans. There were immediate reports about the threat to some 40,000 jobs. Statoil immediately announced the suspension of the Mariner and, possibly, Bressay investments, and it was argued that a slowdown in North sea activity would increase the UK's reliance on imported oil and gas, with the consequence of an even higher balance of payments deficit and the corresponding impact of a suppression of GDP growth.

On tax receipts, Alan Booth, the chief executive of EnCore Oil, rightly said:

"Undeveloped and undiscovered oil and gas pays no taxes,"

and it got worse, of course, because Valiant immediately announced that it was not going to invest in its £100 million project, saying that it was

"no longer viable because of the surprise Budget move."

[Stewart Hosie]

Chevron warned that there would be "unintended consequences", and let us remember that Oil & Gas UK was very clear when it said that the measure had

"shaken investor confidence to the core."

The right hon. Member for Gordon said at one stage that Ministers had robustly defended their position. I do not believe that they have. When these fears and concerns were put to the Chancellor, a Treasury spokeswoman said:

"Mr Osborne did not expect investment to be damaged."

That is not a robust defence of a position; it is intransigence and a failure to understand the consequences of the actions that the Government had undertaken.

There are other consequences. Jim Hannon from Hannon Westwood, the drilling analysts, said that 30,000 people could lose their jobs if exploration activity dropped by merely 15%. The detailed work by Professor Alex Kemp—I will not go through it in detail but it is well worth everybody in the House reading it—has warned that up to 2 billion barrels of oil and the equivalent amount of gas could be left in the North sea, untaxed and unused. Derek Leith from Ernst and Young has warned of projects being delayed and cancelled, saying that the Statoil decision was

"only the tip of the iceberg...There are a lot of companies that will not pursue projects but will not go public about it."

Mr Kevan Jones: Does the hon. Gentleman agree with the point made by my right hon. Friend the Member for Croydon North (Malcolm Wicks) about the national security implications of this? At a time when other mature oilfields around the world have investment going in to extract the last bits of oil, leaving large reserves of untapped oil in mature fields is not only financially incompetent but dangerous in terms of national security.

Stewart Hosie: In terms of energy security it is very foolish indeed.

This is about not only the increase in the supplementary charge but restricting access to decommissioning tax relief, and that could accelerate the decommissioning of essential infrastructure. Had these ludicrous plans been in place in the past, the Forties field might not have been passed on to provide a decade or more of additional oil. Had the infrastructure which will now be decommissioned more quickly been decommissioned at that speed in the past, the new entrants, the new technology, the sideways drilling and the ability not to take 30%, 40% or 50% of a well would not exist. Once the wells are capped and the infrastructure is gone, it is gone for good.

As well as energy security, there is the question of the future of carbon capture and storage. The last Government failed to make a decision quickly enough on the Peterhead CCS scheme, which was going to use the decommissioned Miller plumbing to pump the carbon dioxide into holes in the ground. If we restrict access to decommissioning relief, we risk being unable to use that plumbing and infrastructure not only for oil extraction but for other purposes.

The hon. Member for Bristol East (Kerry McCarthy) referred to investments in the UK continental shelf falling by 24% overnight at the time of the decision. The scale of the impact was also explained in the recent research by Professor Alex Kemp in which he revealed that the tax increase could reduce UK oil and gas investment by up to £30 billion and production by up to a quarter over the next three decades. For last week's Second Reading debate, we had additional information from Centrica that provided a detailed assessment of the problem in relation to gas. It said that the annual cost to the UK economy could be up to £8 billion per annum by 2013, that the decision could influence investor sentiment in other sectors, and that up to £100 billion of energy investments and associated jobs could be put at risk. That would be catastrophic if even a fraction of it came true. The UK needs sustained and sustainable above-trend growth, and we will not get it if we undermine the main investing industry in the UK. That would be incredibly stupid.

As I said on Second Reading, we should listen to Oil & Gas UK, Statoil, Valiant, EnCore, Chevron, Hannon Westwood, Professor Kemp, Ernst and Young, and Centrica. Those warnings did not start the day after the Budget and then stop; they kept on coming. It is inconceivable that all those major players and analysts in the sector are wrong, and that the Chancellor and the Chief Secretary, uniquely, are right. That is almost impossible to believe. Of course the warnings have not stopped.

1.15 am

Members have mentioned Centrica and the Morecambe bay possibilities. Let us look at the short statement from Centrica:

"Following the increase in the Budget, UK oil and gas producing fields are subject to some of the highest levels of tax in the world—our South Morecambe field is now taxed at 81 per cent. At these higher tax rates, Morecambe's profitability can be marginal."

That is particularly true if gas falls below 60p a therm. The statement continues:

"Accordingly, we may choose to buy gas for our customers in the wholesale markets in preference to restarting the field".

It is extraordinary that we have decisions in a Budget that will lead to the importing of oil, possibly from insecure sources and at greater cost, and will also undermine investment and jobs here when it is not necessary to do so.

Andrew Gwynne: The hon. Gentleman has made a superb point about the Morecambe Bay gas field. Is it not crazy economics that that investment will be lost to north-west England, which has some of the most deprived communities in the United Kingdom? We need to nurture the investment in the Morecambe bay gas field, not drive it away and import gas from abroad.

Stewart Hosie: I could not agree more. This is not just about Scotland, but about the entire UK continental shelf and the 440,000 people who are employed throughout the UK, including in East Anglia, off the north-west coast and elsewhere.

As I said—this is important—the warnings did not end a day or two after the Budget; they kept on coming. The most comprehensive analysis of the problem is in the 2011 international annual energy survey, which will be launched at the offshore technology conference in Houston, Texas this weekend. It is conducted by Maxwell

Drummond, the industry employment specialist, which covers 100 international directors from all energy sectors. It says:

"the Coalition Government's 'supplementary charge' on oil and gas production, projected to add an extra £2 billion to Treasury coffers, significantly and immediately impacted on global perceptions of the already challenging North Sea environment."

If the international energy markets are warning of significant and immediate impacts, if there is a threat to tens of thousands of jobs, and if there is a threat to tens of billions of pounds of investment, the decision is clearly wrong.

Dame Anne Begg: Does the hon. Gentleman agree that because the UK continental shelf is now a mature province, many of the decisions on investment in the province are no longer taken in Scotland or London, but in Houston, Calgary or elsewhere in the world, and that the international perception of the tax regime is therefore crucial when such decisions are being made?

Stewart Hosie: That is absolutely right. I said when I intervened on the right hon. Member for Gordon that of course taxation needs to be sensitive to profitability, but that Ministers also need to understand that investment decisions are sensitive to tax and other costs. Although the field is mature, some of it is unexplored. If the perception is that it is expensive and that there is tax instability—which has been said—we will lose the ability not only to continue work in some of the mature fields, but to explore as yet untapped reserves, albeit in a mature sector.

As I have said, this is the most damaging measure in the Budget for economic growth. Although I respect the attempts to amend it and the tabling of amendments for the Government to discuss, we think that it is so damaging that we hope Mr Hoyle will be able to call on hon. Members from across the Committee to resist clause 7 very vigorously indeed.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I remind the Committee of my entry in the Register of Members' Financial Interests as a shareholder in Shell, and of my wider interests in the oil and gas industry.

The oil and gas in the North sea belongs to the nation, but unless we have a regime that attracts experts with the finance and knowledge we need, we will not benefit from it. One of the amendments before us would restrict the tax raid to a year, to ensure that the Government and industry can engage in constructive dialogue that will encourage investment. It is important to restore confidence in the tax regime. Following previous supplemental changes, Governments had to work very hard to restore confidence and bring back investment, with field allowances and other incentives. They engaged with the industry and provided assurances that once the tax change had been made at the beginning of a Parliament, it would not be revisited until the next election. There is scope for restoring confidence, but some hard work will have to be done.

The Government need to address some of the arguments that are being made, particularly the one advanced by my right hon. Friend the Member for Gordon (Malcolm Bruce) about what individual investors are getting for their investment. It has been put to me that people made a decision to invest last June, but now the price of oil is $125 a barrel. If they decided to invest and then hedged for this year at $88, they are not getting $125, because the hedge fund is getting the profit. I do not see a tax being brought in on hedge funds; instead, it is being imposed on the people on the ground doing the hard work, on the skilled labour and on the knowledge and risk-taking.

When we talk about windfalls, we have to be slightly careful in the case of an industry with a fluctuating commodity price. When the price goes up it makes more profit and when the price goes down it makes less, but Governments tend not to say, "We're a bit concerned that the price has fallen, so we're going to cut the tax." If there is a one-way ratchet, that causes uncertainty and concern in the minds of investors.

Amendment 13 suggests that if there is a desire to have a profit-related tax that varies with the price of oil, there should be some predictability to it. The hon. Member for Aberdeen South (Dame Anne Begg) said that it would cause complication, but that complication could be factored into new financial modelling. If there were a variable rate of profits tax, any company making an investment decision could factor that in and know where they stood in the fiscal regime.

It has been put to us that other countries, such as Norway, have different fiscal regimes for investment. However, Norway has had a stable long-term fiscal regime with very little change, and it has also had the attraction of less mature, bigger finds with more upside for investors. It is important to understand the confidence element.

The Energy and Climate Change Committee has seen evidence on the wider future of our electricity and gas network. This country wants to attract £200 billion of investment in its energy infrastructure, but if investors are being asked to build a massive offshore wind farm that will bring in more profits if the price of carbon goes the way they are betting, they will look across and see what has happened to the oil industry. They will not want the Treasury to come along and say, "Electricity bills are rising, so we're going to put a windfall tax on the offshore wind farm," which would undermine that investment decision. There is a read-across from gas and oil to wider investment in energy and big infrastructure projects in this country.

This is not just a constituency matter for my right hon. Friend the Member for Gordon and myself, who have many constituents who work in the industry, have jobs related to it or are economically affected by it. As has been said, it also affects East Anglia, Morecambe bay and other areas. The supply chain permeates the whole of the UK economy.

Mr Kevan Jones: I congratulate the hon. Gentleman on standing up for his constituents; he is doing the right thing. Does he not find it remarkable that there are no Conservative Members in the Chamber from Morecambe bay or other areas that rely on the oil and gas industry, to speak up for that industry tonight?

Sir Robert Smith: Those hon. Members may have chosen to speak in other ways; they can raise matters with Ministers directly or in correspondence. There are all sorts of ways of trying to influence Ministers. I am using probing amendments and this debate to try to do so. If I may say so, it is rather sad that the Committee

[Sir Robert Smith]

has chosen to focus on such a major industry for the UK economy at 1.30 am, but—*[Interruption.]* Well, the House collectively chose that time.

I want to make two final points on the instability and uncertainty caused by such upheavals. Statoil is reviewing its investment. That does not mean that it will not go ahead at all or that some of the investment might be done differently, but in the reviewing time, Statoil's supply chain will no longer have the ability to deliver. The supply chain does not have the cash flow to sit around waiting for Statoil's review without affecting its employment, recruitment and subcontracting. The skills base that has built up has huge export potential and earns a lot of money for the country through exports to other oil and gas provinces, but the Government need to understand that that base needs a stable home environment to ensure that we anchor as much of those profits in the UK as possible.

Finally, I want to reinforce how crucial the mature fields are in unlocking future investment. Many of the investments being attracted today are much smaller than before, and they would not stand up if they did not tie back to one of the big platforms that still operate in the North sea. That is why I was somewhat concerned by some of the Treasury's evidence to the Energy and Climate Change Committee. The Treasury said that petroleum revenue tax fields were now just cash-making fields, so they did not need any more investment—but the very age of those fields means that they do need investment. The Health and Safety Executive is very keen to keep a close eye on those fields: because of their age, the safety of their infrastructure is crucial. Moreover, investment could be vital in ensuring that that hub remains to unlock any smaller fields around the North sea.

Another uncertainty is introduced by clause 7 because of its relationship with the clause on decommissioning. In the Public Bill Committee the Government must address that new uncertainty, which builds on the uncertainty caused by clause 7.

I urge the Government to respond constructively and positively to the industry's desire for an investment climate in which it can take all the risks on geology, weather, technology and the future of the commodity market, in the knowledge that a Government who see its long-term importance to the economy, and who therefore recognise the need to restore confidence in a stable fiscal regime, are behind it.

Helen Goodman: It is a great pleasure to take part in this debate and to follow the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), who made such a reasonable, well informed speech.

One question that has remained unanswered tonight is why the Government chose such a complex route rather than a much simpler windfall tax. Everyone understands that when the Government are looking for sources of funds, they will look at particularly profitable industries. However, the structure they have chosen means that investment in, and the future of, the industry have been brought into question. A far simpler structure would have raised the money without risking future work in the North sea oil and gas sector.

The Red Book is peculiarly unclear. The supplementary charge was raised from 20% to 32%, but the Red Book states:

> "As part of the fair fuel stabiliser, if in future years the oil price falls below a set trigger price on a sustained basis, the Government commits to reduce the Supplementary Charge back towards 20 per cent on a staged and affordable basis while prices remain low."

However, the meaning of a "sustained basis" for a fall in prices and of a "staged and affordable basis" is not set out in the Bill.

1.30 am

It is particularly important that Ministers explain why they chose an oil price of $75 per barrel. It would really help the Committee to know what the Government's forecast is for oil prices. They say in the Red Book that oil prices are extremely volatile, which of course is true, but what model are they using for forecasting? Twenty eight years ago, I was a junior official in Her Majesty's Treasury, and I worked on something called the POP forecast. The POP forecast was not about lemonade, but about the prospects for oil prices in the long term. This model looked at the back-stop price for oil—in other words, the cost of making oil from coal—and at the time we estimated it would be $60 per barrel. What underlying model do the Government use for forecasting oil prices now? Are they looking at the cost of getting oil from shale? Are they looking at the cost of getting good-quality oil from, for example, Orimulsion? What is their model for forecasting oil prices?

As is evident to everybody who has attended debates in the Chamber for the past six months, the situation in the middle east and north Africa is particularly unstable, yet despite the current instability in the oil price the forecasts for revenue in the Red Book show a pretty constant level of revenue over the five-year period. Are the Government assuming that the level of oil prices will be constant over this five-year period? That seems to be an incredible assumption.

Andrew Gwynne: It is excellent that my hon. Friend is bringing her Treasury expertise to this debate. She is adding greatly to the discussion. Does she agree that one of the motives for the Government's tax raid on the oil and gas industry is that they view it as the goose that laid the golden egg?

Helen Goodman: I defer to my hon. Friend's knowledge of poultry-keeping. However, I agree that that is the problem that we face with the Government at the moment. Their approach simply is not serious; it is trivial.

Mr Kevan Jones: Does my hon. Friend not think it incredible that the Treasury officials whom she worked alongside for many years did not work out that there was a difference between oil and gas prices? Does she also not think it remarkable that the Minister, who is a former employee of Centrica and British Gas, did not highlight that problem either?

Helen Goodman: That is absolutely right. It is extremely worrying for the gas industry that the tax is being linked to fluctuations in oil prices, yet gas prices might not only vary from oil prices, but possibly even be going in a different direction. This is an extraordinary approach

to take to the taxation of one of our major industries. I hope to hear from Ministers about how they are forecasting oil prices over the period in the Red Book.

Returning to the issue of complexity and why the Government chose such a complex structure, we have to ask ourselves whether they completely misunderstood the debates in the previous Parliament on stabilisers. The Scottish National party and the Liberal Democrats proposed stabilisers on petrol taxation, but that seems to have been translated into the wholesale market. The situation now is not that stability is being provided for the consumer, which was the original objective of a stabiliser, but that the Government are able to hedge their tax revenues, which is a completely different proposition altogether. I hope that in responding to the debate the Minister will be able to explain what a sustainable oil price reduction means, because it is certainly not clear from what we have seen so far.

The other thing that was said at the time of the Budget was that the detail would be agreed with the industry and motoring organisations. I hope that we will get a report from the Minister on what discussions and agreements have been achieved. The initial press reports of her meetings with the industry were very alarming indeed. It sounded as though the industry was furious with what had happened and that Ministers did not have a proper answer to its serious concerns. It would be nice to know whether the negotiations have developed, although it seems from what we have read even today in the newspapers and on the web that they have so far not been fruitful. It would also seem that the Government, in their headlong rush, are not taking account of the fact that further evidence has yet to be given to the Select Committee on Energy and Climate Change. Indeed, that evidence is to be given only tomorrow, yet the Government are ploughing ahead, mindless of what the industry is telling them.

It is particularly worrying that, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has pointed out, Centrica is saying that it might not open up the Morecambe Bay field after the annual shutdown to perform the usual maintenance functions this year. The Morecambe Bay field has been in operation for, I suppose, some 40 years—I think it was the first gas field from which we got natural gas in this country. The Minister is too young to remember the huge investments made in the 1960s to move from town gas to natural gas. Huge investments were made in this country to secure those gas supplies, and yet at the stroke of a pen, this Government are putting them at risk.

When the Government say that they want to rebalance the economy, we have to ask whether they even know what that means. I understood rebalancing the economy to mean having fewer resources in financial services and more resources in other sectors.

Mr Kevan Jones: The argument made strongly by the Government is that the north-east economy should rebalance itself away from the public sector and towards the private sector. Does my hon. Friend share the alarm felt by the 380 firms that directly rely on the oil and gas industry in the region about the effect that the Government's proposals will have on employment in those companies?

Helen Goodman: Of course. I am extremely concerned, as my hon. Friend and neighbour is, about the impact that the proposals will have on the economy of the north-east, and it will not be just a short-term impact, but a long-term impact. When we get investment in the oil and gas industry, we are getting investment in an industry at the cutting edge of technology. There have been many other positive spin-offs from the investments that the oil and gas sector has made.

Andrew Gwynne: That is precisely the point. The jobs in a lot of the support industries for the gas and oil industry are high-skill, high-tech and pretty well-paid jobs. Once we lose those skills in areas such as the north-west and north-east of England, they are gone for good. We need to support those industries, as well as the wider oil and gas industry.

Helen Goodman: That is absolutely right. The investment that the Labour Government tried to encourage in completely new energy industries such as the offshore wind industry used very similar skills. It is important to have a critical mass in these industries, and the achievement of that is now being put at risk.

It is not at all clear what the Government mean by rebalancing the economy. Our debate earlier this evening revealed a bizarre situation in which taxes on the financial sector are not tough enough, while taxes on the primary sector are over-strong. That is simply not going to take us down the route that we all want to go down.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I do not know when the hon. Lady first came to the House, but she will recall that when the Labour Government first came to power, they imposed a windfall tax that punished the utility companies for their success. Now, this Government are trying to redress the balance, while recognising that oil prices are at an all-time high and that profits are being made simply through speculation. I am afraid that the hon. Lady is simply talking to the Westminster bubble. She should be thinking about how we can make a real difference to this country, rather than continuing to talk through the night.

Helen Goodman: I do not accept the hon. Lady's analysis. Unnecessary complexity is one of the problems. A positive aspect of the amendments tabled by the right hon. Member for Gordon (Malcolm Bruce) is the improvement in transparency, stability and predictability that would ensue from them. Those things would simply not ensue from the Chancellor of the Exchequer's proposals.

Mr Anderson: Does my hon. Friend agree that one of the differences between what is happening now and what happened in 1997 is that, in 1997, the Labour party went to the country to ask for a mandate to put in place a windfall tax on the energy companies, and that the people of this country voted for that?

Helen Goodman: That is a powerful point. What happened then contrasts with the total lack of consultation by this Government.

Mr Graham Stuart: The hon. Lady mentioned the Government's policy on rebalancing the economy. One of the most important elements is to reverse the disastrous loss of employment in manufacturing under the Labour Government. More than 1.5 million jobs were lost and—

The Chairman of Ways and Means: Order. We are straying from the amendments if we start talking about job losses. Let us try to keep as close as we can to the amendments before us.

Helen Goodman: I entirely accept your guidance, Mr Hoyle.

There is obviously a supply chain for the oil and gas sector. Equally obviously, if we damage the financial viability of the oil and gas companies, there will be an impact further down the supply chain. It is worrying that the industry is predicting that 40,000 jobs will be lost. Those are 40,000 jobs that we can ill afford to lose at this time. This is absolutely typical of the measures being taken by the Government that, across the board, are not being thought through. The statement by Statoil that it is going to put on hold a $10 billion investment is very worrying.

We also need to pay attention to the fact that the North sea province is different. It is not only a mature province—we all understand what that means—but it is in a very competitive arena. The Government do not appear to understand what being in a competitive arena means, or that those companies have a choice about where they invest.

David Mowat (Warrington South) (Con): At the current price of $120 a barrel, the average return on capital employed for a medium-sized field is roughly 40%. Do Labour Members think it right that oil companies should be making 40%?

Helen Goodman: I do not have the precise figure at the back of my mind and I am not going to pluck out of the air a particular number, which would be to behave as foolishly as Ministers. It is obviously necessary to look at the returns across similar fields in other countries and to consult the industry on the implications. I am sure that that will not have satisfied the hon. Gentleman, but I am afraid that it is my view.

1.45 am

What we are talking about here is a broken promise. We have had broken promises on taxes and broken promises on the North sea. A further question for Ministers is whether they can be confident that when they impose these taxes, they will not simply be passed back to consumers through higher petrol prices. It would be interesting to hear Ministers' analysis of that.

David Mowat: The point about petrol prices has often been raised. The hon. Lady has mentioned both Centrica and Statoil. Does she believe that these are major petrol suppliers in the UK?

Helen Goodman: No, Centrica is a gas company. Oil companies, even if they do not have petrol companies within them in the UK, are selling their oil and gas to people who are delivering in the retail market. I would have thought that the hon. Gentleman understood that if something is being done with prices and taxes in one part of the market, it could have an impact on the prices charged in another part of the market. That was my point.

Let me deal now with the drafting of the Bill. Will the Minister explain why the $75 a barrel limit is not specifically mentioned in clause 7? As already mentioned, if we are to make any sense of what is going on here, we will need to look at clauses 61 through to 64 and at schedule 15 alongside clause 7. I would like to pay tribute to Rob Marris, the former Member for Wolverhampton, South West who always enjoined us to read the explanatory notes. The explanatory notes on clause 61, which deals with decommissioning, are particularly interesting. Has the Treasury or Revenue done any analysis of the impact on the environment of the changes to the rate of decommissioning relief?

The amendments in the group are also interesting. As I have said, the amendments tabled by Liberal Democrat Members are clearly aimed at improving stability, predictability and transparency. The amendments tabled by my hon. Friend the Member for Bristol East (Kerry McCarthy) are designed to review and understand the situation better. The most interesting amendment before us, however, is amendment 11, tabled by the Chancellor of the Exchequer. It is designed to insert the following provision into clause 7:

> "But if the basis of apportionment in subsection (4)(b) would work unjustly or unreasonably in the company's case, the company may elect for its profits to be apportioned on another basis that is just and reasonable and specified in the election."

This is the most extraordinary amendment that I have seen in six years as a Member of Parliament. It seems that every company can say to Her Majesty's Revenue and Customs, "The impact on another company might be ABC, but in our case it would be XYZ." Every company will be allowed to negotiate not simply the interpretation of the tax code, but its own tax code.

Mr Kevan Jones: Obviously many other taxpayers would like to be able to negotiate their tax codes with the Inland Revenue, but I am sure that the opportunity will not be open to them. Where will this leave the amount of revenue that the Government will supposedly raise to pay for the reduction in petrol duty?

Helen Goodman: My hon. Friend has hit the nail on the head. This opens a huge hole in front of the Minister's revenue forecast. There is total uncertainty. Every company will be able to turn up and renegotiate its own tax regime, which is ludicrous. How far will this be taken? Will it be a general principle established in the tax code for the purposes of all corporation tax, or personal tax? I hope that the Minister has a very good explanation for what is going on.

Let me return to the underlying worry that has been exposed in tonight's debate—that the Government simply have not taken account of the importance of energy security. Everyone knows that the energy market is under a number of different pressures. On the one hand, we must have a market that is environmentally sensitive and reduces our carbon footprint; on the other hand, we must have prices that are affordable for people in this country and that tackle fuel poverty. We must also have security of supply in a world that is particularly uncertain at this time. Wars are taking place in north Africa and there is conflict in the middle east, and it is at this moment that the Government have chosen to impose taxes that are so insensitive that they put the North sea oil and gas regime at risk.

Mr Anderson: I want to speak in support of amendment 10, but first I want to say something about the speech of the right hon. Member for Gordon (Malcolm Bruce). I

am pleased that he has returned to the Chamber, because I was very interested in what he had to say. Most of those who have spoken in the debate on these amendments have done so on the basis of a degree of experience, which was not the case in earlier debates.

I wonder whether the case made by the right hon. Gentleman was made to the Government before the Budget. It appears from what was said by him and by the hon. Member for Dundee East (Stewart Hosie) that the industry has been saying to the Government for some time, "If you are going to do this, please talk to us and please make sure that we get it right." The industry does not want to end up with the circumstances described by my hon. Friend the Member for Bishop Auckland (Helen Goodman), in which anyone could do whatever they want whenever they want.

If that information was shared with the Chancellor before he made his statement on 23 March, it would seem from what was said by the hon. Member for Dundee East (Stewart Hosie) about why he had ignored the voices of experienced people such as the right hon. Member for Gordon and those in the industry that the only thing that matches the Chancellor's arrogance is his ignorance. Clearly he has decided to say, "I know better. I will impose this on the industry and on this country."

This is not just about places such as Aberdeen and the north-west, because a huge amount of work is going on across the whole of Tyneside and the north-east of England. Some of the most advanced technical work anywhere in this country is being done there in very small factory units by very skilled men and women who are doing a great job. Shipyards have reinvented themselves after the closure programme of the 1980s and are building exploratory rigs and doing work that is vital to maintaining the skills base and developing the new work that we want to do. That will be development for not only the oil industry, but the offshore wind industry.

Mr Kevan Jones: A large number of individuals, many of whom live in my constituency and that of my hon. Friend, worked in former shipyards and heavy engineering firms in the north-east and now travel to Scotland and other areas where the UK oil and gas industry is based. They have very good jobs and choose still to live in the north-east. Does he agree that they are an important part of the wages that go into the north-east economy?

Mr Anderson: My hon. Friend is absolutely right. These people are rightly still among the most well-paid people in this country—why on earth should they not be, given the work they are involved in and the risks they take in their daily lives?

I worked underneath the North sea bed as a coal miner, so I have some experience of working in the energy industry. I am not the person to feel sorry for multinational oil companies, but if the Government take crass decisions that will have a massive impact on not only the industry, but the people who are dependent on it right across the board, we should surely question that. I have no problem with saying to the oil companies that we want them to play their part in trying to help us to get this country back on an even keel. Clearly, when companies such as Shell and BP are making huge profits, that discussion should take place, but it should happen before decisions as serious as this are imposed on people.

Some 450,000 people work in the industry. Our subsea industry is at the cutting edge and leading the world. People talk about what happened in the gulf of Mexico only a year ago, but the probability is that that will never happen in the North sea because of the experience we have gained over many decades of working up there. We lead the world and we should be proud of that, but this taxation surprise has made the industry question whether it should carry on being there, and clearly the oil industry can go to lots of other places in the world.

Helen Goodman: Does my hon. Friend agree that the expertise, research undertaken and skills gained on the UK continental shelf in the North sea enable British-based companies to explore successfully in the gulf of Mexico and the south China sea, and that from that exploration we also gain in income and investment from dividends overseas?

Mr Anderson: My hon. Friend is absolutely right about that. There is no doubt that as we move further forward and the exploration starts to take place west of the Shetland Islands, presenting new challenges, our people working in these industries will again lead the way. But that may not happen if companies are frightened away by a tax regime that is going to punish them. It will particularly punish them when it is a rabbit pulled out of a hat at the end of a Chancellor's Budget, when it has not been discussed with the industry and when the industry has not been able to prepare, consider what it is doing and talk things through in a sensible and adult way in a genuine partnership to make these things work. As has been pointed out a number of times, Centrica has said this week that it is considering not reopening its gas fields off our north-west coast. That is a hugely important area of development and if Centrica decides not to reopen the fields they will just become sterile, like so many other of our energy reserves in this country over the past 30 years as a direct result of Government failures and inaction. It is clear that the Government have not thought this measure through, and the plea by the right hon. Member for Gordon is absolutely the right one, because they should think it through.

What will happen to the tax revenue in the meantime? That point was raised by my hon. Friend the Member for North Durham (Mr Jones). Clearly, the decision made on 23 March was that a certain amount of money would be raised by this attack on the North sea. If that money is not raised, either because of the discussions that go on or because the decision has changed, what will the Chancellor come back with? How will he fill the hole that will be left, at least temporarily, if we do not go ahead with the measure?

2 am

This decision has clearly been made for political gain. The Chancellor was on the back foot—he was on the run—because he had been knocked all over the place by the shadow Chancellor's attacks about the impact that oil prices, petrol prices and, in particular, VAT on fuel were having on ordinary people and businesses in this country. As the Chancellor would not reverse the VAT on the petrol price at the pump, it was clear that he

would have to find another way to fill that hole, and he did it through the rise in the North sea oil tax. It was clearly a huge mistake, made to cover up another political mistake. The mistake was not just the act of putting up VAT, but that of introducing a measure that was not supported and was in neither Government party manifestos nor the coalition agreement. Again, the proposal was sprung on the British people as well as the industry. There was no consultation with the industry, and when one says to a body such as Oil & Gas UK which represents a group of companies, that the effective tax rate on its profits will be 81%, it will go and look elsewhere in the world. If it can get a better return, that is where it will go. We should have been discussing that with the companies before they went.

It is plain to see that this measure has been a huge mistake—but I would say that. The criticism does not just come from me, however. I understand that the Treasury Committee is going to hear from a group that has been asked to report to it on the impact of the change in tax on offshore drilling to 32% from 20%—I was going to say that it would do that tomorrow, but it is probably today by now. One body, the Institute of Chartered Accountants in England and Wales, was critical of the North sea policy because it could deter investment in the area. It said:

"We understand the policy rationale for this decision but imposing unexpected tax charges with immediate effect is likely to cause damage to the UK's competitiveness."

The Association of Chartered Certified Accountants adds its disproval, saying:

"The increase in the rate of tax on ring fenced profits...was unexpected, and is understood not to have been subject to any consultation".

It goes on to say:

"While the measure is clear, simple and targeted"—

clearly it is, as the Government just need to say to somebody that they will pay 20% today and 32% tomorrow—

"it fails on the principles of stability and supporting growth".

The Conservatives lecture us constantly in the House on the idea that they are all about developing growth, but ACCA clearly does not think so.

Andrew Gwynne: Is that not exactly the difference between this measure and the example raised in an earlier intervention about the effect of the windfall tax on the privatised utilities? When Labour was in opposition before 1997, the party was in full discussions with the privatised utilities, which might not have been 100% happy with the proposal but were altogether certain that if the Labour party came to office, it would invest in our young people and get them back to work.

Mr Anderson: My hon. Friend is correct. That debate went on in the Labour party for a long time long before that election. It was quite clear to the industry and to the people of this country that if they voted Labour on 1 May 1997, we would impose a windfall tax. Discussions had been going on and the companies were able to absorb the idea and plan for that.

As ACCA says further:

"The sudden change in rate came as a shock to those involved in the North Sea oil industry"—

the change was not a shock in 1997, because companies had been able to prepare for it—

"and has been widely condemned as reducing the competitiveness of the UK as a target for investment".

Mr Kevan Jones: Does my hon. Friend agree that the windfall tax, which was a one-off tax and quite clearly understood, was different from what we are facing today with this tax increase, which is a potentially fluctuating tax that gives uncertainty to oil and gas producers about the level of profit they will make long term on their investment in the North sea or anywhere else?

Mr Anderson: In the learned advice that she gave, my hon. Friend the Member for Bishop Auckland spelt out more clearly than anyone else in this debate that nobody seems to know what people will be paying in tax. Nobody knows whether they will be paying anything or whether they will be able to say, "I want to get away with this while you get away with that." That is absolutely ludicrous; even if we accept that the tax should be imposed, people at least need to know what the Government are going for.

Hugh Bayley: I wonder whether my hon. Friend has read the article in today's edition of *The Guardian* entitled "Accountants attack Osborne's North Sea oil levy", which reports on the ACCA report that my hon. Friend has just mentioned. It also reports the Chairman of the Treasury Committee as saying:

"Every time we do the unexpected, future business is deterred. It's crucial we construct a tax system around the principles of certainty, simplicity, stability as well as fairness. The only beneficiaries of complex changes are tax accountants and tax lawyers—the very people who are complaining."

Mr Anderson: I have read that report. Whatever hon. Members' views, we respect the Chair of the Treasury Committee as someone who has done a good job for the people of this country and for the House, and when he says such things, hon. Members should listen. He is not someone who should be ignored: he speaks not from arrogance or ignorance but from a lot of knowledge. His Committee has undertaken a rapid investigation of an issue that is of massive importance to the country.

We have been here before with Tory Governments, who have a long history of making crass policy decisions on energy. In the 1930s, the Tories presided over a coal industry that was in internal decline and had massive problems, with more than 1,000 men a year being killed in the industry and with no investment whatever. Those men were using 19th-century technology—life was cheap and people were not allowed to live decent lives. The situation was pushed back after the war when the Labour Government came in and nationalised the coal industry.

Then there was another repeat in the 1980s. My hon. Friend the Member for Bishop Auckland has mentioned the POP forecast and the pricing of oil according to how much it costs to get oil from coal. In the 1980s, we led the world in getting oil from coal, but that industry was destroyed at the whim of the then Government, who did that for political reasons. I can see that you are getting annoyed, Mr Hoyle, which is not like you, so I shall move on rapidly.

The truth is that Tory Governments, and not just in the past, have taken policy decisions that were to the detriment of the energy system in this country. That is being confirmed today, because this is not just about the oil industry. As has been discussed in debates on the solar power industry, Ministers have changed the rules halfway through a process. I have received a letter from a company in my constituency saying that it is involved in a number of projects in which clients want to build solar arrays that do not fulfil energy requirements. Funders and clients are now cautious because of the uncertainty caused by the policy change halfway through discussions. The industry had been told that it would be able to set targets at a certain level, but that level was later changed and the same thing is happening now. If the Government spring surprises on companies that are investing in energy policy, those companies will not know where they are and will look at other markets. As I have said before, I am not one to stick up for the oil companies, but I am one to stick up for this country and the workers of this country, and this part of the Bill, along with many others, is detrimental to the workers and the people of the country.

Mr Kevan Jones: Let me begin by congratulating the right hon. Member for Gordon (Malcolm Bruce) and the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) on their amendment. They clearly care about the industry, know a lot about it and are arguing vociferously on behalf of their constituents. From the body language of the Economic Secretary and the Financial Secretary, it looks as though the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine are two unwelcome relatives at a wedding who had been forgotten about but turned up and started to argue about how this was not part of the wedding deal of the coalition.

The amendments raise serious concerns about the effect of the Budget not just on the constituencies of the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine, but on many others throughout the UK. I would have expected Members on the Government Benches who have oil and gas interests in their constituency—Morecambe bay has been mentioned, as well as the gas fields off the coast of East Anglia—to speak in the debate, yet we have not had a single contribution from the Conservative Benches. That should be noted by constituents who rely on the oil and gas industry for their livelihood. I am sure that if the former Member for Morecambe and Lunesdale were still a Member of the House, she would have been vociferous in making representations on behalf of her constituents. I hope she is watching the debate, even at this late hour.

The decision announced in the Budget to increase the supplementary charge on North sea oil was taken at the last minute, without any consultation with the industry. It led to the ludicrous situation mentioned by the right hon. Gentleman, with the profits of some of the mature fields being taxed at 80%. We are constantly told by the Conservative part of the coalition how important private sector growth is to the future of the UK economy.

There is no better example than the oil and gas industry. It is an economic engine for the UK economy. In 2010 alone it invested some £6 billion into the UK economy. It creates and supports more than 440,000 jobs, not just directly in the industry, but way down the supply chain and across the UK, as my hon. Friend the Member for Blaydon (Mr Anderson) noted. More importantly, it produced in 2010-11 some £8.8 billion in corporation tax for the Treasury, and it is estimated that for 2011-12, with the increase in the oil price, that revenue take will be about £13.4 billion. To treat such an important industry in the cavalier way that the Government have treated it is a disgrace.

I feel for the right hon. Member for Gordon. He said that the Government were listening, but I am not sure they are. I ask him to look at the report of the Treasury Committee's meeting of 29 March, where the Treasury said:

> "The 81% rate applies only to those mature fields where there is no further exploitation taking place that pay petroleum revenue tax. It is quite a high rate but, equally, there is not an issue with further investment needed there, and the oil is coming out of the ground. That is a pure"

profit.

Members asked whether that had been looked at in any detail. The Treasury went on to say that

> "the Treasury does a lot of work on all the tax levers on an ongoing basis."

It is clear from talking to the industry that investment in those mature fields is needed. For example, Total E&P UK says that production at mature fields will cease without further investment. The Alwyn area is a good example of why activity and investment need to continue. I accept that the industry requires a huge amount of start-up investment, but there is also an increasing need for investment over time. For example, Total has stated in its submission that investment is needed in the Alwyn field not only for ensuring that the field is secure and safe, but for living accommodation and other investments. It is absolute nonsense to suggest that such mature fields do not need continued investment, and to tax them at 81% or 82% is, frankly, ridiculous.

2.15 am

Another point, which has been mentioned by my right hon. Friend the Member for Croydon North (Malcolm Wicks) and the hon. Member for Dundee East (Stewart Hosie), is that as technology has improved we have been able to get more oil and gas out of what in the past would have seemed very mature fields. That is happening not just in the UK, but internationally. Through this short-term fix to try to sort out the issue of fuel prices, we will leave oil and gas in the ground. As my hon. Friend the Member for Blaydon mentioned in relation to the coal industry, after stepping away from such resources we cannot simply go back years later and recover them. It needs to be extracted now, which leads to the point about security of supply for oil and gas.

Ian Mearns: I must say that I am completely overcome by the power of my hon. Friend's argument and wonder whether the right hon. Member for Gordon and his hon. Friends on the Liberal Democrat Benches really want to argue at this stage for a late codicil to the coalition agreement on the issue.

Mr Jones: I have known my hon. Friend for more than 25 years, and I think that this is the first time he has ever been overcome by something I have said—it might be the first time he has ever listened to anything I have said. The idea of leaving oil and gas in the ground

[Mr Kevan Jones]

and not extracting it is absolutely ludicrous. It makes no sense whatsoever with regard to the investment that has already been made, and it makes no economic sense with regard to security of supply in this country.

Helen Goodman: Does my hon. Friend agree that the problem is that the Government have no strategy? Just as they panicked when they realised that they had a fiscal hole to fill in the few days before the Budget, so they have now panicked with this ridiculous amendment 11.

Mr Jones: My hon. Friend has done the Committee a favour by drawing our attention to amendment 11, and that is something that we will all want to be argued for in the case of individual tax returns. The point of the matter is this: if the results are what has been suggested, how on earth will the Government be able to predict how much they will get from this tax?

Helen Goodman: Does my hon. Friend agree that it is also not clear, when a company negotiates its own tax regime, whether it will be a secret tax regime, or one that everyone will know? If it is secret, does that not open up the possibility of even more unfairness?

Mr Jones: It does, and that leads us to the point about how we would arbitrate in disputes between different companies. My hon. Friend the Member for Aberdeen South (Dame Anne Begg) mentioned the fact that decisions on investment in oil and gas are not taken in this country, but in Houston, Calgary and other parts of the globe, so the North sea and exploration in this country is competing for investment from around the world. If companies have to jump through hoops to negotiate their individual tax liabilities before trying to put an appraisal together, I am sure that decision makers will go for the easier options so that they know what the return on investment will be, rather than the uncertainty that this has left us with.

Dame Anne Begg: If it is necessary to bring in all sorts of complicated extra things to mitigate the effects of a tax and make it appear fairer, surely the original tax is fundamentally flawed and should never have been introduced in the first place.

Mr Kevan Jones: My hon. Friend makes a very good point, and her point about investment will increasingly be thought of when making such decisions.

That brings us to the question of what the decision-making process was when coming up with this tax. We have already had the ludicrous situation whereby even a Minister who practically used to work for a gas company did not recognise the difference between gas and oil prices. In my experience as a Minister dealing with Treasury officials, I always thought that they knew what they were talking about, so I am surprised that the Treasury allowed this measure to get through, because everyone knows the difference between the prices of the two.

We have already seen the effects of that this week, with the possibility that Centrica might turn off investment in Morecambe bay, and I am sure that the Minister will be off the company's Christmas card list next year unless she does something radical to change what has been proposed. That decision will not only mothball a gas field that would have provided this country with gas for years to come, but write it off.

What will we do instead? We will import gas, which does not make sense economically or for energy security, especially when we look at where the large concentrations of gas are in the world—the former Soviet Union, parts of the middle east and, lo and behold, north Africa. Any idiot can work out that even Morecambe bay, and possibly Blackpool on a rowdy Saturday night, is more peaceful than north Africa or parts of the former Soviet Union, so it is important that we take seriously the comments of companies such as Centrica, which have invested over many years and not just in oil and gas fields but, as my hon. Friend the Member for Blaydon said, in new technologies.

It is a dirty industry, but it is also a leader in new technologies, such as robotics and drilling, and, owing to the difficulty of extracting oil and gas from parts of the North sea, we have been able to develop new techniques that are now used throughout the world. That is why many UK companies are leaders not only in this country, but throughout the world.

It has also become increasingly clear that the tax rate will have a real effect on the economy of north-east England. I accept that hon. Members who represent Scottish constituencies feel passionately about the issue, but the measure will have a dramatic effect in the north-east, too. The Conservative part of the coalition tells us that we in the north-east should grow the private sector, but the oil and gas industry is a very vibrant part of the private sector. Indeed, my hon. Friend has already mentioned the sub-sea sector, which supports 10,000 jobs and 380 firms in the north-east.

Andrew Gwynne: Like my hon. Friend, I feel passionately about those jobs in those cutting-edge industries. Is not the issue to protect jobs today and invest in future jobs in the north-east and the north-west, including in things such as apprenticeships?

Mr Kevan Jones: It is, and the north-east has been able to take advantage of the change in, for example, the River Tyne, which was heavily dependent on shipbuilding. Now we have facilities such as the Walker technology park, and the city council was far-sighted when it developed an offshore park for the North sea oil industry.

Helen Goodman: Does my hon. Friend agree, as the hon. Member for Dundee East (Stewart Hosie) said, that there is also—

Christopher Pincher (Tamworth) (Con): Turn around.

Helen Goodman: There is also—

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. Can you face the Chair, please? Thank you.

Helen Goodman: There is also a problem with partnerships between the private sector and the universities.

Mr Jones: There is indeed. There are also new technologies. For example, the development of mine ploughs for mining the North sea bed for the laying of oil pipes was generated from a company that spun out

of Newcastle university. Places such as the Walker technology park sustain offshore supply jobs for the North sea, and two companies based there—Duco and Wellstream—produce 90% of the world's capacity of sub-sea umbilical housing and cords. Those are well-paid jobs. Such companies chose to invest in the north-east of England not only because of the skills base but because of the access to the North sea, and they are now able to export from there across the world.

George Rafferty, the chief executive of NOF Energy, says:

"For the last six to nine months we have been talking about a renaissance in oil and gas especially from the North Sea and the benefit to our members in the North-East as a result of investment being put in. With this announcement by the Government, which was made without consultation with the industry, there is a serious risk those investment decisions will be reversed."

The industry body Oil & Gas UK said that the tax would not be passed on to consumers after the Chancellor warned that the sector faced a "direct squeeze" from it. That is exactly the uncertainty that exists today. It does not affect only the jobs in the north-east region itself. We have a large travelling population of individuals who travel to work via the North sea; they go across to Morecambe bay to work in the gas fields, and to East Anglia and other parts of the UK. That shows that this is an industry that affects numerous parts of the UK economy as well as the north-east. We have to ensure that any decisions that are taken on taxation do not have a huge detrimental effect.

It is necessary to know what is going to be done when making decisions about where future oil and gas investment will go. Unfortunately, some companies have already invested in oil or gas fields on the basis of what the tax regime was going to be pre-Budget, and they now face a completely different set of circumstances. For example, Total E&P UK has established Laggan-Tormore—the west of Shetland gas development—and that investment of $4 billion is now at risk. Questions will be asked by the individuals who made the decision to invest there. What will be the future of that type of investment?

This is clearly short-termism for reasons of political expediency to do with the Chancellor. In the previous debate, we even got an admission from the Minister that the downturn in the petrol price was 0.8%—and we all know what we can do with 0.8 of a penny in our household budgets! Is it really worth making that type of fix, which will jeopardise not only the investment that has gone in to date but will go in in future? This is a world-class industry of which we should be proud in the UK. It sustains many jobs. Over the years, it has been a leader not only in technology but in safety, as my hon. Friend the Member for Blaydon mentioned.

I take no joy in what I am going to say now. I feel sorry for the right hon. Member for Gordon and the hon. Member for West Aberdeenshire and Kincardine, because I fear that they will feel the political consequences of this in the ballot box. I hope that with their expertise and continued lobbying, they can change the Government's mind. A short-term decision based on the petrol price will have a huge economic impact on the UK, on the industry as a whole, and on the economy of the north-east. I urge the Government to think again. I do not know whether they will take silly decisions like this in the future, but please can they do a U-turn for the sake of the investment and jobs that they will put in jeopardy if they continue with this ludicrous policy?

2.30 am

Justine Greening: I will start by explaining why we introduced the increase in the supplementary charge rate. I will then cover the Opposition amendment and respond to the amendments tabled by my right hon. Friend the Member for Gordon (Malcolm Bruce) and my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) before explaining the two technical Government amendments.

I appreciate the constructive amendments tabled by my right hon. and hon. Friends. They have put a lot more thought into finding a way through the challenges than the Opposition, and I appreciate the points that they raised. I reassure them that we are working closely with the industry. We have met with its representatives on a number of occasions: I have met with them, as has the Chancellor of the Exchequer, and officials recently went to Centrica's office to look through its calculations on field allowances and profitability. We are discussing with Oil & Gas UK and individual companies precisely the issues that have been raised in this debate.

The broad rationale for the increase is that the Government are abolishing the fuel duty escalator and replacing it with the fair fuel stabiliser. Clause 7 forms the second part of the stabiliser, which ensures that when oil prices are high, as they are now, and oil and gas production is more profitable, the companies that benefit more from that are asked to pay more. The hon. Member for Blaydon (Mr Anderson) fairly acknowledged that, and we are seeking to ensure that we do it in the right way, as he said we should.

Mr Anderson: Is not the point that this debate should have happened before the Chancellor made the decision, not afterwards?

Justine Greening: Realistically, it is not always possible to discuss rate changes with the industries concerned. It is not done as a matter of course, but the point about working with the industry to ensure that we understand the impact on more marginal investments is valid, and that is precisely what we are doing.

The clause increases the rate of the supplementary charge, which is a tax on the profits of oil and gas production, from 20% to 32% from 24 March this year. It is fair to point out that oil prices have increased from $77 a barrel at the time of the June 2010 Budget to about $125 a barrel today.

Dame Anne Begg: Plenty of other companies and industries deal in commodities whose prices go up, and plenty of other companies and industries make huge profits, but can the Economic Secretary name one other industry where the marginal rate of tax is 81%?

Justine Greening: The point is that we faced an increase in oil prices that had fed through pretty directly to pump prices. The increase in the cost of fuel was not just impacting on motorists, but having a huge impact on hauliers, on the cost of living and on businesses. We had to decide what was the right thing to do. I think that the right and fair thing to do was to share the burden by taking some of the additional profits that oil companies were making—profits at a level that far exceeded the projections of the companies when they made those investments. I will come on to answer the

[Justine Greening]

question from the hon. Member for Bishop Auckland (Helen Goodman) about projected future investment. I will give a telling statistic that makes my point very well.

We expect pre-tax profits from oil and gas production in the UK to be £24 billion in the current tax year, which is a 50% increase in just two years, primarily as a result of the increased oil price. Oil companies can afford to pay a bit more, but hard-pressed motorists, hauliers and businesses deserve to pay less.

Dr Whiteford: I am pleased that the Economic Secretary recognises the impact that fuel prices have been having on business and hauliers, particularly those in more remote and rural areas. It is precisely those areas, including the parts of north-east Scotland represented by myself and by the right hon. Member for Gordon (Malcolm Bruce) and the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), who tabled the amendment, that face a hugely disproportionate impact on jobs and investment in the oil and gas sector.

Justine Greening: We have just agreed to clause 19 without either the Scottish National party or the Labour party having divided the House. If we are willing to accept the cost of the motoring package in clause 19, which I think we all accept was badly needed to support motorists, hauliers and businesses, we also have to accept some responsibility for putting in place a way of funding it. Clause 7 is how we will do that.

Dame Anne Begg: Will the Economic Secretary give way?

Justine Greening: Let me make a bit more progress, because Members have raised some real concerns and I want to ensure that I respond.

The Government recognise that we need to act as a good custodian of the UK's natural mineral wealth; at the same time, we need to manage a tax regime that tailors the level of tax to the level of profits available from the UK continental shelf. The UK's oil and gas reserves are a finite resource that belongs to the nation. Current oil production was not sanctioned on the basis of the high prices from which the industry benefits today. Those unexpectedly high prices and profits have arisen due to geopolitical events in the middle east and north Africa, as we have heard, and the Government must ensure that they secure a fair return for the UK taxpayer, particularly given the impact that oil prices are having on the broader economy outside the oil and gas exploration industry.

Stewart Hosie: But the tax rate was 50% before. Although clause 19 has been agreed to, it ought to have been paid for by the windfall that the Government got because of last year's rise in the barrel price and by the windfall over and above the 2010 forecast that the Government are going to get this year. The problem is that what the Government have done with this tax grab, this 60% hike in the supplementary charge, is likely to damage investment and jobs and weaken economic recovery. It is not necessary to pay for clause 19—the money was already banked.

Justine Greening: I only wish that the hon. Gentleman's assertion was correct. The previous Parliament debated this very issue, and I think it was responsible of the new Government to get the independent Office for Budget Responsibility to examine it, given that there had been conflicting assessments from different industry watchers and think-tanks. The OBR was very clear that although we received some extra revenue from the North sea as a result of higher prices, the impact of higher oil prices is far more wide-ranging. We can see that from the debate that we have had over a number of weeks, which continues tonight, about the impact of oil prices as they feed through to high pump prices.

I remind the hon. Gentleman of his own words about how to pay for the stabiliser back in 2009. He said:

"That amount could come from the VAT windfall or the North sea windfall, because it would be directly related to the price of oil."—[*Official Report*, 13 May 2009; Vol. 492, c. 908.]

I know that he was talking about the direct revenues that he has just mentioned, but I think he was also making the broader point that a more general windfall accrues to the North sea industry when oil prices are high. I will talk briefly about some of the steps that we want to take to ensure that we mitigate the risks involved in the more marginal investments, so that we manage the concerns that have been raised, particularly by Liberal Democrat Members.

Amendment 10, which was proposed by the Labour party and spoken to by the hon. Member for Bristol East (Kerry McCarthy), would require the Chancellor to

"produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North sea".

As I have said, I want to reassure hon. Members that we are engaged closely with the industry. In fact, we explicitly mention in the Budget document that we want to work with the industry on field allowances, particularly those on marginal gas fields. Since coming to power, we have engaged closely with the industry, as my hon. Friends are aware. We have introduced a change to the ultra-high-pressure, high-temperature field allowance to ensure that the fiscal regime was appropriate to those prevailing circumstances.

The Government are keen to continue working with the industry. I have personally met representatives of Statoil and Centrica and spoken directly with them about their individual concerns. As I am sure the right hon. Member for Gordon is aware, Wood Mackenzie explicitly pointed to the Mariner and Bressay oil fields as two of the few fields where there would be an uneconomical impact, but for a variety of reasons, a number of technical challenges associated with those fields already made them a challenging investment. Nevertheless, we are working directly with Statoil to look at whether field allowances can be developed to help to unlock that investment.

The Government published our assessment of the impact of the measure in a tax information and impact note at the time of the Budget. Although we do not expect the measure to have a significant impact on investment or production in the forecast period, as I have said, we are working closely with the industry. First, we want to look at field allowances to see how we can unlock those more marginal fields, and secondly, we

want to look at the longer-term issues that the industry is keen to address, including, for example, achieving more certainty on decommissioning.

Of course, the Government expect that the average post-tax profits per barrel will be higher over the next five years than it was over the past five years because of the higher oil price. In its analysis of the Budget, industry analyst Wood Mackenzie stated:

"At current high oil prices, few new projects will become uneconomic as a result of the change",

However, we want to do what we can to ensure that investment is unlocked for those projects that remain at risk, so that they go ahead.

Helen Goodman: I am just a little concerned about how the Minister expressed herself in her most recent remarks. My understanding is that Ministers are not supposed to be privy to the individual tax bills faced by individual taxpayers. From what she is saying, it sounds as if a line has been stepped over when it perhaps should not have been.

Justine Greening: I do not think that that is true. It is perfectly normal and reasonable for the Treasury to work with industry and individual companies to look at the particular problems that they face. That is exactly what the previous Government did, and they introduced field allowances. There is no substance at all to the hon. Lady's claim. In fact, she would have more justification for complaint if we were not taking such action.

As I have said, the recent very high sterling oil price has resulted in unexpectedly high profits for oil and gas companies, although at the same time it has resulted in financial pain for motorists and the wider economy. The Government therefore decided that it was appropriate to increase the rate of supplementary charge, to redress that imbalance. The fact that we have acted in that way does not mean that we do not appreciate the impact of taxation. However, we believe that investment in an exploration of the UK continental shelf will continue, driven by the record high oil price.

The hon. Member for Bishop Auckland (Helen Goodman) asked about forecasting. Of course, there is a range of industry forecasts on future oil prices, but the Government use the OBR, which is entirely independent of us. The OBR forecasts an oil price for the forthcoming years of this Parliament in excess of $100 a barrel for every year of that period.

2.45 am

That brings me to the work of Professor Kemp, briefly mentioned by hon. Members. We are aware of his analysis of the impact of the increase in the supplementary charge. That analysis makes it clear that when considering the impact on investment, the tax increases are far less important than either oil and gas prices or the hurdle rate for investment adopted by individual companies. In fact, Professor Kemp's analysis points to only a small impact on activity at the level of prices expected and using the level of screening hurdle most commonly employed by active investors. Of course, however, we need to ensure that on those marginal fields that are impacted, we work hard with the industry to ensure that investment can nevertheless take place.

Mr Kevan Jones: In response to my hon. Friend the Member for Bishop Auckland (Helen Goodman), the Minister talked about negotiations she is having with individual oil companies. Is the revenue from fields going down? If so, from where is she providing compensation to fill the gap, or is she not giving any money away at all in these negotiations?

Justine Greening: The hon. Gentleman is missing the point that because of the high oil price there is continued investment in the North sea. Interestingly, Professor Kemp's optimistic scenario is $90 a barrel and 70p per therm, but as I just said, the OBR has projected independently that oil prices over the next five years could be more than $100. That is $10 higher than the most optimistic scenario in Professor Kemp's analysis.

Stewart Hosie: It is worth pointing out the Professor Kemp states that his projections are all in real terms, so they increase yearly with general inflation, and he gives three different scenarios for a barrel-of-oil price plus the therm price. In each instance—I will be very accurate here—field investment is reduced by £19.2 billion, by £19.5 billion or by £29.1 billion. Those are 30-year forecasts. For the sake of accuracy and completeness, therefore, I am sure that the Minister will agree that Professor Kemp and Linda Stephen's work points to reduced investment over all the scenarios investigated.

Justine Greening: I just said that we accept that there will be a marginal impact; however, Wood Mackenzie has said that it does not expect that marginal impact to be high. If we look at Professor Kemp's optimistic scenario of $90, which is less optimistic than what the OBR is projecting, and then use the hurdle rate most commonly used by most companies, we see that in the high-price scenario, total future projects are expected to fall from 1,099 to 1,074—a 2% reduction. We are saying that we recognise that. We therefore believe that the challenge is now for us to work with the industry to ensure that we can mitigate the risk to that 2% of investment.

I turn briefly to the amendments in the names of my right hon. Friend the Member for Gordon and my hon. Friend the Member for West Aberdeenshire and Kincardine. Clearly, the amendments enabled them to make the points they wanted to make, but I think they would accept that the way in which their proposals would operate could mean that the supplementary charge rise started later and lasted potentially for a finite time. It might also have a staged approach. All those things would mean that the funding would not be in place to fund the package we want to introduce for motorists. I stress, however, that as my right hon. Friend the Member for Gordon said at the end of this comments, the way through this is to ensure that we work with the industry. I am pleased with the engagement we have now had with the industry. We have got through our first meeting with industry representatives after the Budget, which was a chance for them to set out their reaction to a tax rise we did not anticipate they would welcome.

The Government amendments demonstrate that we are engaged with the industry and are listening to its concerns. In fact, as a result of that engagement we wanted to address a technical issue that had arisen

[Justine Greening]

involving the basis proposed for the apportionment of profits. The Government's amendments seek to address that. The legislation provides for how profits in an accounting period that straddles the date of the rate increase are to be split, so that the two tax rates can be applied to the appropriate amounts of profits. Government amendment 11 provides that a company may elect for a just and reasonable basis to be used where a time apportionment would give an unjust or unreasonable result.

We have proposed amendment 11 to take account of the concerns of industry. The amendment has an Exchequer cost of £40 million in 2011-12 only. We feel that the change is worth while because it ensures, for example, that the tax change does not affect the tax liability due in respect of transactions that were wholly completed before the Budget and that should not, therefore, have been affected by the rate change. The change follows an approach that the industry has suggested and shows that the Government are willing to change the detail of the delivery of their stated policy aims where evidence of unforeseen effects is presented by the industry. I urge hon. Members to accept the change.

This Government will carry on working with the industry on providing certainty in respect of decommissioning tax relief. Industry and officials will be engaging closely on that important piece of work in the coming months, and as previously mentioned, officials and Ministers are closely engaging with the industry in relation to the marginal field developments. We explicitly said that we would do that in the Budget, and we are now following up on that desire to ensure that investment continues to be unlocked. The concerns of gas producers are also being discussed with them. As I have mentioned, the Government are also seeking the views of oil companies and motoring groups about the level of the trigger price for the supplementary charge, and how the oil price for that purpose is to be determined. That informal consultation will be take place shortly, and we expect to be able to clarify the policy mechanism in the autumn.

We want to ensure that the Exchequer obtains a fair share of the value of our natural resource wealth while ensuring that the tax regime does not impede the development of the basin's potential. The impacts of the measure are understood, so no further assessment is required, and I urge the Opposition not to press the amendment. It is impossible not to note that they voted—*[Interruption.]* I was actually referring to amendment 10, which I would have thought Labour Members would recognise, having proposed it—although I suppose that anyone who has voted for a tax cut on fuel duty, even though they have no way of paying for it because they have set out their stall against getting the funding mechanism from the oil companies, might be expected not to have followed the arguments that I have set out.

The amendments proposed by my right hon. Friend the Member for Gordon are well intentioned. Let me reassure him once again that we are listening to representations from the industry and acting to ameliorate unforeseen effects. I therefore urge hon. Members to accept the Government amendments. The clause puts in place a fair fuel stabiliser, ensuring that we can pay for much needed help for motorists up and down the country. The clause also ensures that motorists and businesses suffer less pain from high prices at the petrol pump as a result of higher oil prices that would otherwise simply increase the profits of oil companies.

Malcolm Bruce: We have had a very useful debate, in which Members from all parts of the Committee have had the opportunity to express some pretty forceful points of view about the industry, as well as present facts from well informed sources. It is perhaps unfortunate that it is so late, but this still stands on the record as a valuable debate.

I thank the Minister for her constructive response and for the information about the Government's detailed engagement. It would be fair to say that the immediate situation after the Budget was that the Government mounted a robust defence of their line against an industry that was shocked at what it heard. Perhaps the first meeting was less than constructive, although it is clear that things are now moving in the right direction. The amendments in my name and that of my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) suggest how we might have liked the Government to proceed. We recognise that the die has been cast, although it is important that the Government should continue to engage with the industry to understand the issues of competitiveness, because the oil price is worldwide and the UK has to compete for that investment.

It is also important to take on board the fact that although the losses in production and investment might be considered marginal, we are talking about margins on huge sums of money and huge resources. In other words, we are talking about 1 billion to 2 billion barrels of oil-equivalent, which is worth £70 billion to £100 billion, and £20 billion-plus of potential lost investment. It is important that the engagement between the industry and the Government finds solutions that can deliver the revenue that the Government need and are entitled to accept, given the very high prices, as well as delivering to the country the investment in long-term production that it needs. I believe that this debate has made a substantial and useful contribution. I welcome the Minister's response to it, and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: 11, page 3, line 13, at end insert:

"(4A) But if the basis of apportionment in subsection (4)(b) would work unjustly or unreasonably in the company's case, the company may elect for its profits to be apportioned on another basis that is just and reasonable and specified in the election."

Amendment 12, page 3, line 16, leave out "subsection (4)" and insert "subsections (4) and (4A)".

Amendment proposed: 10, page 4, line 7, at end add:

" (11) The Chancellor shall produce, before 30 September 2011, an assessment of the impact of taxation of ring fence profits on business investment and growth including an assessment of the long-term sustainability of oil and gas exploration in the North Sea."—*(Kerry McCarthy.)*

Question put, That the amendment be made.

The Committee divided: Ayes 27, Noes 253.

Division No. 263] **[2.55 am**

AYES

Anderson, Mr David	Begg, Dame Anne
Bayley, Hugh	Brown, Lyn

Campbell, Mr Alan
Cooper, Rosie
Cunningham, Tony
Flynn, Paul
Glindon, Mrs Mary
Goodman, Helen
Gwynne, Andrew
Hanson, rh Mr David
Hosie, Stewart
James, Mrs Siân C.
Jones, Mr Kevan
MacNeil, Mr Angus Brendan
McCarthy, Kerry
Mearns, Ian
Robertson, Angus
Rotheram, Steve
Smith, rh Mr Andrew
Spellar, rh Mr John
Turner, Karl
Weir, Mr Mike
Whiteford, Dr Eilidh
Winterton, rh Ms Rosie
Wishart, Pete

Tellers for the Ayes:
Phil Wilson and David Wright

NOES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cairns, Alun
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Field, rh Mr Frank
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grayling, rh Chris
Greening, Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Laing, Mrs Eleanor
Lancaster, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Main, Mrs Anne
Maude, rh Mr Francis
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy

Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Norman Lamb

Question accordingly negatived.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 251, Noes 8.

Division No. 264] **[3.7 am**

AYES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cairns, Alun
Carmichael, rh Mr Alistair
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grayling, rh Chris
Green, Damian
Greening, Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Laing, Mrs Eleanor
Lancaster, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Main, Mrs Anne
Maude, rh Mr Francis
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Stephen Crabb and Norman Lamb

NOES

Begg, Dame Anne
Bruce, rh Malcolm
Flynn, Paul
Hosie, Stewart
MacNeil, Mr Angus Brendan
Robertson, Angus
Smith, Sir Robert
Wishart, Pete

Tellers for the Noes:
Dr Eilidh Whiteford and
Mr Mike Weir

Question accordingly agreed to.

Clause 7, as amended, ordered to stand part of the Bill.

Clause 4

MAIN RATE FOR FINANCIAL YEAR 2011

Question proposed, That the clause stand part of the Bill.

Mr David Hanson (Delyn) (Lab): It is a great pleasure to be in the Chamber this evening, Mr Hoyle, for what I hope will be a fruitful discussion on clause 4, on corporation tax. As hon. Members will know, the clause reduces the rate of corporation tax with the aim of reducing it still further over the next few years. That has been done by Ministers because they recognise that there is a need for growth in the private sector, and that is an aim that we would support.

We need to consider growth in the private sector, which is a key issue that we must examine in some detail. If time permits, which I am sure it will, I intend to outline the case for discussing the issues related to the need for growth in the private sector. We must examine how we use corporation tax to deal with unemployment, something that affects the regions quite considerably, and how we compensate with private sector jobs for the Government's massive cuts in public spending.

Let us look in some detail at the question of the economy and unemployment in general. There is real concern about the level of unemployment in the country at large. The economic indicators show that there are currently ranges of unemployment across the United Kingdom that cause concern in relation to unemployment levels generally. One reason why the corporation tax cut has been brought forward is that the Government recognise that they need to look closely at how they can generate private sector employment by ensuring that we expand the private sector as a whole.

If we look closely at the level of unemployment, we see great disparities across the country. In the north-east region—my hon. Friend the Member for Tynemouth (Mr Campbell), who is present, is a representative of that region—the unemployment rate is 10.2% and in the west midlands it is about 9.9%. Those high figures show that we need to develop the private sector. In London, the unemployment rate is currently about 9.4%. Looking around the Chamber, I see many hon. Members—

Stephen Phillips (Sleaford and North Hykeham) (Con): Not on the Labour Benches!

Mr Hanson: The hon. and learned Gentleman may say that, but this is an argument about corporation tax and if Members wish to participate in the debate I am very happy to stay here for as long as they wish to, because we can discuss this matter in some detail. It is very important that we discuss the circumstances in which we need to ensure that the growth in the private sector is undertaken by the Government—*[Interruption.]* I mean that the growth is encouraged. *[Interruption.]* Government Members know that there is a very important debate to be had about whether corporation tax plays a role in helping to grow the private sector. There is some synergy between what the Opposition and the Government believe on this matter, but we need to explore this in detail and I intend to do that. Hon. Members who have supported me in Committees in the past know that I will happily discuss these matters in detail for some considerable time if required. We need to consider what the current situation is, what the levels of unemployment are, what the need for private sector growth is when we are faced with massive public spending cuts and how to deal with those issues.

If one looks in detail, as I intend to, at the statistics for jobseeker's allowance, one sees that they currently show that the unemployment count increased by 700 in March 2011 and now stands at 1.45 million people aged 18 or over. The unemployment rate for International Labour Organisation-based measures of unemployment was 2.48 million in the period from December to February 2011. We need to look at how corporation tax and the proposed cut in it will ensure that we can raise the level of employment in the regions that have been particularly hard hit.

As I have said, unemployment is 10.2% in the north-east, 9.9% in the west midlands and 9.4% in London. In the Yorkshire and Humber region—I can see Members from that region in the Chamber—the unemployment rate is around 9.3%, whereas in my region in Wales it is 8.7%. That rate is of considerable importance to my constituents and others across north-east Wales.

Mr Kevan Jones: My right hon. Friend mentions that the unemployment rate in the north-east is in excess of 10%, but does he recognise that that is before the impact of the budget cuts in local authorities and the cuts in public expenditure that have been announced? In a region such as the north-east, which is heavily reliant on the public sector, that 10.2% will rise greatly over the next few months.

Mr Hanson: I am grateful to my hon. Friend for raising that. One of the themes that I shall develop in our discussions today is the cut in the rate of corporation tax to stimulate private sector growth. That private sector growth is extremely important, particularly at a time when we face massive cuts in public spending across the board. There is a debate to be had, which I am happy to engage in, about why and how those public spending cuts are being made, but my hon. Friend the Member for North Durham (Mr Jones) will recognise that in the Budget proposals to date for the period to 2014-15 there are major areas of public spending cuts where the corporation tax cut proposal is being put in place to ensure that we generate private sector jobs to meet the loss of those public sector jobs across the board.

For example, as hon. Members know, we face a 27% reduction in local government spending between now and 2015. We face a 25% cut in Business, Innovation and Skills departmental expenditure between now and 2014-15.

Ian Mearns: The average cut in local authority grant in the 12 authorities in the north-east of England is 24%, whereas the average cut in local authority grant in the south-east of England comes to no more than 4%. Why is that?

Mr Hanson: There is a range of reasons for those proposals. As part of the Government's proposals to cut public spending across the board, there are major cuts which are unfairly hitting the north-east and other regions. I mention these issues because in the Minister's justification for the reduction in corporation tax in the Budget proposals, he said that the Government were doing that in order to raise the level of private sector investment to attract businesses to the United Kingdom and keep them here through the corporation tax regime. Clause 4 provides the framework for generating growth in the private sector at a time when we face the loss of a possible 500,000 jobs in the public sector and great pressure on private sector industry.

Mr Kevan Jones: One of the mistakes that the Government make is to think, "Public sector bad, private sector good." Is my right hon. Friend aware of a study undertaken by Durham university which suggests that as a direct result of the cuts in public expenditure in the north-east of England, there will be between 45,000 and 50,000 job losses, and 20,000 of those will be in the private sector?

Mr Hanson: I am acutely aware that in my constituency the public sector and the private sector remain intertwined. They are interdependent. The fact that we have public spending cuts does not mean that only jobs in the public sector work force will be lost. The cuts will also have a strong impact on the private sector as a whole, because contracts are won in housing, local government, transport and capital projects, all of which are put at risk by major cuts in public spending across the board. This is an important part of the debate, because in his arguments for the corporation tax cut, the Minister maintains that one of the ways in which we can regenerate the economy to compensate for those public sector cuts is by cutting corporation tax.

Mr Anderson: In the previous debate it was clear that the Government had embarked on a series of measures arising from arrogance and ignorance. When, for example, £80 million of Building Schools for the Future money is taken away from Gateshead council, that clearly has an impact not just on the public sector but on the private sector. That is the mistake that the Government make.

Mr Hanson: My hon. Friend's region, the north-east, faces the highest unemployment in the whole United Kingdom, as I have mentioned, at 10.2%—*[Interruption.]* The hon. Member for North East Hertfordshire (Oliver Heald) says that that is our fault, so I presume that he has missed the fact that there has been a world banking crisis and that unemployment has risen in countries across the board. There are no arguments.

3.30 am

As hon. Members on the Treasury Bench know, the Labour Government and my right hon. Friend the Member for Edinburgh South West (Mr Darling) had a plan to ensure that we reduced public spending to help tackle the deficit, but the current Government's cuts in public spending are going too far, too fast and too deep. Their only alternative is to grow the private sector, which is good and positive and we accept that it needs to be done. The corporation tax cut before the Committee is one of the tools for doing that, and clause 4 is key to that strategy. We need to explore in detail what income will be forfeited as a result of the corporation tax cut, how it will attract businesses to the United Kingdom and encourage them to stay, and what the targets are for the creation of jobs on the basis of that cut for the future as a whole.

Ian Mearns: Government Members say that it is all our fault, but at the same time they say that we are all in this together. The fact that unemployment in the north-east went up by 11,000 at the same time as national unemployment went down by 17,000 seems to escape them. How does that illustrate the idea that we are all in this together?

Mr Hanson: Clearly we are not all in this together, because even now there are differences in the rate of unemployment across the board in the United Kingdom. As has just been said, in the north-east it is 10.2%. In the region that the Minister represents, and in the region represented in the Chamber today by Members from Cornwall and other parts of the south-east, such as the hon. Member for Truro and Falmouth (Sarah Newton), unemployment is 6%. There is a discrepancy between the unemployment rate in the north-east, which is 10.2%, and the unemployment rate in regions such as the south-east and the south-west, which is 6%. The question I want to put to the Minister, and the discussion we want to have around this, is about how the corporation tax cut proposed in the Bill is intended to bring jobs to my hon. Friends' region and other regions with lower levels of unemployment generally across the board. We need to look at the impact of the corporation tax cut generally across the board.

Mr Graham Stuart: He's said that five times.

Mr Hanson: If the hon. Gentleman looks at the Order Paper, he will see that the business may continue until any hour. I can make any argument I wish on these matters, in any order I wish, until such time as he wishes to pursue the matter further. If he wishes to intervene I will happily give way. If he does not, he can sit and heckle from a sedentary position.

Mr Stuart: I am happy to intervene on the right hon. Gentleman, who has repeated one phrase five times already in his ruthlessly repetitious speech. He rightly links the level of corporation tax to unemployment. Of course the previous Government, like every Labour Government, put unemployment up. Every time it is in power the Labour party leaves the working man on the dole, not in a job, and we are having to put it right. A little bit of recognition from him and the rest of his colleagues, even at this late hour, would be welcome.

Mr Hanson: If the hon. Gentleman reflects on the unemployment figures for May 2010 and May 2011 he will find that unemployment has risen in the past year.

It has risen because of the policies of the Conservative and Liberal Democrat coalition, which has ruthlessly cut public expenditure over the past year. The strategy on corporation tax before the Committee is one of a range of tools that we need to explore with reference to how the economy is to grow.

It is important that we use this Finance Bill debate to examine the question of growth in the economy. The issue before the Committee is simply a corporation tax cut, which in itself is worthy of discussion, but we need to raise and consider other matters, too.

Hugh Bayley: The hon. Member for Beverley and Holderness (Mr Stuart) is getting a little tired and tetchy—the hour is late—but one should avoid using crude headline statistics. As another Yorkshire MP, I can tell him that when Labour was in power, my city—the city of York—saw the number of people in employment go up from 40,000 to 57,000. One reason why we had that increase in growth was the reductions in business taxation, so this is an important measure and the Committee needs to treat it seriously, rather than just dismissing it with crude and misleading statistics.

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. May I suggest that we try to stick to the clause? On both sides, we do need to try to stick to the clause before us.

Mr Hanson: The clause is about a corporation tax cut, and my argument is that because of the Government's massive public spending cuts, which are designed to tackle the deficit and which we would indeed have made in part, the corporation tax cut is designed to help grow the private sector. We need to look at the impact of that particular cut.

Mr Graham Stuart: That's seven times!

Mr Hanson: Well, we need to look at the impact of that particular cut, and I will say it eight times for the hon. Gentleman: we need to look at the impact of that cut.

Let me, for example, look at the issue in relation to how the corporation tax cut will affect the private sector. *[Interruption.]*

Mr Stuart: Ten times!

Mr Hanson: The hon. Gentleman might like to take the issue more seriously than he is doing, because it is important. *[Interruption.]* My hon. Friends the Members for Gateshead (Ian Mearns), for North Durham and for Blaydon (Mr Anderson) represent constituencies with the highest unemployment in this country, at 10.2%, and they have a right to argue about how the corporation tax cut proposed in the Bill will impact on their constituencies in creating employment at a time of massive public spending cuts. We want to hear from the Minister in due course, when we have finished our arguments—because I am sure that my hon. Friends will contribute to the debate as well, about how the corporation tax cut will impact on job creation in those areas.

Mr Kevan Jones: I am sorry, but I will take no lectures from the Conservative party on unemployment, which at its lowest point during the Labour Government's term in office went down to 4% in the north-east. Until we had the crazy austerity Budget—the quick Budget—of this coalition Government, and because of the measures that the Labour Chancellor brought in, unemployment was going down in the north-east. It has gone up only since the ludicrous cuts that the present Government introduced in their emergency Budget, and if the incoming spending cuts then have an impact it will go higher than 10.2%. I know that the Conservative party does not care about the north-east of England, but I do.

Mr Hanson: My hon. Friend will be aware that in his constituency, as of this month, 2,443 people are unemployed. The question that we want to ask—I will say it again, for the benefit of the hon. Member for Beverley and Holderness (Mr Stuart)—is how does the corporation tax cut impact on that level of unemployment? That is the key issue that we need to explore in detail.

Rehman Chishti (Gillingham and Rainham) (Con): To clarify the point that Opposition Members have made about unemployment being higher in the north-east and north, in my constituency in the south-east unemployment among 18 to 24-year-olds in 2005, 2006 and 2007 was 30%, 30% and 30%. That was under a Labour Administration, but in the past year it has been reduced to 28%, so this Government's actions have led to a decrease in unemployment down in the south. Will the right hon. Gentleman now apologise to my constituents for increasing unemployment—

The Chairman: Order. We are not having a debate—

Mr Hanson *rose*—

The Chairman: Order. The debate is not about unemployment figures under this Government or the previous Government. Can we please try to stick to the clause now? It is very late and the debate is getting tetchy, but if we do stick to, speak to and address the clause, we will make much more progress.

Mr Hanson: I am grateful to the hon. Gentleman, who will remember that whatever the unemployment figures were in his constituency in 2005, he contested Horsham for Labour in that election and supported the manifesto of the Government of the time. He may have a little egg on his face at this point.

The key issue is the corporation tax cut. An article of 23 March from a national newspaper—it happens to be *The Guardian*, before hon. Members fall about with laughter—assessed how the corporation tax cut would help with maintaining employment in and attracting employment to the United Kingdom. It quoted several senior business people. Mr Roberto Troster, a financial consultant from Brazil, said that the biggest drawback with investment in Britain was not corporation tax but financial regulation and whether we were in or out of the euro. That view might not be shared across the Committee. The managing director of a regional trade

[Mr Hanson]

body in the German state of Baden-Württemburg, whose capital is Stuttgart, one of the major employment sectors of the European Community, said:

"It remains to be seen how Germany will respond with a rate of 29.4%. The decision"

to cut corporation tax

"will please companies that already have a presence in the UK and will help those considering entering the UK market."

However, his key point was that it remains to be seen whether it will lead to more firms setting up business in Britain. The head of German packaging company Optima, which is based in south-west Germany, has an office in the United Kingdom and is considering setting up a factory here, said:

"Taxes should never be the decisive factor when it comes to deciding where a business should be based."

I simply put on the table the fact that we need to discuss what attracts business to come to the United Kingdom, to remain here, and to invest. The level of corporation tax undoubtedly plays a part in that, but we need to look at other factors, including major issues to do with skills development, public spending and employment opportunities.

Mr Kevan Jones: I am glad that my right hon. Friend has raised international comparisons of corporation tax. One of the countries that was lauded until the financial crash was Ireland, which prided itself on very low corporation tax in attracting inward investment. The voices on the Conservative Benches who were lauding Ireland five years ago are now very silent.

Mr Hanson: Exactly. One of the key issues that we need to consider is the relationship between the north of Ireland and the Republic of Ireland, because that involves important issues to do with the rate of corporation tax.

The hon. Member for South Thanet (Laura Sandys) is in the Chamber. I would welcome, as an example, a discussion about whether the 2,400 jobs lost at Pfizer in her constituency would have been retained by a lower level of corporation tax now and in future. I have great concern about the fact that those jobs have been lost, as the article in front of me dated 2 February indicates. I pay tribute to the hon. Lady for her decision in taking that issue to the heart of Government and to the Prime Minister. I pay tribute to the Prime Minister for arguing with the company about maintaining its presence in Kent. My key point is that the Government have proposed a lower corporation tax rate over the next four years, but Pfizer has still chosen to leave the United Kingdom.

Laura Sandys (South Thanet) (Con): I would like to make it clear that Pfizer has made the specific point to the Government, to me and to its employees that there was absolutely nothing that the British Government could have done, under the last Administration or this Administration, that would have had any impact on its closure decision. I would say, however, that this Government have moved into action extremely quickly to address the situation, to put the right measures in place so that we are, hopefully, at the forefront of achieving enterprise zone status, and to ensure that everybody in my constituency has the support that Government can deliver. The situation was nothing, but nothing to do with corporation tax.

Mr Hanson: I recognise what the hon. Lady says. My point is not related to that issue. My point is that the change in the corporation tax rate has not impacted on companies such as Pfizer that are investing in this country. I want to know from the Minister how we will replace those private sector jobs, and whether the corporation tax cut, which we support, will achieve those objectives.

Laura Sandys: We will achieve new jobs in the area by encouraging small businesses to set up, and they are highly sensitive to corporation tax. We can achieve that by ensuring that the private sector feels that Britain is open for business. There is a big challenge in my area and in many other parts of the country. We have to ensure that the corporation tax level is an incentive for new businesses that delivers new jobs in my constituency.

3.45 am

Mr Hanson: I would not disagree with that. In fact, we believe that the clause is very valuable. The simple point I am putting to the Committee is that when we have a trajectory for corporate tax cuts now and for each of the next three years, which will cost considerable lost income, I want to ensure that it is effective, and that it attracts new businesses to Kent and elsewhere. Importantly, whereas the unemployment rate in Kent is 6%, in the constituency of my hon. Friend the Member for Gateshead, it is more than 10%. I need to know how the Minister envisages that corporation tax cut being effective in ensuring that we increase employment in the private sector in the regions where it is needed.

Mr Graham Stuart: Will the right hon. Gentleman explain to the Committee what role he thinks corporation tax played in the deindustrialisation of this country, given that 1.5 million manufacturing jobs were lost under the Labour Government, whereas the previous Conservative Government added 400,000 in the last few years before they left office? Why is it that Labour destroyed so many jobs in manufacturing and stopped us from making things?

Mr Hanson: I pray in aid my constituency, which contains the firm Airbus, which makes world-class planes, employs 6,500 to 7,000 people, and has 50% of the world market. It was supported by investment from the Labour Government through research grants, loan aid and support to develop jobs. I will not take lessons from the hon. Gentleman about the active participation of Government in the private sector to create jobs.

Mr Kevan Jones: I sympathise with the constituency of the hon. Member for South Thanet (Laura Sandys). When such jobs are lost, it is important that Government, local government and others come together to rally behind jobs. In the north-east, there were numerous examples in the 1980s of the Tory Government doing nothing at all to replace jobs. In contrast, does my right hon. Friend agree that Nissan decided to produce the new Leaf generation of vehicles in the north-east at Sunderland not only because of its efficient and good work force, but because of the regional development agency, which the coalition has abolished?

Mr Hanson: Whatever mistakes the previous Labour Government sometimes made—every Government will make mistakes—they believed in partnership between the public and private sector to create employment. The point is that the extra cut announced in this year's Budget will cost the Treasury about £425 million in 2011-12 and nearly £1.1 billion by 2015-16. As I have said, we support that general approach to the corporation tax cut, but if we are forgoing income of about £1 billion by 2015-16 through lost corporation tax, we need assurances from the Minister that he believes there will be a trajectory of job creation. We need to know how many jobs will be created by the cut, where those jobs will be, which regions will benefit, how we will develop the public-private partnership through those jobs and how we will develop the private sector for the future.

The Minister has to tell the Committee exactly how the corporation tax cut will benefit the private sector through job creation. If it does not develop and benefit the private sector through direct job creation, we will be giving businesses a tax cut for no subsequent increase in employment.

Mr Kevan Jones: We heard earlier that the cut would basically give banks a cash hand-out of nearly £100 million, but it will not help the small building companies that are already laying people off in my constituency because local government contracts are being lost and because of the housing market. Those businesses will not be there to benefit from any tax cuts that any Government bring in, because of the local spending cuts that have been made.

Mr Hanson: My hon. Friend makes the point strongly. The funding for regional development agencies and for training grants, which are being lost, and the £1 billion of public expenditure lost to the Welsh Assembly Government, was money that filtered its way into the private sector. We are now faced with a discussion about the £1.1 billion cut in corporation tax revenues in 2015-16, which is lost income to the Treasury. Ministers say that that will generate private sector employment across the board, with jobs being created and extra investment being brought to the United Kingdom. We need to know from the Minister what the trajectory of that job creation will be, where and how he expects jobs to be created, what his assessment is of the number of new businesses in the regions and whether he expects the corporation tax cut to be crucial in maintaining businesses in the UK.

Phil Wilson (Sedgefield) (Lab): Does my right hon. Friend recognise that to pay for the corporation tax cut, the Government are having to slash investment allowances by £2.6 billion? That money is needed for the manufacturing industry to create the private sector jobs that this country so desperately needs.

Mr Hanson: When we originally wished to discuss these matters, we looked into that point, because the corporation tax cut is clearly linked to clause 10, which is about the proposed cuts to plant and machinery writing-down allowances. We will come on to that at a later stage, possibly this evening or possibly tomorrow—who knows? Those matters are inextricably linked.

We wish to explore the impact of the corporation tax cut because we want to hear clearly from the Minister how, where, in what sectors and when he expects it to have the impact that he wants. If we are forgoing a considerable amount of tax revenue, we are presumably doing so because we believe it will help to grow the private sector. I need to know from the Minister this evening, or whenever we hear from him, which sectors he believes are under threat; which ones he believes will particularly benefit from the corporation tax cut; which ones would have left the UK had the corporation tax cut not been introduced; which ones will be attracted to the UK because of the lower corporation tax; and how the change fits into the wider growth strategy of training, investment, university education, public sector investment, skill development, innovation and the development of products for us to manufacture and sell to the world at large.

Ian Mearns: The abolition of RDAs will be compensated for by the reduction in corporation tax, but how will the Government calculate that? In my constituency of Gateshead, the economy is much diversified compared with the 1980s—there are many fewer large engineering companies and many more technical engineering ones. However, there is no sign that this gift, in comparison with the RDA offer, will bring the regeneration that the area greatly needs.

Mr Hanson: RDAs are a very important factor in our discussion. The Minister indicated why the corporation tax cut should progress. Simply, he believes that the measure will help to compensate for the loss of public spending across the board. We need to look at that in great detail, and I want the Minister to respond on three particular issues. First, which businesses that would have left the UK will be maintained here by the corporation tax cut? If we forgo that £1.1 billion, which companies would leave if the cut is not undertaken? Secondly, which businesses and sectors can the Minister most attract to the UK from France, Germany and other places abroad because of the corporation tax cut? Thirdly, does he believe that some businesses will not grow in the UK if we do not make that cut?

Those are legitimate questions and legitimate points that we needed to make. The official Opposition support the principle behind clause 4 and we will not oppose it. The clause is the direction of travel that we need to take, but it is incumbent on the Minister to outline to us in clear and detailed terms how those objectives will be met. At a time of massive public spending cuts and growing unemployment in the country at large, and when 500,000 are being made unemployed, we need to know how this corporation tax cut fits into a wider growth strategy in the UK as a whole.

Mr Kevan Jones: Will my right hon. Friend give way?

Mr Hanson: I will give way to my hon. Friend, but I want to finish in a moment—*[Interruption.]*

Mr Kevan Jones: I am grateful to my right hon. Friend for giving way, but I am sure that I could speak for a lot longer if Government Members want me to.

Does my right hon. Friend agree that the Minister also needs to explain, on a regional basis, for example in the north-east, how this corporation tax cut will, in the next 12 months, grow the jobs that will be lost because of the effects of the public spending cuts that the Government have already announced?

Mr Hanson: That is the key issue. This is why the discussion has strayed into public spending. The Exchequer Secretary has said:

"I make four arguments for prioritising this move to reduce corporation tax. First, corporation tax rates are important in themselves in selling the UK. They are an advert for the economy and for the UK as a good place to do business. By reducing our rate we are sending the strongest possible message that Britain is open for business. Secondly, this cut is a necessary step to help to rebalance the economy",

which was the very point made just now by my hon. Friend the Member for North Durham. The Exchequer Secretary added:

"As we take tough measures to scale back the public sector, we must provide the necessary boost to the private sector. Thirdly, the OECD's estimates suggest that corporation tax is an inefficient and growth-damaging tax. Lower corporation tax rates encourage investment, which this country needs to support the recovery. Finally"—

in the Exchequer Secretary's own words—

"far from merely being a tax cut for profitable companies, they will provide the boost to investment that is vital for Britain".—[*Official Report*, 12 July 2010; Vol. 513, c. 750.]

We support those four general points. We have no quibble with what the Minister said on those four points.

Mr Graham Stuart: You've taken a long time to say it.

Mr Hanson: Well, it is possible to speak until any hour and on any point, and we are trying to do that and explore these issues in detail.

The Minister has an opportunity to flesh out those points in order to give comfort to and reassure my hon. Friends from hard-hit regions that the benefit of the corporation tax cut will impact on their regions as well as those regions in the prosperous south. It is important that we get answers from him on those points. With those few comments, I ask him to respond in due course.

To report progress and ask leave to sit again.—*(Bill Wiggin.)*

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

PETITION

NHS Reforms

4 am

Hugh Bayley (York Central) (Lab): This is the moment I have been waiting for. An unprecedented number of representations have been made to me by letter, telephone, email and at my surgery from constituents of mine deeply concerned about the Government's proposed NHS reforms. Those representations include a petition supported by almost 2,000 doctors, nurses, NHS patients and members of the public in my constituency, including Dr James Chan, one of the doctors at York district hospital.

The petition states:

The Petition of residents of York, and others,

Declares that the Petitioners believe that the Government's health reforms will break up NHS services and that these reforms will result in business motives cutting deeply into the fairness, quality and value of the service at the expense of patient care; that the Petitioners believe the reforms will lead to a postcode lottery, with patients' age, medical condition and home address affecting the quality of care they receive; that cuts to frontline jobs and services will lead to longer waiting times; that money will be wasted on the NHS market bureaucracy, draining it from patient care; and that there will be a big increase in private companies running the health service for profit.

The Petitioners therefore request that the House of Commons urges the Government to reconsider the reforms so that patients remain at the heart of the NHS.

And the Petitioners remain, etc.

[P000917]

Special Representative for International Trade and Investment

Motion made, and Question proposed, That this House do now adjourn.—*(Bill Wiggin.)*

4.4 am

Paul Flynn (Newport West) (Lab): I speak under negative privilege. Privilege is given to us as MPs to expand our opportunities to make comments and talk about personalities while enjoying protection from libel laws. The situation that I am speaking under is one that does not expand our opportunities, however, because on this subject I am denied the opportunity of saying what I am entirely free to say in broadcasts or on blogs outside this House. In this House my mouth is bandaged by archaic rules that deny me the chance to be critical of certain individuals. I can be sycophantically, emetically in praise of those individuals—that is not limited in any way—but I am not allowed to criticise them. I therefore make the point that I am speaking under constraints that I hope we will remove at a later date. This debate is, I believe, a step on the way towards tabling a motion that will liberate us as MPs to talk freely about subjects that are discussed throughout the country.

The role of the special trade representative has been a matter of great controversy, discussion and debate. It is a hot topic everywhere, in the newspapers, in the pubs and on blogs, but the only place that we cannot discuss it fully is in this House—the place where we should be allowed to do so, because we can do something to reform the role if necessary. The role is a very strange one. There is no wage paid, but it is claimed that our present trade envoy has cost the taxpayer about £4 million in the last 10 years, not including the costs to protection officers. What is the job? It is impossible to find a job description, but one might say that skills in diplomacy, expertise in trade and industry, and sensitivity about our ethical standing would be needed in such a job.

The present envoy was appointed to his role by Her Majesty the Queen after consultation with the Cabinet Office, UK Trade & Investment, and the Foreign and Commonwealth Office, and he was given the title of UK's special representative for international trade and investment. Is there a problem with the position at the moment? There certainly appears to be a problem with the lack of competition for the job. There is no open competition; there is no pre-appointment hearing or anything of that kind; and there seems to be only one qualification—namely, membership of a certain family, as the job was inherited from another member of that family.

Are there any matters that deserve our concern? Many groups have suggested that there are. A coalition of human rights groups is calling for a review into how the Government do business with non-democratic regimes around the world. Those groups say that the Government's stated position on human rights, corporate responsibility and the rule of law is at odds with their apparent position of trading with autocratic or corrupt politicians. Human Rights Watch, Index on Censorship, the Corner House, Global Witness and Campaign Against Arms Trade say that recent publicity has underlined fundamental failings in this country's supposedly ethical foreign policy. Tom Porteous, the UK director of Human Rights Watch and a Foreign Office adviser, said that recent publicity was making the UK "look stupid".

Those calls for action follow concern about delays in implementing the Bribery Act 2010—delays that have left the Government open to claims that they are not really committed to fighting corruption. Campaigners allege that they have yet to receive a response from the coalition's international anti-corruption champion, the Justice Secretary, after requesting details of the Government's strategy on tackling dishonest business practices.

Tom Porteous, a member of the Government's advisory group, which was created by the Foreign Secretary, and someone whose job is to examine the ethical dimension of British foreign policy, said that Ministers needed to rethink their way of doing business. Nicholas Hildyard of the Corner House has said:

> "There is an absolute necessity to have an ethical foreign policy with very strict screening into what goes where, proper screening of all government-supported exports in the context of human rights."

Robert Palmer of Global Witness makes a similar point. Richard Alderman, the director of the Serious Fraud Office and a key figure in cracking down on business bribes to win contracts, told the Home Secretary of growing concerns over the delays in implementing the Bribery Act. He reported warning that the Organisation for Economic Co-operation and Development and the US Justice Department had been unhappy with the coalition's decision to push back the legislation's introduction.

Those are bodies of great seriousness, and they are expressing concern about the present situation. Rather more telling, however, is the evidence from Stephen Day, a former ambassador. He writes:

> "The suggestion that an envoy is needed to 'open doors' is insulting to our ambassadors. Has that not been their primary job, as representatives of the Queen to foreign Heads of State? And are they not fully competent to support serious business proposals, as welcome to the host country as they will be to Britain? Trade promotion is a serious, long-term commitment, in which the embassy can give the best informed guidance and work effectively in partnership with the British enterprise and in step with Whitehall and other agencies to consolidate reputations and build long-term success. The message being spread around the world at the moment is that Britain is so desperate for business, and so incapable of competing openly, that it needs a back-door approach and is content to work closely with dodgy fixers and politicians—i.e. that British business is incapable of winning contracts through professional, legal means ."

Stephen Phillips (Sleaford and North Hykeham) (Con): I hear what the hon. Gentleman is saying about the message that is being given out at the moment, but he has given us no details of how it is being given out. In the absence of any evidence as to how it is being given out, I have to say that the House is very surprised not only at the message that he suggests is being given out but at the fact that it is being given out at all. Will he give us further details?

Paul Flynn: I am not in a position to give further details, because if I did so, I would transgress the rules of the House, as I did in a previous debate. That debate was interrupted. The Speaker would quite rightly abide by the rules of the House and tell me that I was not allowed to make any derogatory statements that might affect the envoy, his personality or his name. It is an illustration of how demeaned we are as politicians and Members of Parliament that I am allowed to make any points about the damage that is done only in an oblique way, by discussing the effects of the holder of the office, his role and the comments that are being made.

Geoffrey Clifton-Brown (The Cotswolds) (Con): I am not entirely clear, listening to the hon. Gentleman's line of reasoning, whether he has called this debate obliquely to criticise Prince Andrew in his role as special envoy, or whether he has called it to query whether we need a special envoy at all. In my experience, having done the shadow trade job, Prince Andrew goes round the world, opens a lot of doors and does a lot of trade for the UK, and I would have thought that the hon. Gentleman's constituency needed the jobs that are created by businesses that export round the world.

Paul Flynn: That is a wonderful example of how the hon. and learned Gentleman is free to praise the person involved, while I am denied the opportunity to attach any blame to him. It is entirely irrational and anti-intellectual, and contrary to the debating freedoms of this House that I am not allowed to answer his question or repeat the criticism that has appeared in almost all our national newspapers and media of the way in which that role is performed. I cannot do that, and that is the weakness that I wish to attack in this debate. I can, however, talk about the role and the opinion of certain serious people.

Stephen Phillips: May I suggest that the hon. Gentleman pushes the point? The Chair will no doubt rule on that. If he seeks to make the criticism that he suggests he is prevented from making and the Chair prevents him from making it, his point will be made good. If the Chair does not do so, his point will have been wholly undermined.

Paul Flynn: I am making the points as far as I can within the limits imposed on us in this Chamber. I first debated this subject on 17 March and hope to contribute to a debate tonight that will be within the rules of the House and will lead to a notice of a motion, which I hope I can get carried.

Stephen Phillips: For the final time, the hon. Gentleman has an opportunity either to press his points and make the criticism he seeks to make or to evade that criticism by not making the point at all. He has that opportunity and if he steps beyond the bounds of what is permitted and what is in order in this Chamber, the Chair will rule on it. As yet, he has not sought to make that criticism. As and when he does so, the Chair will make a ruling. Is he prepared to stand by the mettle of the argument he is making or—

Mr Speaker: Order. The hon. Gentleman will resume his seat. Interventions are getting longer; they need to get shorter.

Paul Flynn: This is the second part of the debate; the first part on 17 March was interrupted when I could not take the line that the hon. Gentleman urges me to take without transgressing the rules of the House. Those rules need to be changed.

Stephen Day, a former ambassador, talked about the ambassador in Doha as an example. His letter said:

> "We have an excellent ambassador in Doha and Sheik Hamad is the most accessible of rulers, in person and on the telephone. To use such an intermediary strikes me as crassly inappropriate... Of course the Amirs and Sheikhs engage with trade and finance, but this is generally done privately through agents and associates, not by principals directly. To use"

an envoy

> "for such a purpose is seen by Arabs as crude and unworthy of our historic connections. It is quite the wrong way to promote our interests in this important region of the world and the sooner we are seen to have re-learned how to engage with Arabs the better."

That is what a greatly experienced ambassador says.

There is an argument for saying that the role is of great importance and has great potential to promote our industries and that many thousands of jobs depend on the relationships we have with other countries. Are we doing this the right way? There is powerful evidence from human rights organisations and from the former ambassador that we are not and that we are losing ground because of it.

Natasha Schmidt, assistant editor of the Index on Censorship, said people were angered by links between our trade envoy and President Aliyev of Azerbaijan, whose country is one of the most corrupt in the world. It routinely oppresses its own people and there are allegations involving torture of political opponents and rigged elections by Aliyev's regime. There are also allegations by some of the employees of the agency of a close relationship with President Aliyev. Natascha Schmidt said:

> "It is absolutely appalling that the envoy would have such close links with Aliyev, an authoritarian ruler who has shown himself to be completely intolerant to criticism and is an enemy of free speech".

We live in an era of openness, transparency and scrutiny of appointments. A major advance is the system of pre-appointment hearings in the House, when someone going for a major job appears before a Select Committee to justify the appointment. That is wholly healthy and beneficial.

Geoffrey Clifton-Brown: I am listening carefully to what the hon. Gentleman has to say, but I must say that I am not entirely clear—perhaps he will enlighten the House—whether the purpose is to debate the role of our individual special envoy, to raise the question of whether we need a special envoy or to debate British trade policy and which countries we should or should not trade with. Will the hon. Gentleman enlighten us?

Paul Flynn: It is all those things: the question of whether we need a special envoy and whether it is beneficial or not. Within the limits I have set out, I am able only to point obliquely to my view that it is perhaps not always beneficial to have one. If we have one, that person should not be chosen merely on the basis of what advantages he or she has inherited, and the choice should not be limited to a single family. There should be open competition, so that we can acquire someone who can do the job in the manner that is required. It should not involve work that can be done far more effectively by ambassadors who know their countries and know what the opportunities are.

The need for this position, and the manner in which it serves or does not serve the country, should be examined by the House of Commons fully and fairly, and not under the restrictions by which I am governed tonight. The antique rules of the House frustrated my earlier attempts to debate this issue in a meaningful way. In a grown-up, modern Parliament, no issue should be beyond our surveillance and, if necessary, our criticism. It is our duty to remove this gag, and to speak freely as citizens rather than being silenced as subjects.

4.21 am

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): The hon. Member for Newport West (Paul Flynn) has made a number of points that I do not think I can answer tonight, because they are not the responsibility of my Department. I consider that the question of whether he is gagged by the orders of the House is a matter for other House authorities, and I am sure that it will be dealt with in the usual way. I assume that he does not expect me to deal with those points. However, he managed to raise other important issues about the role of the special representative for international trade and investment, although I should say at the outset that I could not disagree more with his conclusions about that job.

The hon. Gentleman talked a great deal about what he considered to be the problem of a lack of competition in the job, as if membership of the Royal Family were open to competition. I think most people will find that a rather odd position for him to take. However, I am pleased to note that he is now in favour of competition, as he does not often take that line.

I, for one, believe that the Duke of York does an excellent job as the UK's special representative for international trade and investment. He promotes UK business interests around the world, and helps to attract inward investment. He has been the UK's special representative since 1 October 2001, and it is interesting that there has been no debate of this kind during the period of nearly 10 years since his appointment. During that time he has been a long-standing success in the role, representing a continued interest on the part of the Royal Family in supporting British business and international trade and investment.

Since taking on his role, the Duke of York has built a substantial network of contacts at high level in both Government and business overseas. Those links help the duke to make a major impact in a range of markets around the world. He has made a valuable contribution in developing significant opportunities for British business through the role, and continues to do so.

The hon. Gentleman could have talked about how he would assess that, and what evidence we could provide. Of course, it is often difficult to prove that a particular intervention by a particular person at a particular time results in a particular success. However, if we listen to the voice of British business, it is absolutely clear that it endorses the role of the Duke of York. Many who have worked with the duke have found that he is a real asset for our country in supporting UK business. A letter from a group of prominent business people published recently by *The Sunday Times* underlines the duke's commitment to helping the country to respond to the current very difficult period for our economy through the work that he does in support of a trade-led recovery.

Paul Flynn: Does the Minister realise that that list, which was published a very short time ago, was four years old, and that many firms on it declined to refresh their support for the expression of sentiments of support for the envoy?

Mr Davey: I am surprised that the hon. Gentleman makes that point because, as I shall go on to set out, a lot of people have contemporaneously spoken out in favour of the Duke of York's work. That letter did say that

"the efforts made by him need to be encouraged—for he does it well."

I am surprised that the hon. Gentleman did not mention that, and I am sure that the vast majority of those who have seen the duke's work at first hand would echo that sentiment.

Dr Julian Lewis (New Forest East) (Con): Does the Minister agree that one reason why the Duke of York has considerable credibility is his distinguished record as a former member of the Fleet Air Arm who gave valuable service in the Falklands war? That shows a degree of commitment over and above any inherited responsibilities that he might be considered to have.

Mr Speaker: Order. We must take great care, and care has not been taken sufficiently on this front, to avoid straying into matters of conduct that render someone suitable or not suitable for a particular role. I believe I am right in saying that "Erskine May" is clear that matters may be raised only on a substantive motion and such matters include the conduct of the sovereign, which we shall therefore strive to avoid discussing.

Mr Davey: The duke is not paid for the work that he does in this role. UK Trade & Investment pays for the costs of UK-based and overseas visits undertaken by the duke and his supporting staff, and these visits are undertaken in agreement with UKTI and are in support

[Mr Davey]

of UKTI objectives. Let me give an indication of the cost of these visits. In 2008-09, the costs amounted to just over £149,000 and just over £154,000 in 2009-10, and the flights are paid for by the royal travel budget. I believe that these activities represent excellent value for money.

Paul Flynn: Does the Minister, a fair-minded person, recognise that what he is saying illustrates how out of balance our debating system is? He is free to praise the envoy, but I am not free to say anything derogatory about the envoy and so our debate is completely out of balance. Is the Minister not illustrating the need for our Standing Orders to be changed?

Mr Davey: As I recall it, the hon. Gentleman said that he was objecting to the cost of this post, so I am rebutting his argument, which he was free to make within our Standing Orders, by arguing that the duke's work provides value for money. I am rebutting that point of substance.

Let me now deal with the duke's appointment to this position. We are sometimes asked: what are the terms of the duke's employment as special representative for international trade and investment? Does he have a contract? The hon. Gentleman wanted to have a job description and competition for the role. We are also asked who invited the duke to take on this job. In response, I wish to make a number of key points. First, the role is not an appointment within the remit of the civil service commissioners or the Commissioner for Public Appointments. It is a special role and it represents a continued interest by the royal family in supporting British business and international trade. Prior to the Duke of York's appointment, the Duke of Kent was vice-chair of the British Overseas Trade Board from 1976 and latterly vice-chair of British Trade International until April 2001—the Duke of York was appointed in October 2001. So the royal family, in different roles and in different personages, have been fulfilling this type of role for many years. This is not a new thing and successive Governments of different persuasions have found this work to be valuable. Diplomats and business people in our country have valued the contribution made by the royal family in this regard.

Stephen Phillips: My hon. Friend makes the legitimate point that many organisations and British business have found this role to be valuable for how they conduct business overseas. This year, many British businesses have recorded in the printed media that they have found in the recent past that the role of the Duke of York—they made no reference to his specific conduct—to be useful to the way in which they have conducted their business and their exports overseas. I am sure that the Minister would agree with that.

Mr Davey: My hon. and learned Friend is absolutely right and I can certainly agree with that. It is also worth pointing out that the Duke of York not only helps UKTI and its related activities but assists in the objectives of other Departments, such as the Foreign and Commonwealth Office and the Department of Energy and Climate Change, when he is asked to do so.

The duke's programme of visits is agreed by the Royal Visits Committee. A great deal of discussion and planning go into deciding where His Royal Highness should visit and UKTI works with the duke's private office to develop a programme of visits that complement the work and support the objectives of UKTI and make best use of the duke's time to support the strategic aims and goals of Her Majesty's Government. It is not a question of the special representative freelancing: he plans his programmes to operate within a strict framework. The programme is reviewed regularly and is confirmed alongside other overseas visits undertaken by other members of the royal family and by senior politicians such as the Prime Minister, Foreign Secretary and Business Secretary.

The duke's visits focus primarily on those priority markets for the UK where the duke is well placed to make a positive impact. His visit programmes generally include visits to priority markets in the middle east, south-east Asia, China, India, Russia, central Asia and South America, as well as to the US and other developed markets. The visits relate to sectors that are or will be key to the UK's future export growth. They include financial services, energy, advanced engineering, information and communication technology, life sciences and creative industries.

The duke has been visiting many of those priority global markets since 2001 and has developed strong relationships with key opinion formers and decision makers. For example, in 2008-09, His Royal Highness undertook nine overseas visits, visiting 16 countries. These involved 117 business engagements and openings, 27 political engagements and 28 with Heads of State. In 2009-10, His Royal Highness undertook 12 overseas visits, visiting 18 countries. This involved 163 business engagements and openings, 39 of which were political and 18 with Heads of State. This is a record of engagement that this House should recognise.

Paul Flynn: I hesitate to interrupt the Minister reading from the websites of the person and the Department involved, but he has made no attempt to answer my questions or to respond either to the serious criticism by the human rights organisations I cited or to what the former ambassador said about there being a far better way of doing the job, which is to allow ambassadors to do the job for which they are paid and skilled. Is that not a fair criticism?

Mr Davey: I disagree. I have provided evidence rather than innuendo to show that the Duke of York is undertaking a very valuable role. Let us remember why the Duke of York does this role: because it is in Britain's interests. It is in the interests of firms, their employees and our economy. The previous Government recognised that and so do we. We have inherited a sick economy where the prospects of growth funded by the public sector or by consumers are very limited, to say the least, after the poor management of the economy by Labour over 13 years. If we are to grow, there are only two sources of growth: trade and investment. Having someone

with experience and clout as the UK's special representative for international trade and investment is something that we throw away at our peril.

I do not know what has motivated the hon. Gentleman. His timing is particularly inappropriate, coming as it does four days after the royal wedding, when I believe the whole country showed the support that they give to the royal family and all its members. I am proud to be here to support the role of His Royal Highness.

Question put and agreed to.

4.34 am

House adjourned.

House of Commons

Wednesday 4 May 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Work Programme

1. **John Robertson** (Glasgow North West) (Lab): What discussions he has had with the Secretary of State for Work and Pensions on the awarding of contracts for the Work programme in Scotland; and if he will make a statement. [53554]

9. **Dr Eilidh Whiteford** (Banff and Buchan) (SNP): What weighting was given to the involvement of voluntary sector organisations in the assessment process of tenders of prime contractors for the Work programme in Scotland. [53564]

The Secretary of State for Scotland (Michael Moore): Over the past year I have had numerous discussions with ministerial colleagues on the development of the Work programme. The Government are encouraging prime contractors to engage voluntary and private sector organisations in the delivery of the programme.

John Robertson: Does the Secretary of State share my concern that the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), may have broken the ministerial code of conduct in awarding the contracts to some companies? Will the Secretary of State make a statement on the matter, and what is he going to do to protect the companies that missed out on the awards that were given out?

Michael Moore: The hon. Gentleman is making a very serious allegation, which my right hon. Friend absolutely refutes. As with any other instance in which people think something inappropriate is happening, there are appropriate channels through which it can be pursued. If there is some evidence on that or any other matter, those channels should be followed.

Dr Whiteford: I declare an interest as a non-remunerated director of the charity Turning Point Scotland.

There has been great unease in Scotland about the tendering process for the Work programme contracts. The tender document clearly outlined the expectation that at least 30% of a prime contractor's subcontracts should be delivered by voluntary sector providers, and it stated:

"This will be a key factor in the tender assessment process."

Yet the successful bids commit to a mere 8% and 6% voluntary sector delivery respectively. I hope that the Secretary of State shares my concern, and my question to him is simple: what went wrong?

Michael Moore: I acknowledge the hon. Lady's work in the voluntary sector, and I believe that it has a very important role to play not just in getting people back to work but in many aspects of Scottish life. Let us remember that the Work programme is a step change in the provision of support for people to get back into work. We are determined to ensure that we tackle all the problems that have afflicted different parts of Scotland and the rest of the United Kingdom.

The invitation to tender document was absolutely explicit about the criteria, and they were the ones against which bids were measured. As far as the future involvement of the voluntary sector is concerned, the two preferred bidders have indicated that they fully intend to engage with the sector.

Mr Speaker: I call Sheila Gilmore, whose question has been grouped with Questions 1 and 9. She is not here.

Angus Robertson (Moray) (SNP): Does the Secretary of State agree that to secure economic recovery, it is important to listen to the views of the job creators so that we minimise the number of people needing support from the Department for Work and Pensions in the first place?

Michael Moore: Of course it is important that as we recover from the terrible economic situation that we inherited, we focus on creating new jobs. That is why we set out in the Budget continued plans to ensure that we keep interest rates low, reduce corporation tax and reduce the burden of national insurance, compared with the previous Government's plans. We will continue with those measures, to ensure that we rebalance the economy and create more private sector jobs in Scotland and elsewhere.

Angus Robertson: But does the Secretary of State acknowledge the significance of the fact that 200 leading Scottish job creators have today signed a public statement saying that the best approach for the future is to re-elect the Scottish National party Scottish Government, and Alex Salmond as First Minister?

Michael Moore: Funnily enough, I do not agree with the hon. Gentleman on that point. The best approach to the next Scottish Government is to ensure that we have Liberal Democrats at the heart of it, so that we can reinforce the central part that this Government are playing in rebalancing the economy of the UK as a whole. Our agenda for growth is absolutely essential to our recovery from the situation that we inherited.

Ann McKechin (Glasgow North) (Lab): I note that the Secretary of State, in his answer to my written question yesterday, stated that at his recent meeting with Scottish voluntary sector organisations, to which he dragged along the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), he had encouraged the successful bidders to

"engage effectively with the voluntary sector".—[*Official Report*, 3 May 2011; Vol. 527, c. 662W.]

Will he confirm what he expects that will actually achieve? Can he guarantee that voluntary sector involvement will be more in line with the UK average for the contracts tendered in the Work programme, or is the voluntary sector in Scotland only going to get the crumbs from the table?

Michael Moore: May I first say that I was very pleased to invite my right hon. Friend the Minister of State to the employment gathering in Edinburgh, which was very well attended by representatives of the different stakeholders and by a representative of the Scottish Government? As we made clear at the time, it is our intention to ensure that the voluntary sector is as involved as possible. The two preferred bidders, Ingeus and Working Links, have made it clear that they are going to discuss the role of the voluntary sector in their supply chains. That discussion is ongoing and not yet resolved. Beyond that, there are other streams of work coming out of the Department for Work and Pensions for which the voluntary sector and others will be able to bid.

Ann McKechin: I note that the Secretary of State is still unable to provide us with a figure. Doubt will remain in the voluntary sector, which has suffered a massive drop in income as a result of the Work programme, which offers fewer places than were offered under previous Government-operated schemes. Does he agree that the experience and knowledge of the voluntary sector of the future jobs fund is testament to its strength? Does he agree that Scotland needs a new future jobs fund, so that we can offer places for the thousands of people who are coming out of school and college with nowhere to go?

Michael Moore: I am happy to acknowledge that under the previous Government, of whom the hon. Lady was a member, youth unemployment rose consistently through periods of growth as well as during the recession. I accept that we have a major challenge, which is why I will bring together different employment sector representatives in Irvine in a couple of weeks' time.

It is important for all of us that we get the voluntary sector engaged. The future jobs fund was a very costly scheme, and its results do not bear out the hon. Lady's assertions. It is not the case that it led to sustainable jobs—but the new Work programme will do exactly that.

Universal Credit

2. **Guto Bebb** (Aberconwy) (Con): What discussions he has had with the Secretary of State for Work and Pensions on the implementation in Scotland of the Government's proposals for universal credit. [53555]

The Parliamentary Under-Secretary of State for Scotland (David Mundell): The Secretary of State for Scotland and I are in regular contact with the Secretary of State for Work and Pensions on a range of issues concerning implementation of universal credit in Scotland.

Guto Bebb: In Scotland, the public sector accounts for about 50% of gross domestic product. If we are to succeed in making the country less dependent on the public sector, we need to ensure that the private sector has access to the personnel that it needs to grow. Does the Minister agree that universal credit will help to make work pay, and that it will contribute to the rebalancing of the economy of Scotland and the UK?

David Mundell: I do indeed agree with my hon. Friend, who will be pleased to note that already during the incapacity benefit reassessment trial taking place in Aberdeen, a large number of people who not only want to work, but also want the support to help them to work, have been identified and have found opportunities to work in the private sector.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Will the proposed universal credit in Scotland be affected by the Chancellor's proposed changes in tax and national insurance, particularly in relation to the tax proposals in the Scotland Bill?

David Mundell: The hon. Gentleman has followed the progress of the Scotland Bill in detail, but he will know that in relation to the core aspects of universal credit and benefits, the Government have given an undertaking that no one will be worse off in cash terms when universal credit is introduced.

Iain Stewart (Milton Keynes South) (Con): Does my hon. Friend agree that the current complexity of the benefits system means that too many Scottish claimants do not receive the benefits to which they are entitled, and that universal credit will help to target the right support on the right people?

David Mundell: I certainly agree with my hon. Friend. The amount of benefit that goes unclaimed in Scotland is a national disgrace. The system of universal credit will simplify the benefits system, as well as making work pay and combating worklessness and poverty. That is something that hon. Members on both sides of the House should welcome; it is a marked change from the 13 years of inaction from the previous Government.

"The Plan for Growth"

3. **Mary Macleod** (Brentford and Isleworth) (Con): What assessment he has made of the likely effect on the Scottish economy of the implementation of "The Plan for Growth". [53556]

The Parliamentary Under-Secretary of State for Scotland (David Mundell): Returning the United Kingdom to sustainable economic growth is the Government's overriding priority. We are doing everything to create the conditions that enable all businesses in Scotland to be successful and create more jobs. Our plan for growth is a plan for the whole of the UK.

Mary Macleod: What views and reactions is my hon. Friend aware of among our colleagues in the Scottish Parliament and the business community in relation to the Government's proposals to support small and medium-sized businesses?

David Mundell: The Government's proposals for reducing corporation tax and for making changes to national insurance have been widely welcomed by businesses across Scotland. Of course, as my hon. Friend will know, small businesses in Scotland have particularly benefited from small business relief, which was delivered by Conservative MSPs.

Ann McKechin (Glasgow North) (Lab): Inflation is at double the Government's target, growth has been downgraded for the next two years, retail figures are down and consumer confidence is at rock bottom. Will the Minister for once stand up for Scotland and concede that while the cuts may be hurting, they are not working, and that it is time for the Government to have a plan B for growth?

David Mundell: This Government do have a plan for growth—unlike our predecessor. We have set out ambitious objectives to create the most competitive tax system in the G20, to make the UK the best place in Europe to do business, to encourage investment and exports, and to create the most flexible and educated work force in Britain.

I am sure the hon. Lady is good at figures. She will know that her party started the Scottish elections with a 10-point lead, and that today it has an 18-point deficit. That is good work with figures.

Mr Mike Weir (Angus) (SNP): Can the Minister tell us what part of the plan for growth is behind the bright idea of his colleague the Chief Secretary to the Treasury to impose a massive increase in taxation on the oil and gas industry, jeopardising investment and up to 50,000 jobs?

David Mundell: The hon. Gentleman would have some credibility in asking that question had he not repeatedly raised in the Chamber the issue of the costs of petrol and fuel oil in his constituency. It is clear that the Chancellor and the Chief Secretary got the balance right in the Budget between the taxation of the oil industry and the taxation of the motorist. If the hon. Gentleman wants to tell his constituents that they should be paying 6p a litre more on their fuel, he is welcome to do so.

Mr Speaker: I call Rosie Cooper to ask Question 4. She is not here.

Unemployment

5. **Mr Brian H. Donohoe** (Central Ayrshire) (Lab): By what date he expects the level of unemployment in Scotland to begin to reduce. [53558]

6. **Nic Dakin** (Scunthorpe) (Lab): What steps he is taking to reduce the level of unemployment in Scotland. [53559]

8. **Jim McGovern** (Dundee West) (Lab): What steps the Government is taking to reduce the level of unemployment in Scotland; and if he will make a statement. [53563]

The Secretary of State for Scotland (Michael Moore): Unemployment has fallen steadily since August 2010 and employment has increased in the same period. This is a welcome sign. Supporting companies to create and sustain jobs and helping people into work are key priorities for the Government. On 19 May I am hosting a seminar in north Ayrshire, in the constituency of the hon. Member for Central Ayrshire (Mr Donohoe), on youth unemployment, and my right hon. Friend the Secretary of State for Work and Pensions will join me at this important event.

Mr Donohoe: I look forward to our meeting on 19 May. On a another matter concerning unemployment, does the Secretary of State think that the separation of Scotland from the rest of the UK would help or hinder employment prospects for people in Scotland?

Michael Moore: It would be an absolute disaster for Scotland to separate from the rest of the United Kingdom. It is interesting that even the Scottish National party appears to recognise that, because it is not campaigning very hard on the subject.

Nic Dakin: In the Secretary of State's answer to my hon. Friend the Member for Glasgow North (Ann McKechin), our Front-Bench spokesperson, he recognised that youth unemployment continues to rise in Scotland. When does he believe that his actions will begin to bring it down to an acceptable level?

Michael Moore: In response to the question from the hon. Member for Glasgow North (Ann McKechin), I said that youth unemployment had been a problem for a good long period across the United Kingdom, including under the previous Government during periods of growth. The Prime Minister, the Work and Pensions Secretary, I and everybody else recognise the need to bring it down, which is why we are meeting to discuss the core issues behind the problem, and why, through the Get Britain Working programme and the Work programme, which we have discussed already, we are introducing measures to get young and old alike off the unemployment register and back into productive work.

Jim McGovern: When will the penny eventually drop for the coalition Government? Last week in response to the Scottish Affairs Committee report on the computer games industry, the Government said that there is no case for tax incentives for the computer games industry, which is very important to this country. That was rather callous coming a week after another computer games company in my constituency went bust. Will the Government accept the blatantly obvious fact that if we want companies to set up in this country, we have to offer incentives at least comparable to those offered by our competitors overseas?

Michael Moore: First, may I again recognise the hon. Gentleman's consistent efforts on behalf of the computer games industry? I recognise the importance of the industry not just to Dundee and Scotland, but to the UK as a

whole. As he knows—and as I hope the response to the Select Committee's report reinforces—we have considered very carefully the incentives we need to offer not just to the computer games industry, but to a whole range of sectors in Scotland and across the country. It is our judgment that to get ourselves away from the danger zone we were in last May, it is important to tackle the deficit and to get ourselves on the path to growth. We have done that in successive Budgets setting out plans to reduce corporation tax, to keep interest levels low, to reduce the national insurance burden and to set out important new targets for banks and their lending to small businesses. That applies to the computer industry sector as much as to any others. Once again I will be happy to meet him to discuss the matter, if he would like.

Mr Alan Reid (Argyll and Bute) (LD): Unemployment in Kintyre will be greatly reduced if the community group's bid to buy the former air base at Machrihanish goes ahead. I thank the Secretary of State for meeting the community group recently. I have written to him with a list of outstanding issues that are still to be resolved. I ask that Scotland Office Ministers continue to work with Defence Ministers and the community group to resolve those outstanding issues as quickly as possible, so that the buy-out can go ahead, with exciting prospects for the Kintyre economy.

Michael Moore: Again, I pay tribute to my hon. Friend's sterling efforts on this issue. I also welcomed the opportunity to meet representatives from the Machrihanish group a few months ago. I recognise that there are still issues that the group wishes to see resolved, and that these involve ongoing discussion with the Ministry of Defence. I will ensure that my right hon. and hon. Friends in the Ministry of Defence are aware of the details of my hon. Friend's concerns, and that he receives a response to them.

Banking Failure

7. **Mr Philip Hollobone** (Kettering) (Con): Whether his Department and the Treasury have assessed the potential effect of banking failure on the economy of an independent Scotland. [53562]

The Parliamentary Under-Secretary of State for Scotland (David Mundell): Banks and other financial institutions are vital to the functioning of the economy. Although no specific work has been commissioned on the banking bail-out in Scotland, a 2010 National Audit Office report states that the total amount at stake is currently £512 billion. As of December 2010, £124 billion in cash had been invested in Government financial interventions. Based on NAO data, the Scottish Parliament Information Centre, SPICe, has estimated that the Royal Bank of Scotland and the Lloyds Banking Group were provided with £470 billion. SPICe also calculated that this figure was three times the annual Scottish GDP, and that the total UK Government intervention of £751 billion was equivalent to just over half of UK GDP.

Mr Hollobone: Do those figures not show that, like Iceland and Ireland, a separate Scotland would simply not have been able to survive the international banking crisis on its own? Is it not the case that Scotland's economy will always be better off inside, rather than outside, the United Kingdom?

David Mundell: I could not agree more with my hon. Friend. It is interesting that as we enter the Scottish Parliament election period, the Scottish National party appears to have forgotten its proclamation about the arc of prosperity and Scotland's wish to join the economies of Ireland and Iceland. The First Minister, Alex Salmond, also appears to have forgotten saying in the 2007 campaign:

> "We are pledging a light-touch regulation suitable to a Scottish financial sector with its outstanding reputation for probity, as opposed to one like that in the UK, which absorbs huge amounts of management time in 'gold-plated' regulation."

Pete Wishart (Perth and North Perthshire) (SNP): That response shows that what has characterised the Scottish election campaign is that positivity wins over negativity. Will the right hon. Gentleman at least acknowledge and recognise that the failure of those so-called Scottish banks was down to UK regulation?

David Mundell: I do not think that the hon. Gentleman was listening to my last response. His leader, Alex Salmond, previously described the UK regulation as "gold-plated" and, at the previous Scottish elections, offered the voters "light-touch regulation". This is the same Alex Salmond who said that the banking crisis was down to "spivs and speculators".

John Thurso (Caithness, Sutherland and Easter Ross) (LD): One of the most pernicious effects of the banking failure in Scotland at the moment is the withdrawal by nationalised banks at short notice of funding for small businesses, such as TDI Ltd in my constituency. What will the Minister do to hold the moneylenders' feet to the fire and get Project Merlin properly adhered to?

David Mundell: The Secretary of State and I are in regular contact with the banks operating in Scotland to ensure that Merlin goes forward as envisaged. We are also willing to take up individual cases such as the one that my hon. Friend mentions, which, if he refers it to us, we will refer directly to the banks in question. *[Interruption.]*

Mr Speaker: Order. There are far too many private conversations taking place in the Chamber. It is very discourteous, and I am sure that the House wishes to hear Mr Greg Hands.

Greg Hands (Chelsea and Fulham) (Con): Thank you, Mr Speaker. Will the Minister join me in welcoming the report by the Independent Commission on Banking, under Sir John Vickers, and will he remind the House who, in the last Parliament, awarded Sir Fred Goodwin a knighthood for services to banking?

David Mundell: My hon. Friend's interventions at Scottish questions are always welcome. He is quite right to suggest that it was the Labour Government who not only awarded Sir Fred Goodwin his knighthood but involved him in virtually every other initiative that they pursued in Scotland. The Vickers report is to be welcomed in Scotland, as it is elsewhere in the United Kingdom.

Election Timing

11. **Karl McCartney** (Lincoln) (Con): What progress he has made on measures to prevent the coincidence of elections to the House of Commons and to the Scottish Parliament in May 2015. [53566]

The Parliamentary Under-Secretary of State for Scotland (David Mundell): Government amendments to the Fixed-term Parliaments Bill deferring the 2015 Scottish Parliament elections until 5 May 2016 were agreed by the other place on 29 March.

Karl McCartney: In addition to outlining those measures, will my right hon. Friend update the House on progress towards the establishment of the commission to examine the West Lothian question, on its membership and on when we might expect to see its conclusions and recommendations?

David Mundell: As my hon. Friend knows, the coalition's programme for government promised to establish a commission to consider the West Lothian question. A commission will be established this year to consider it, and the Government are committed to addressing the issue. We are continuing to give careful consideration to the timing, composition, scope and remit of the commission. It will need to take into account our proposals for reform of the House of Lords to create a wholly or mainly elected second Chamber, the changes in how this House does its business, and amendments to the devolution regimes such as those in the Scotland Bill, which is now before the House.

Renewable Energy

12. **Jo Swinson** (East Dunbartonshire) (LD): What discussions he has had with ministerial colleagues on the potential for renewable energy generation in Scotland. [53567]

The Secretary of State for Scotland (Michael Moore): I have regular discussions with ministerial colleagues on a wide range of energy-related issues. Scotland has a growing reputation as a world leader in renewable energy, and we will continue to work with industry and the Scottish Government to develop these opportunities.

Jo Swinson: I thank the Secretary of State for that reply. Last month, six Scottish wind farms were paid a total of £900,000 to stop producing energy because the grid could not absorb it. What will the Government do to strengthen grid capacity and improve energy storage so that that kind of waste does not happen, and so that Scotland can properly harness its vast resources of marine, hydro and wind energy?

Michael Moore: First, may I highlight the fact that, under the complex energy management arrangements for the grid, arrangements have to be made from time to time to ensure that we can stop or increase energy production? Through those arrangements, payments are made for stopping and increasing production; that is understood. The Government have set out an ambitious programme for energy reform through our energy market reform proposals. The consultation on that programme was recently concluded, and my right hon. Friend the Secretary of State for Energy and Climate Change intends to publish a White Paper on the subject in the near future. Through that, and through other measures such as the transmission grid charges review, we will seek to ensure that we have the capacity and capability to exploit the renewable energy potential not only of Scotland but of the whole United Kingdom. Our other initiatives relating to the green investment bank and the offer to the Scottish Government to release the fossil fuel surplus are indicative of our intention to play a full part in the renewables revolution.

Mr Wayne David (Caerphilly) (Lab): What meaningful discussions has the Secretary of State had with the Scottish Government on this vital issue? *[Interruption.]*

Michael Moore: I am afraid that I did not hear the hon. Gentleman's question. I wonder whether he could repeat it.

Mr Speaker: The hon. Gentleman may repeat the question.

Mr David: I was asking the Secretary of State what meaningful discussions he had had with the Scottish Government on this vital issue.

Michael Moore: There have been regular and ongoing discussions with the previous Scottish Government on these issues. I have to record great disappointment that despite our offer to release the fossil fuel surplus—something that eluded the previous Government—they were not keen to take it up. I hope that the new Government elected tomorrow, with Liberal Democrats at the core of it, will take up that very positive measure.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State may know that the Energy and Climate Change Committee has had meetings with investors in the renewables sector in which concerns have been raised that long-term capital investments are involved, and that if the price of carbon were to change in investors' favour, future Governments might introduce a windfall tax to compensate electricity consumers. Will my right hon. Friend reinforce the point made in the debate on Treasury matters last night that the Government want to engage with the oil and gas industry to ensure that any concerns about the stability of the tax regime can be dealt with, so that we can have a constructive engagement with the aim of maximising investment in all energy futures for this country?

Mr Speaker: Order. We need to have time for the answer.

Michael Moore: My hon. Friend makes an important point. I followed his contribution and that of my right hon. Friend the Member for Gordon (Malcolm Bruce) last night with great interest. As my hon. Friend the Economic Secretary to the Treasury pointed out, their thoughtful and constructive contribution to the debate was very worth while. We are properly engaged with the oil and gas sector, as we will be with the renewables sector, to ensure that we can put in place long-term sustainable tax regimes and other arrangements that will help to boost those important parts of the British economy.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [53892] **Jim McGovern** (Dundee West) (Lab): If he will list his official engagements for Wednesday 4 May.

The Prime Minister (Mr David Cameron): This morning, I had meetings with ministerial colleagues and others, and in addition to my duties in this House I shall have further such meetings later today.

Jim McGovern: The abolition of council tax, the scrapping of student debt, the £2,000 endowment for first-time home buyers and, of course, the referendum on separatism were all promises made by the Scottish National party prior to the last Scottish elections, all of which were never kept. Will the Prime Minister inform me, the House and the country whether certain political commentators are correct when they say that he would prefer to see the separatists returned in Edinburgh for one reason only—to avoid a Labour victory?

The Prime Minister: I am happy to confirm that what I would like to see in Scotland is the greatest possible showing for Annabel Goldie, who has led the Conservatives with such distinction. I do not think I want to intrude on the private grief between Labour and the SNP, but one thing I will say: whatever the outcome of that election, I, for one, will always stand four-square behind the United Kingdom.

Dr Phillip Lee (Bracknell) (Con): Is the Prime Minister aware of the significant fires raging in Swinley forest in my Bracknell constituency? I am sure he would like to join me in congratulating the fire and police services on the sterling work that is being done, and hope he will guarantee that the Government will be there if any requests are made by those services.

The Prime Minister: I certainly join my hon. Friend in praising the fire and other services taking part in this difficult endeavour. As he knows, there are well tried and tested procedures to make sure that central Government stand behind local government when there are excessive costs. I will happily write to my hon. Friend about that issue.

Edward Miliband (Doncaster North) (Lab): Will the Prime Minister tell us how many experienced police officers are being forcibly retired as a result of his 20% cuts to police budgets?

The Prime Minister: The decisions about police officer numbers will depend on the decisions made by chief constables in individual parts of the country. The point is that we can see in case after case that there are far too many police officers in back-office jobs, doing paperwork and carrying out corporate development work who should be on the front line. Responsible chief constables are getting those officers out on the front line to fight crime—and crime is falling under this Government.

Edward Miliband: I do not know whether the Prime Minister does not know the answer to the question or whether he chooses not to answer it. Let me tell him the answer: 2,100 experienced police officers with more than 30 years' experience are being forcibly retired. Let us take the case of former beat officer, Martin Heard, who was forced to retire from Wolverhampton police. He is now being asked to come back to the force as a volunteer special constable—unpaid—to fill the gaps left by the cuts. What does the Prime Minister have to say to Martin Heard?

The Prime Minister: What is absolutely clear is that what we are getting from the Labour party is complete and utter hypocrisy. We know at the time of the last election that Labour was specifically asked, and I quote the interview:

"Can you guarantee if you form the next government that police numbers won't fall?"

The Home Affairs spokesman at the time, the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), said "No", he could not guarantee that. The question is not whether the budget should be reduced—of course it has to be—but who is going to cut the paperwork, who is going to get rid of the bureaucracy, who is going to trust the local managers to make sure we get police on the front line. Those are steps we are taking; those are steps his Government never took.

Edward Miliband: He is the guy who came along and said that cuts not of 12% but of 20% were necessary for efficiency savings in the police budget. It is his choice; why does he not defend it? Perhaps one reason people are so angry is that a year ago the Prime Minister said on the eve of the election:

"Any cabinet minister who comes to me...and says 'Here are my plans' and they involve frontline reductions, they'll be sent"

packing. What does he say to the Home Secretary about cases such as that of Martin Heard—or has he just broken another promise?

The Prime Minister: What the Home Secretary is doing is what police leaders up and down the country are doing: trying to get more police on the beat. In my own force in the Thames valley, that is exactly what is happening.

When it comes to defending front-line services, is it not time that the right hon. Gentleman talked to Labour local authorities such as Manchester city council, which, although the average cut in local government spending power is just 4.5%, is cutting services by 25%? Are not Labour local authorities playing politics with people's jobs?

Edward Miliband: The Prime Minister knows that he cannot defend his broken promises on policing. Let us talk about the other broken promises led by the Deputy Prime Minister. We know that the majority of universities are proposing to charge tuition fees of £9,000 a year. Can the Prime Minister tell us how many of them he expects to have their proposed fees cut by the Office for Fair Access?

The Prime Minister: That decision will depend on the Office for Fair Access.

The right hon. Gentleman talks about broken promises. The fact is that it was the last Government who introduced tuition fees and top-up fees—but we have a new doctrine on the leader of the Labour party's attitude to the last Government, which he announced in an interview with *The Sun*. He said:

"I am not going to defend what happened in the past just because I happen to have been in the last Government."

Presumably we should not listen to him now just because he happens to be the Leader of the Opposition.

Edward Miliband: Once again, the Prime Minister has not answered the question. We know from the Office for Fair Access that it is not going to cut the fees of the universities. The assistant director said at the weekend:

"We are not a free pricing regulator: that is not our role...we wouldn't say to an institution we would only allow a fee of 'X' or 'Y'."

Will not the Prime Minister admit that on top of a broken promise not to raise tuition fees and a broken promise that £9,000 would be the exception, he is now breaking another promise on the capping of excessive fees?

The Prime Minister: The fact is that we will have to wait until July, when the access regulator—*[Interruption.]* Let me make this point to the right hon. Gentleman. Degrees have not suddenly started to cost £7,000, £8,000 or £9,000. Degrees have always cost that much. The question is, who will pay for them? We say that successful graduates earning more than £21,000 a year should pay for them rather than taxpayers, many of whom do not go to university.

I have to say this to the right hon. Gentleman. He made a promise: a promise that he would have a fully costed alternative to our fees programme by the end of the last year. Where is it? Another broken promise!

Edward Miliband: That is what we have come to expect from this Prime Minister. He is hazy on the facts, and unable to give a straight answer to a straight question. I know how the Energy Secretary must have felt in Cabinet yesterday. Remember what was said a year ago about two parties working

"Together in the national interest"?

Now what do we have? We have two parties threatening to sue each other in their own interests. That is what has changed in the last year.

What the public are saying, in relation to police cuts, tuition fees and the NHS, is "This is not what we voted for." Given that the Government have broken so many of the promises that they made a year ago, how can the public believe anything that they say at the elections tomorrow?

The Prime Minister: Even the jokes have been bad this week. The fact is that what this coalition Government have done over the past year is freeze council tax, cap immigration, lift a million people out of income tax, introduce a pupil premium, link the pension back to earnings, cut corporation tax, and set up more academies in 10 months than the last Government set up in 10 years. At the council elections tomorrow, people should remember the mess that Labour left us in, and resolve not to let Labour do to their councils what it did to our country. *[Interruption.]*

Mr Speaker: Order. The Minister for Children is under no obligation to behave like a child. It is not required.

Q2. [53893] **Caroline Dinenage** (Gosport) (Con): Does the Prime Minister agree with the comment of Lord Glasman, special adviser to the Leader of the Opposition, that the last Government lied to the British people about the extent of immigration?

The Prime Minister: My hon. Friend raises an important point, which is that the last Government did not tell it straight to people about what was happening on immigration and that it has fallen to this Government to take the steps to get the numbers under control. Indeed, Lord Glasman said something that I have said many times, which is that under the last Government there was

"very hard rhetoric combined with a very loose policy"

and that was the worst approach of all.

Mr Jack Straw (Blackburn) (Lab): Does the Prime Minister share my profound anxiety about the recommendation of the advocate-general to the European Court of Justice for a European-wide ban on the patenting of stem cell research based on human embryos? Does he agree that were such a ban to be confirmed by the ECJ, it would have profoundly damaging effects on our science base and our pharmaceutical industries? Is he able to say what contingency plans the Government are putting in place to minimise the effect of any such ban?

The Prime Minister: The right hon. Gentleman makes an important point, and I thank him for giving me some notice of this issue. The point I would make is that this House and the House of Lords have had extensive debates to arrive at the policy that we have. I believe that it is right to try to maintain the UK as a world leader in stem cell research. Under European law, uses of human embryos for industrial or commercial purposes are exempted from patent protection. As I understand it, the legal opinion of the advocate-general at the ECJ on the scope of this exemption is advisory and does not bind the Court. As such, the opinion currently has no impact on British researchers, but we should keep this position under review.

Q4. [53895] **Jeremy Lefroy** (Stafford) (Con): Several manufacturing businesses in Staffordshire, including Alstom in my constituency, have recently committed to significant investments and are increasing their work force. What measures does my right hon. Friend believe are necessary to ensure that the welcome growth in manufacturing in the UK continues for the long term?

The Prime Minister: My hon. Friend makes an important point, which is that we do want growth in manufacturing, which is very strong at the moment and has been over the past year, to be maintained. I well remember visiting the Alstom plant, although I was slightly less successful in winning Stafford than he was at the last election. Such plants will benefit from our policies of cutting taxes, boosting apprenticeships, investing in capital projects and doing everything we can as a Government and as a country to support our export industries and sell Britain around the world.

Mr Bob Ainsworth (Coventry North East) (Lab): On 25 June last year, speaking on the Ark Royal, the Prime Minister told our armed forces that he would enshrine the military covenant in law. Why is he watering down that commitment to a useless referencing?

The Prime Minister: I do not believe for a minute that that is what is being done. What is going to happen is that we are going to clearly reference the covenant in law and then the covenant will be published and debated in this House every year. It is vital that we are able to update and improve it every year, because our military personnel face so many changing circumstances. We are looking across government at all the things we can do, for example, on health care, on education, and on things such as council tax for soldiers serving overseas—these are many of the things that the last Government failed to do—to look after our armed service personnel.

Q5. [53896] **Jane Ellison** (Battersea) (Con): Later this month, Edward Lister, the Conservative leader of Wandsworth council for nearly 20 years, moves on to be the chief of staff to the Mayor of London. Will the Prime Minister join me in paying tribute to him for his leadership in consistently delivering the UK's lowest average council tax along with top-rated front-line services? Will the Prime Minister urge more councils to follow suit?

The Prime Minister: I thank my hon. Friend for her question. It gives me the opportunity not only to praise Edward Lister, who has done a fantastic job over many years, but to pay tribute to Sir Simon Milton, who occupied that position and is admired on all sides of the House for the work he did at Westminster and then at the Mayor's office. What Wandsworth has shown over many years is that it is possible to combine low taxes with good services if all the time you are trying to improve efficiencies. That is what councils up and down our country should be focused on, particularly in a year when we have to make spending reductions.

Pamela Nash (Airdrie and Shotts) (Lab): One of Scottish Labour's key manifesto commitments is the First Foot initiative, which will help thousands of first-time buyers to get a foot on the property ladder. What is this Prime Minister doing to help this generation of home buyers, who are crippled by unemployment, student debt and rising living costs, and therefore cannot save a deposit for a House?

The Prime Minister: The proposal in Scotland sounds quite like our proposal in the Budget for Firstbuy, which will help tens of thousands of young people to get on the property ladder by helping them with the deposit that many families find it extremely difficult to raise. There is a real worry in our country that the age of the first-time buyer is getting older and older, and that many families are finding that unless they have family help behind them they simply cannot get on the housing ladder. We must ensure that that is not the case and Firstbuy is a very good proposal that we are introducing in England. I will be interested to see what happens in Scotland.

Q6. [53897] **Stephen Mosley** (City of Chester) (Con): Conservative-run Cheshire West and Chester council is saving millions by cutting waste, boosting efficiency and selling surplus property to help protect front-line services. Meanwhile, in next-door Labour-run Halton, the council is cutting back on bin collections and road maintenance instead. What does my right hon. Friend think can be done to help councils reach fair and sensible decisions?

The Prime Minister: I would encourage all councils to look at costs that can be cut that are not on the front line. Many Conservative councils are sharing chief executives with their neighbouring councils and cutting councillors' allowances and chief executive pay. There are too many examples, particularly in Labour councils, of chief executives being paid far too much and of not nearly enough attention being paid to cut the back-office costs so we can keep the services going.

Jack Dromey (Birmingham, Erdington) (Lab): The Government are cutting the police and Birmingham city council is cutting care to the elderly and disabled. There is dismay in my constituency that high-need, high-unemployment Birmingham is being hit far harder than the leafy shires such as Surrey. Will the Prime Minister therefore answer the question put to me by my constituents—why have the Tories got it in for Birmingham?

The Prime Minister: A coalition between Conservatives and Liberal Democrats has been doing a great job for Birmingham, ensuring that council tax is kept down, investing in housing and ensuring that there are good public services. Many of the things we have done, such as the regional growth fund, are targeted at areas such as Birmingham. The hon. Gentleman should go back to his constituents, and after he has apologised to them for the fact he was the winner of an all-woman shortlist he should tell them that coalition government between Conservatives and Liberal Democrats is working at Westminster and working well in Birmingham.

Q7. [53898] **Mr James Clappison** (Hertsmere) (Con): In 2005, the previous Labour Government agreed to hand back part of the UK's EU rebate at a cost to UK taxpayers of £9.4 billion over the lifetime of this Parliament. Has my right hon. Friend seen any evidence of what precisely was obtained in return for that remarkable generosity?

The Prime Minister: My hon. Friend makes an important point. Part of the rebate was given up and it was not given up for any proper promise in return. We were told that there would be a promise of real reform of the common agricultural policy and that did not appear. That shows me that we have to be incredibly tough in the budget negotiations this year and next so that when we go into the financial framework for the next seven or eight years we ensure that we keep the costs of this organisation under control.

Q9. [53900] **Kelvin Hopkins** (Luton North) (Lab): The Government's savage cuts are set to destroy some half a million jobs in the public sector and, according to PricewaterhouseCoopers, a similar number in the private sector. With thousands more on the dole, paying no taxes and dependent on benefits, the deficit will increase rather than reduce. As sure as night follows day, we will see a collapse in the housing market, a collapse in

support for the Tories and a return to Labour government. Will the Prime Minister enjoy saying goodbye to most of his colleagues and sitting on this side of the House?

The Prime Minister: I thought the hon. Gentleman was from Luton, but he sounds like he is from fairy dairy land. Let me remind him that compared with this time last year 400,000 more people are in jobs in the private sector. That is what has happened through our getting the deficit under control, getting the economy growing and ensuring that we deal with the mess we were left by the Opposition.

Q10. [53901] **Andrew Selous** (South West Bedfordshire) (Con): Is my right hon. Friend aware that Conservative-run Central Bedfordshire council has been rated as the highest performing council of all its statistical neighbours by PricewaterhouseCoopers for value for money, effectiveness and service delivery? Is this not the type of example that we should encourage more councils to follow?

The Prime Minister: My hon. Friend is absolutely right. Well-run councils that ensure they are cutting back-office costs can provide good services. When one looks at the figures, one can see that those Conservative councils are not just costing less for a band D property but doing better on measures such as recycling and other service delivery. It is simply not true to say that by cutting costs councils harm services. They have to be effective at keeping their costs down to provide good services.

Q11. [53902] **Kerry McCarthy** (Bristol East) (Lab): Next Wednesday, the Hardest Hit campaign will be lobbying MPs in Parliament through constituents of ours with severe disabilities and chronic illnesses who are bearing the brunt of this Government's attack on welfare benefits and public services. Will the Prime Minister have the courage to meet some of those campaigners face to face next week so that he can hear from them at first hand about the devastating impact that this callous and uncaring Government are having on their lives?

The Prime Minister: I make two points to the hon. Lady. First, the most important line of defence to help people with severe disabilities and severe need is the national health service and it is this Government who are putting more money into the national health service—£11.8 billion extra. That money would not have been available if we had a Labour Government; we know that because we can see Labour cutting £1 billion off the NHS in Wales. In terms of reforming benefits, I thought we had the support of the Labour party to reform benefits to make sure they are helping those who need the help most.

Q12. [53903] **Jason McCartney** (Colne Valley) (Con): Last week, I joined 170 other Huddersfield Town fans in cycling from Huddersfield to Brighton to raise £200,000 for the Yorkshire air ambulance. Will the Prime Minister join me in praising Huddersfield Town for raising that money and will he also look into why the air ambulance has to pay VAT on its fuel although the Royal National Lifeboat Institution—another emergency charity service—does not?

The Prime Minister: First, I would like to congratulate my hon. Friend on his bicycling feat, as well as all those who took part from Huddersfield Town. I also pay tribute to our air ambulance crews across the country, who do an amazing and brilliant job. I have looked specifically at this issue. As he probably knows, the EU VAT directive does make an exemption for lifeboats, but there is no equivalent provision for supplies used by other charities and we are not able to change that. However, we are able to do more for charities, as we did in the Budget, including with the inheritance tax exemption, which I think is going to make a huge difference for charities up and down our country. I hope that he will do everything he can to encourage them to make use of that.

Q13. [53904] **Tony Lloyd** (Manchester Central) (Lab): Child poverty is a cancer that means that children in our society go to bed hungry in homes that their parents cannot afford to heat. The Prime Minister will be aware of the recent Organisation for Economic Co-operation and Development report that says that the great progress that was made has now stalled and that the numbers are once again due to go up. If the Prime Minister agrees with me, as I think he will, that this is a moral imperative for any Government, will he tell the House what he will do now to change policy and make sure that our innocent children will not be the victims of Government cuts?

The Prime Minister: I do believe it is a moral imperative and I have looked at the OECD report carefully, which does show that things stalled under the previous Government in recent years. What I would say is that despite having had to take difficult decisions in the Budget we did make sure that there has been no increase in child poverty as a result of the Budget. I think it is time, frankly, for a more mature, cross-party debate on how we can make sure that we get people out of poverty rather than just looking at the transfer of money between rich and poor. That is why we are looking at things such as the pupil premium, free nursery education for deprived two-year-olds and making sure that Sure Start is working properly, because it is all those things that will help children out of poverty in a more sustainable way.

Q14. [53905] **Greg Hands** (Chelsea and Fulham) (Con): This week, the three top-rated councils of Hammersmith and Fulham, Kensington and Chelsea and Westminster are discussing extending their combined services to save £35 million a year while still improving front-line services. What can the Prime Minister do to encourage this approach rather than that of Labour-run Hounslow, which is closing day care centres, squeezing parks maintenance and cutting mental health services in a slash-and-burn approach?

The Prime Minister: I think this is a very important point and I hope that councils up and down the country will look at it. Three large councils are coming together and saving £35 million because they are sharing back-office services, executive teams and so on. Frankly, if they can do it, as large councils that have big responsibilities, many other councils should be doing it in London and elsewhere. Until we see that happening, I do not think it is realistic to say that it is necessary for councils to cut front-line services.

Mike Gapes (Ilford South) (Lab/Co-op): More than 100 years ago, Parliament legislated to make sure that local authorities provided allotments. Healthy local food is a very good part of good British values. Why therefore are the Prime Minister's Government scrapping the obligation on local authorities to provide allotments?

The Prime Minister: I was as concerned as the hon. Gentleman when I read that report. I immediately checked, and found that that is not the case. It is extremely important that allotments are made available. Many Members will find that when they ask about that in their constituencies there are massive queues for allotments, as many people want to grow their own vegetables and food and understand more about where food comes from. It is a great movement, and it has my full support.

Q15. [53906] **Mark Menzies** (Fylde) (Con): The chief executive of Conservative-run Fylde borough council has taken a 5% pay cut, whereas Labour-run Blackburn has cut services to young and vulnerable people while increasing its reserve to £12.7 million. What can the Prime Minister do to encourage councils to behave more responsibly like Conservative-run Fylde?

The Prime Minister: One of the most important things that we can do is make all that information available. This Government have massively increased transparency. Every council in the country has to declare its spending on any item over £500, and people have found that useful in seeing how much council executives are paid, how much councillors are paid, and making sure that they bear down on those costs. I commend what is happening in Fylde, and it is a matter of great regret that there is still one council—Labour-controlled Nottingham—that will not make that information available.

Mr Michael Meacher (Oldham West and Royton) (Lab): Given that private borrowing was falling at the last election why, according to the Office for Budget Responsibility, do the Government plan to ramp it up by half a trillion pounds to a total of more than £2 trillion by 2015?

The Prime Minister: What the Government are doing is getting control of Government borrowing—that was the real crisis at the last election. It is an important point to make, particularly on a day when we read about Portugal going for an enormous bail-out. It is worth reminding ourselves that today we have a bigger budget deficit than Portugal. The reason we are not in Portugal's position is that we took action in two brave Budgets and a spending round to clear up the mess left by the right hon. Gentleman's hon. Friends.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I am sure, Mr Speaker, that you and the Prime Minister have enjoyed the good weather, especially last Friday, the day of the royal wedding, and perhaps visited tourist hot spots such as Southwold and Aldeburgh. Just down the road from those hot spots, farmers might be about to suffer a drought, and are genuinely concerned about the lack of rain, as their ability to abstract water may be limited. Will the Prime Minister meet me to discuss those genuine concerns about restricting water for our farmers?

The Prime Minister: I am happy to meet my hon. Friend. Everyone has been enjoying the recent weather, and it was fantastic that the weather was so good for the royal wedding. However, farmers face real issues because, at a time of year when they expect a lot of rain, they have had virtually none.

Mrs Mary Glindon (North Tyneside) (Lab): With the strong likelihood that the Lib Dems will come off worst in tomorrow's local elections, and hopefully the rejection of the alternative vote in the referendum, what political words of comfort will the Prime Minister have for his by then beleaguered deputy on Friday?

The Prime Minister: Of course, we do not agree about the future of our electoral system. We are having a referendum and a debate about it, but the reason for having a coalition Government coming together and sorting out this country's problems in the national interest is as good an argument today as it was a year ago, when we came into government to clear up the mess made by the Opposition.

Rory Stewart (Penrith and The Border) (Con): In the light of the success of the royal wedding for public diplomacy, does the Prime Minister believe that it reinforces the importance of a different narrative for the diamond jubilee from the Olympics, in terms of what it can do for Britain's international reputation?

The Prime Minister: We have a fantastic opportunity next year to show all faces of Britain, both modern and traditional. We are going to celebrate the jubilee, and I think that people will want to celebrate the incredible public service that Her Majesty the Queen has given over many years as an absolutely amazing model public servant. People will also want to celebrate the Olympics as a celebration of sport and all that is best about Britain. The royal wedding, as the Major of London said, was in many ways a dry run for how we handle some of those events, and everyone in the country has a lot to look forward to next year.

Alison McGovern (Wirral South) (Lab): Many of my constituents in Wirral worry about the quality of care that older people, especially those with dementia, receive in hospital. How does the Prime Minister think that his now paused, top-down reorganisation of the NHS will help to make sure that older people are looked after with real dignity?

The Prime Minister: One of the aims of the changes that we are making to the NHS must be better to link the national health service, social service provision, local authorities and how we look after the elderly. All of us have seen too many cases in hospital where people who should be in residential or nursing care or being looked after at home are stuck in a large district general hospital or in a community hospital, when they should be getting alternative pathways of care. That is what the whole change should be about. What I am finding as I go round the country listening to doctors, nurses and clinicians is that we must make sure we take the opportunity to get this absolutely right. That is what the reforms should be all about.

Bob Russell (Colchester) (LD): In last year's general election in Essex 49% of the votes cast went to the Conservatives, but 95% of the seats went to Conservative MPs. It was an outcome that would embarrass Robert Mugabe. Apart from the fact that Essex is now a Labour-free zone, does the Prime Minister think that that result was fair?

The Prime Minister: My hon. Friend tempts me into debate. In Colchester everyone had one vote, it was counted once and he won. I congratulate him. In other parts of Essex everyone had one vote, they were all counted once and many of my hon. Friends won. But for all that he brings to the House, what the Liberal Democrats lack in number, he makes up in stature as a Member of Parliament for Essex.

Speaker's Statement

12.31 pm

Mr Speaker: I have to inform the House that I have received the following letter from the Clerk of the House:

Dear Mr Speaker,

As you know I have decided to retire at the end of September when I will have completed forty four years of service to the House, over a decade of which has been at the Table.

It has been an immense privilege to serve what I unashamedly regard as a Parliament second to none. Over this long period—which began during the Speakership of Horace Maybray King—there have been great challenges and many changes. There have been crises that have rocked the institution. Throughout these times it has remained my firm belief that only by having confidence in itself, in its ability to adapt to the new while keeping to the tried and tested, can the House retain its pre-eminent position as the sovereign body at the centre of our national, democratic life. Unwarranted and unfounded criticism from whatever quarter should not deflect Members from their duties which will necessarily ruffle and disturb the peace of consensus.

I would like to put on record my great debt to members of the staff of the House, at all levels, who have given me unstinting support. They make up a loyal and very effective workforce. I would like to thank my colleagues on the Management Board and in my own office for their invaluable help without which many of the changes that have happened in recent times could not have been made effective.

Friendships with Members and colleagues in the scattered Commonwealth parliaments, which together form an important parliamentary community, have given me much pleasure. Here at home fellow Clerks have kept me on my procedural toes and I have enjoyed working, across party divides, with Members of the House, past and present and with Members and colleagues in the other place.

Finally Mr Speaker may I thank you and your Deputies, with whom I have worked closely, for your trust and for the camaraderie we have enjoyed together which has greatly lightened what can be serious and sometimes difficult moments.

Yours sincerely,

Malcolm Jack

Members will wish to know that I have put in place a competition for the appointment of the Clerk's successor.

There will be an opportunity to pay the traditional tribute to the Clerk at a later date. *[Applause.]* That spontaneous reaction demonstrates the respect and affection in which the Clerk of the House is held.

Points of Order

12.35 pm

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. As Many Members were inexplicably absent at 4.30 this morning, they will have missed an important debate that drew attention to a great weakness in our role: we are able to heap praise on certain individuals, but we are forbidden the privilege of everyone outside the House to be critical of those individuals. Can you suggest a way in which we can ensure that that rule, which demeans the office of MP, is changed and we can enjoy the freedom of everyone outside the House to be critical of anyone when necessary?

Mr Speaker: Criticism of the kind and in the direction that the hon. Gentleman has in mind can always be made on a substantive motion. That is the specific solution to the problem that he has just identified. More widely, if he is concerned, as I know he is, about the current Standing Orders and seeks their reform, it is open to him to seek support for such a proposition across the House. I must leave it there for today.

Derek Twigg (Halton) (Lab): On a point of order, Mr Speaker. I ask for your advice, please. The hon. Member for City of Chester (Stephen Mosley) has inadvertently misled the House today by suggesting that the bin collection service in Halton has been cut. As someone who is not only the Member of Parliament for Halton but who actually lives there, I must say that this was the first I knew about it. The service has not been cut. There is a pilot scheme, which has come about as a result of consultation in two wards, to look at alternative bin collections as a result of the demand for more recycling and more recycling receptacles. There has been no decision to cut the weekly bin collection service, so the hon. Gentleman is wrong.

Mr Speaker: I am grateful to the hon. Member for Halton (Derek Twigg). I know that he may find this difficult to accept, but this is a matter of debate, and he has put his point firmly on the record—probably not for the first time, and certainly not for the last.

If there are no further points of order, we come now to the ten-minute rule Bill, for which the hon. Member for Mid Bedfordshire (Nadine Dorries) has been patiently waiting.

Sex Education (Required Content)

Motion for leave to introduce a Bill (Standing Order No. 23)

12.37 pm

Nadine Dorries (Mid Bedfordshire) (Con): I beg to move,

That leave be given to bring in a Bill to require schools to provide certain additional sex education to girls aged between 13 and 16; to provide that such education must include information and advice on the benefits of abstinence from sexual activity; and for connected purposes.

I am sure that many Members will be aware of the broadcaster Dame Joan Bakewell. I always had the impression that she and I were on separate sides of the political divide, but I was intrigued a year ago to read something that she had written in the *Radio Times* and in the newspapers, in which she said that Mary Whitehouse, who campaigned against declining moral standards on television, was right to fear that sexual liberation in the 1960s would damage society.

Dame Joan was a long-time and fierce opponent of Mary Whitehouse, and that is why her piece was intriguing. She has now changed her mind in terms of her opposition, saying that the freedom granted by the introduction of the pill has been abused, resulting in the sexualisation of young girls and the prevalence of pornography. She said:

"The liberal mood back in the '60s was that sex was pleasurable and wholesome and shouldn't be seen as dirty and wicked. The Pill allowed women to make choices for themselves. Of course, that meant the risk of making the wrong choice. But we all hoped girls would grow to handle the new freedoms wisely. Then everything came to be about money—so now sex is about money, too. Why else sexualise the clothes of little girls, run TV channels full of naked wives, have sex magazines edging out the serious stuff?"

In fact, in some newsagents now there are more sex magazines available than any other kind of magazine.

Chris Bryant (Rhondda) (Lab): Well, stop going to those shops then.

Nadine Dorries: That is a typically glib comment from the hon. Gentleman, who just does not understand and will oppose this measure. Indeed, it will be interesting to see a man stand and oppose a Bill that is about empowering young girls.

Dame Joan said that our society is saturated in sex: a typical prime-time hour on TV contains 2.6 references to intercourse, 1.2 references to prostitution and rape, and 4.7 sexual innuendoes.

Let us move on to look at some of the examples that are now available. Primark, a store that is frequented by many young girls, including my own daughters, was recently chastised for selling padded bikinis for seven-year-olds. Without going into too much detail, I am sure that everybody in the House understands why women would buy padded bikinis, but to make them available to and target them at seven-year-old girls seems to epitomise how far the sexualisation of young girls has gone within our society.

On 5 March 2010, explicit videos were shown in schools which depicted to seven-year-olds a cartoon graphic of a couple having sexual intercourse. This resulted in some children being removed from schools that showed those videos. It will not be a surprise to any mother, or parent, in the House that seven-year-old children do not want to see a cartoon of a couple having sexual intercourse. I have never yet met a mother who said, "I want my seven-year-old to see cartoons of couples having sexual intercourse", so why on earth would schools think it appropriate to show such videos to seven-year-old children in the classroom? Some children were reported to be frightened, alarmed and disturbed by the videos.

In July 2009, a Sheffield NHS trust released into secondary schools—to children from the age of 11—a pamphlet which told them that sex every day keeps the doctor away. It also said that for too long experts have concentrated on the need for "safe sex" and loving relationships. Alongside this, there was a slogan saying that

"an orgasm a day keeps the doctor away".

It also said:

"Health promotion experts advocate five portions of fruit and veg a day and 30 minutes' physical activity three times a week. What about sex or masturbation twice a week?"

This is a pamphlet going out to 11-year-olds at secondary modern schools in Sheffield.

We have to ask ourselves whether, in the midst of this kind of society, with the over-sexualisation of children, we have got our sex education in schools right. It is often argued that compulsory sex education and effective teaching of "safe sex" will help to tackle a high pregnancy rate among teenagers and underage children. Sadly, the evidence suggests that this is not the case. The *British Medical Journal* found that 93% of teenagers who became pregnant had seen a medical professional prior to the pregnancy and 71% had discussed contraception. The journal found that

"teenagers who become pregnant have higher consultation rates than peers and most of the difference is owing to consultation on contraception".

According to data published by the Office for National Statistics in 2007, Britain has the highest teenage pregnancy rate in western Europe, so we must be doing something wrong. That is why I am introducing this Bill.

I believe that the answer to ending our constant struggle with the incredibly high rate of teenage sexual activity and underage pregnancies lies in teaching our girls and boys about the option of abstinence—the ability to just say no as part of their compulsory sex education at school. I recently spoke to a 16-year-old who used these very disturbing words: "The thing is, if you reach the age of 18 and you're still a virgin, and you meet somebody you'd like to be your boyfriend, he's going to think you're a freak." It never enters the minds of young teenage girls, who are taught in sex education classes about "safe sex" and about making their decisions on whether to have sex based on how they feel that day or on their wishes—"feelings" and "wishes" are the key words—that they are empowered and have the ability to say no. That is not taught alongside information on making the decision based on their feelings and wishes and on "safe sex", but it should be an equally viable option.

We have to re-examine thoroughly the content of sex education that is provided in schools, and consider whether what is currently offered is in the best interests of our children and society as a whole. Children learn

[Nadine Dorries]

about puberty and intercourse at the age of seven, and about pregnancy and contraception from the age of 11. Teaching a child of seven to apply a condom to a banana, without telling them that they do not have an obligation to go and do it, is almost like saying, "Now go and try this for yourself." At no stage of the curriculum does the teaching cover anything about relationships and the option to say no. Girls are taught to have safe sex, but not how to say no to a boyfriend who persists in wanting a sexual relationship. They are given no guidance on that whatsoever.

In a letter to the *Daily Mail*, a 14-year-old, Josie Parkinson, described the sex education that she had received at her local secondary school:

> "As a 14 year-old girl, I have had to attend four talks in the past nine months from a woman from a family planning clinic. I have been taught three times how to put on a condom; how easily pupils can acquire condoms free at a clinic; how to recognise sexually transmitted diseases and have them treated confidentially at a clinic; and that we do not need to tell our parents, GP, the police or anyone else in authority about being provided with contraception, or even having an abortion. There was not one mention of abstaining or any discouragement of sex."

For a girl or boy to have sex before 16 is unlawful, but they are told in school, "It is unlawful, but it's okay. You can have the condoms anyway." They should be told, "It is unlawful. You can have the condoms anyway, but why don't you consider, because it is unlawful, saying no and waiting until it is lawful?" That just is not taught to girls at school.

One factor constantly ignored by society is that peer pressure is a key contributor to early sexualised activity among the children of our country. Society is focused on sex. Our sex education teaches children how to have sex, not how to say no to sex. We ignore at our peril the fact that many girls feel pressurised into having intercourse when they are far too young, when what they actually need is their childhood.

In our sex education programmes, we need to promote the notion of abstinence and all the advantages that it brings, such as self-respect and not making relationship mistakes. It needs to be seen as a safe alternative. We need to let young girls know that to say no to sex when they are under pressure is a cool thing to do; it is as cool as learning how to apply a condom. It is as important as all the other issues that they are taught in sex education. It has to be taught alongside everything else so that young girls can say, "I have been told to say no."

12.47 pm

Chris Bryant (Rhondda) (Lab): I note that the hon. Member for Mid Bedfordshire (Nadine Dorries) said that it would be a disgrace, or something like that, if I were to speak on this matter because I am a man. Of course, I am a gay man, so I am not exactly an expert on heterosexual sex or sex with girls. However, I say to her that this is the daftest piece of legislation that I have seen brought forward. I agree about many of the problems that she has highlighted, and I will come on to those, but this is not the way to solve any of those problems.

For a start, the Bill is just about girls. I said that I am not an expert, but it seems axiomatic to me that if we want to tackle teenage pregnancy, we have to talk to the boys and the girls. Secondly, the Bill is just about 13 to 16-year-olds. I did a lot of research on teenage pregnancy a few years ago, and one of the great distresses for a large number of girls was that they got to their first period without knowing what was happening to their body. I think that proper education in schools, which gives girls and boys an opportunity to seize hold of their lives and make good decisions for themselves, should start long before a girl's first period.

Thirdly, the hon. Lady talks about an abstinence programme. Of course, the single most important thing that we can give any child in their education, boy or girl, is the self-confidence to make good decisions for themselves and, when they have made bad decisions, to be able to stand up to the consequences. There are things that we need to do through housing allocation and the benefits system to address those issues. However, there is no evidence anywhere in the world that an abstinence programme of sex education works in delivering the outcomes that she wants.

Fourthly, the hon. Lady refers only to sex education; she just wants sex education. She refers to the number of youngsters who are told how to put a condom on a banana. I have never understood why putting a condom on a banana or a cucumber is of any use to anyone, but she is absolutely right in saying that if sex education is just about teaching people the mechanics of having sex, it is effectively an advert. Rather than the present legal situation where the only obligatory bit is sex education—in other words, the mechanics and teaching people about sexually transmitted infections—there should be proper sex and relationship education starting at an early enough age to make a real difference.

The level of teenage pregnancy in my constituency is probably higher than in the hon. Lady's, because the map of high teenage pregnancy figures is the map of poverty in this country. I feel absolutely passionately about trying to cut the number of teenage pregnancies. Indeed, I have done a great deal of work on trying to do that in my constituency. The hon. Lady rightly refers to the statistics showing that we have the highest rate in Europe. It is not just higher than anywhere else; it is fives times higher than in Holland, three times higher than in France and twice what it is in Germany. Yet countries such Holland, France and Germany have much better sex and relationship education in their schools that starts at a much younger age and is much more explicit. That is part of the difference.

There are many other elements to trying to rectify this situation, but one of the reasons why many Opposition Members think that teenage pregnancy is such an important issue is that it is not just wealth that is inherited in this country; all too often, poverty is inherited, in many cases because of teenage pregnancy. Lots of teenage mums are absolutely wonderful—they triumph against the odds—but many of the babies that are born to teenage mums are much smaller and have more health problems, and if they are girls, they are three times more likely to become teenage mums. We thus perpetuate the cycle of poverty, particularly in certain parts of the country. That is why I believe that we should have far better sex and relationship education in schools.

Incidentally, I am delighted that a Labour Government, through resolute work between the Department for Education and the Department of Health, managed to cut the figures significantly in this country. History shows that the time when the figures grew most dramatically

was under Mrs Thatcher. We have now seen the figures for 2009, and they show that we have reached a record low compared with 1980. I am not at all complacent about that, because there is a great deal more to do. My own ten-minute rule Bill is in a charabanc situation and as unlikely to become legislation as the hon. Lady's.

We need to address other associated problems. The number of children in care in this country is a shock and a disgrace, and it has risen dramatically to 65,000 in England. It has gone up from 3,000 to 5,000 in six years in Wales. It is difficult to find good care arrangements for many of those youngsters. Hospital admissions for self-harm, particularly among young girls, have risen by some 30% in Wales over the past few years.

Yes, we have achieved great things for young people in recent years. Drug use has decreased over the past decade—some 7% of youngsters between the ages of 16 and 24 have used a class A drug. Contrary to what hon. Members will read in the national newspapers, drinking among 15-year-olds has decreased quite dramatically. Ten years ago, 58% of boys said that they drank alcohol; the figure is now 36%. The figure for girls is down from 54% to 30%. *[Interruption.]* Government Members may ask what that has got to do with teenage pregnancy, but every time that I talk to young people about teenage pregnancy, they tell me what happens: everyone has a great idea and a strong set of moral principles at 6 o'clock in the evening, when they have not had a drink, but by the time that they are blotto at 11.30 at night, all those choices disappear out the window, and they start to take much more risky decisions. That is why tackling the consumption of alcohol by youngsters is just as important as every element of sex and relationship education.

Some of those figures relate specifically to girls, but many more young men commit suicide than young women. Although the number of suicides among young people has fallen by a third over the past few years, the single most important thing that we can give to any young person is a sense of their own worth. Of course, some of them are in families or schools where they do not feel valued, but to introduce legislation that applies only to girls and refers only to sex education, rather than to the broad experience that young people have to have fulfilled, is a complete mistake.

Better legislation would ensure that girls and boys had proper, thorough sex and relationship education in all schools, with no school allowed to opt out. Yes, if parents want to opt out, that is fine. Yes, they should be able to draw up the curriculum, but schools should not be able to opt out because, as Ofsted has pointed out, the provision of sex and relationship education is very patchy in England, and we are letting down far too many of our youngsters.

Many teachers are frightened of providing such education because it is not a formal part of the curriculum. Youngsters pick up that fear, and that informs some of the bad choices that they end up making. Yes, we should teach self-confidence and self-worth. Some work done by the Joseph Rowntree Foundation showing that many young girls choose to get pregnant almost as a vocation or are so careless about having sex that they end up pregnant is very distressing. They often have no self-worth, they are not valued at home, and they find the educational arrangements at school difficult; but the moment they get pregnant, suddenly everyone comes round and provides them with support. Would it not be better if we gave them the support that they needed before they made that wrong decision for themselves?

In addition, we need to enhance out-of-school activities. I worry that many local authorities will cut youth services because of the situation with local authority grants. Youth services are often where young girls and boys have a positive role model for the first time in life that is not just an authority role model in school. That is why those services play such an important part in changing all this.

Finally, the only thing that I would add is that, sadly, many youngsters get only 10 minutes of sex education in their whole lives. They do not get proper sex and relationship education; they spend less time on it than we have had to debate the issue today.

Question put (Standing Order No. 23).

The House divided: Ayes 67, Noes 61.

Division No. 266] **[12.58 pm**

AYES

Aldous, Peter
Amess, Mr David
Bagshawe, Ms Louise
Baldwin, Harriett
Bebb, Guto
Bradley, Karen
Brazier, Mr Julian
Bruce, Fiona
Byles, Dan
Cairns, Alun
Campbell, Mr Ronnie
Cash, Mr William
Chope, Mr Christopher
Collins, Damian
Crouch, Tracey
Davies, Philip
de Bois, Nick
Dorries, Nadine
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Fuller, Richard
Gale, Mr Roger
Gray, Mr James
Hancock, Matthew
Heaton-Harris, Chris
Hemming, John
Hinds, Damian
Hollobone, Mr Philip
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Mr Marcus
Kwarteng, Kwasi
Leadsom, Andrea
Lefroy, Jeremy
Lilley, rh Mr Peter
Lord, Jonathan
Main, Mrs Anne
McCann, Mr Michael
McCartney, Jason
McCrea, Dr William
McIntosh, Miss Anne
McPartland, Stephen
Metcalfe, Stephen
Morris, James
Mosley, Stephen
Nuttall, Mr David
Offord, Mr Matthew
Paisley, Ian
Parish, Neil
Patel, Priti
Pawsey, Mark
Phillips, Stephen
Redwood, rh Mr John
Rees-Mogg, Jacob
Rosindell, Andrew
Scott, Mr Lee
Shannon, Jim
Smith, Henry
Stevenson, John
Stewart, Bob
Turner, Mr Andrew
Walker, Mr Robin
Walter, Mr Robert
Weatherley, Mike
Whittaker, Craig
Williamson, Gavin

Tellers for the Ayes:
Mr Brian Binley and
Dr Thérèse Coffey

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, Heidi
Bailey, Mr Adrian
Barron, rh Mr Kevin
Bayley, Hugh
Begg, Dame Anne
Bingham, Andrew
Chapman, Mrs Jenny
Clwyd, rh Ann
Cooper, Rosie
Creasy, Stella
Cryer, John
Cunningham, Mr Jim
Donohoe, Mr Brian H.
Engel, Natascha
Farrelly, Paul
Flynn, Paul

Fovargue, Yvonne
Freer, Mike
Gapes, Mike
Gardiner, Barry
Gilbert, Stephen
Green, Kate
Hemming, John
Hilling, Julie
Horwood, Martin
Huppert, Dr Julian
James, Mrs Siân C.
Lavery, Ian
Mactaggart, Fiona
McDonnell, John
McGovern, Alison
Mearns, Ian
Miller, Andrew
Morris, Grahame M. *(Easington)*
Munt, Tessa
Murray, Sheryll
Newton, Sarah
Offord, Mr Matthew
Pearce, Teresa
Raynsford, rh Mr Nick
Reid, Mr Alan
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Ruddock, rh Joan
Russell, Bob
Sanders, Mr Adrian
Sharma, Mr Virendra
Sheerman, Mr Barry
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Sir Robert
Stevenson, John
Stringer, Graham
Swales, Ian
Turner, Karl
Walley, Joan
Watts, Mr Dave
Winnick, Mr David

Tellers for the Noes:
Kelvin Hopkins and Mr Andrew Love

Question accordingly agreed to.

Ordered,

That Nadine Dorries, Thomas Docherty, Mr Julian Brazier, Dr Thérèse Coffey, Mr Edward Leigh, Fiona Bruce and Mark Pritchard present the Bill.

Nadine Dorries accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 20 January 2012, and to be printed (Bill 185).

Finance (No. 3) Bill

(Clauses 4, 7, 10, 19, 35 and 72)

[Relevant document: The Eleventh Report from the Treasury Committee, Finance (No.3) Bill 2010-11, HC497.]

Further considered in Committee (Progress reported, 3 May)

[MR LINDSAY HOYLE *in the Chair*]

Clause 4

MAIN RATE FOR FINANCIAL YEAR 2011

Question (3 May) again proposed, That the clause stand part of the Bill.

1.9 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): It is a great pleasure to begin today's proceedings by winding up today's debate, or at least the first of our debates this afternoon, which was one of our debates this morning. It is on clause 4, which sets out the main corporation tax rate for the financial year beginning on 1 April 2011, reducing it to 26%. The measure introduces a further reduction of 1% for this financial year, in addition to the 1% cut that was legislated for last year. Further 1% reductions to the main rate will be made in each of the next three years, taking the rate to just 23% in 2014-15.

Those changes will lower the tax bill of around 45,000 companies that pay tax at the main rate, and of 40,000 companies that are taxed at the main rate but that benefit from the marginal relief. To explain that further, the changes will affect incorporated businesses that have profits of between £300,000 and £1.5 million that pay corporation tax at the main rate reduced by marginal relief, and those that have profits of more than £1.5 million that pay corporation tax at the main rate in full. As I said, clause 4 sets the rate at 26%—the adjustment to the marginal relief fraction is made in clause 6.

Clearly, a thriving private sector must be at the heart of our plan for growth. As we reduce spending, as we must if the UK is to live within its means, only the private sector can spearhead the recovery. We must therefore show that the UK has an attractive tax system and is open for business. This Government are taking action to show the international business community just that. The UK is the right place to do business, and our tax system is one reason why. Our priority is securing strong, sustainable and balanced growth, and clause 4 will help to see to that by supporting investment and by incentivising activity across the economy.

Mr David Hanson (Delyn) (Lab): I realise that we debated this much earlier this morning, but much of our discussion was on the outcomes of this process. The Opposition do not object to the purpose of the corporation tax cut, but I would welcome clarity from the Minister. How many jobs does he believe will be saved because companies do not move abroad because of the cut, how many new jobs will the cut attract by bringing new investment into the country, and what growth does he

expect to result from the investment that we are taking away? As was said last night, we are forgoing a considerable sum of corporation tax income, and I should like clarity on what the Minister believes will be the solid outcomes of that.

Mr Gauke: First, I warmly welcome what the right hon. Gentleman says about supporting the reduction in the corporation tax rate. In seeking to persuade investors to invest in the UK, it is important that we have a strong, solid, cross-party consensus that the UK should have competitive, low rates of corporation tax. To the extent that the official Opposition take a clear, supportive view of what the Government are trying to do, that is helpful to our ambitions, and I welcome it. I am keen to ensure that they maintain that position.

The right hon. Gentleman asked about the specific impacts and outcomes of the measure. If he will be patient and let me first set out why I think the steps that the Government have taken on corporation tax are helpful, I will say as much as I can about the likely outcomes later. I should also thank him for quoting at considerable length one of my speeches on this subject. I am tempted to refer him to his own speech when he quoted my speech, but that would be a little circular.

Mr Edward Timpson (Crewe and Nantwich) (Con): On anticipating the outcomes of reducing corporation tax, does my hon. Friend recall that one key aspect of the Federation of Small Businesses general election manifesto was a reduction in corporation tax and the benefits that that would have to small businesses around the country?

Mr Gauke: I am grateful to my hon. Friend, because he brings me to the subject of the small profits rate of corporation tax. That is not specifically addressed by the clause, but the previous Government intended to increase the small companies rate, as it used to be called, from 21% to 22%. In the previous Budget, this Government announced that we would not increase it to 22%, but reduce it to 20%. That policy, along with our policy on employers' national insurance contributions, was warmly welcomed by the FSB. That demonstrates the Government's commitment, at a difficult time for the public finances, to ensuring that we have the strong, private sector growth that the economy so badly needs.

1.15 pm

Let me briefly set out why reducing corporation tax rates is important. A competitive rate helps to sell the UK as a place to do business, and encourages businesses to invest and thrive here, which is vital if our economy is to grow. My right hon. Friend the Chancellor has had to take some difficult decisions since the election, and clearly, because of the size of the deficit we inherited, we cannot rely on unsustainable public sector spending to carry the economy. We need to rebalance the economy and to remember the value of enterprise. Growth in the public sector feeds the deficit, but growth in the private sector feeds the recovery that the country needs.

Budget 2011 delivers a fiscally neutral package of measures, and the Government remain on course to deliver our fiscal consolidation plans. The costs of policy decisions announced in the Budget are broadly offset in each year by measures that raise revenue, but within that fiscally neutral envelope, Budget 2011 includes action to support private sector recovery and to improve the long-term sustainability of the public finances.

The Government published our plan for growth, which is the first phase of the growth review, which involves action across the economy. The further 1% reduction in the main corporation tax rate will help us to achieve the ambition of growing the private sector, regaining even more of the competitive advantage that we have lost in recent years.

However, that is only one part of the Government's strategy to remove barriers to growth. In his speech much earlier today, the right hon. Member for Delyn (Mr Hanson) argued that corporation tax rates are not everything, and he is right, but the Government have set out in our plan for growth policies that aim to put the UK on the path to sustainable, long-term economic growth. It is worth quoting John Cridland, the director-general of the CBI, who said:

"This Budget will help businesses grow and create jobs. The Chancellor has made clear the UK is open for business...The extra 1p cut in corporation tax will help firms increase investment."

Mr Andrew Love (Edmonton) (Lab/Co-op): When the Office for Budget Responsibility was informed late of the additional 1% reduction in corporation tax, it commented that the impact on growth would be minimal. How does the Minister explain that in the context of the claims he is making for that reduction?

Mr Gauke: Let me turn to the impact of this measure. When the OBR analysed the corporation tax package that was announced in 2010, it made it clear that that would help with the cost of new capital investment in the UK. It expected that the recovery would be supported by business investment, and the reductions in corporation tax underpinned its forecast for strong business investment growth over the next five years. In June, the OBR increased its estimate for expected investment and gross domestic product in response to the corporation tax package. Its analysis was that the resulting 3% reduction in the cost of capital would

"promote a higher level of business investment...than would otherwise have been the case."

In total, that resulted in a forecast of an additional £13 billion of business investment by 2016.

The right hon. Member for Delyn asked about particular businesses and sectors. However, the best way to run an economy is not the Government dictating from the centre. Running an economy is about providing a competitive environment in which businesses from all sectors can grow. Making sectoral forecasts tends to be difficult, and there are severe accuracy questions.

Mr Hanson: I am trying to be helpful and to seek clarity on what the Exchequer Secretary would regard as success, given the investment he is making through not collecting the previous level of corporation tax. In our discussions on the National Insurance Contributions Act 2011 before Christmas, an amendment was tabled to ensure an opt-out in certain parts of the United Kingdom. An assessment was made of the number of jobs that would be created by the measure. I am asking whether he has made a similar assessment with his officials of the potential of this measure to have an impact on growth and jobs in our economy.

Mr Gauke: As I said, the OBR considered the package in the June 2010 Budget and incorporated the changes along with other announcements. From that it anticipated an increase in business investment, and clearly there was a link between the corporation tax package and that increase in investment. We believe that by reducing the cost of capital, we will increase business investment above the levels that would otherwise have been the case.

I was struck by the right hon. Gentleman's speech this morning in which he took considerable time to outline more than once the unemployment numbers in various regions of the UK. I was struck by the contrast between the argument he appeared to be making this morning, which was that the corporation tax cut needs to be targeted at regions with higher unemployment, and the argument he made during our considerable debate on the National Insurance Contributions Act, which was that it was wrong for us to target the national insurance contributions holiday at regions where the public sector was strong and unemployment high. I am not sure there was much consistency there, but there was great ingenuity in his speech earlier today.

Jim Shannon (Strangford) (DUP): Obviously any advantage to industry is to be welcomed. I understand that figures released show that only 4 million people are employed in the manufacturing sector. Has the Exchequer Secretary discussed how the corporation tax changes will benefit that sector? Is the cut acceptable to the sector? Does it feel that it will achieve the recovery in that important sector? The Government have recognised it as an important growth industry, so I would be interested to hear his response.

Mr Gauke: I suspect that we will debate manufacturing at greater length in the next group of amendments. However, manufacturing will benefit from the package as a whole, including the changes to capital allowances. It will benefit considerably. Indeed, it is one of the sectors that pays a great deal in corporation tax. We also believe that the changes will benefit all regions. It is perfectly right for the right hon. Member for Delyn to highlight the different requirements in different regions, and as the hon. Member for Strangford (Jim Shannon) will know, the Government are exploring the case for greater flexibility for corporation tax in Northern Ireland. We continue to explore that matter.

On the subject of jobs, the OBR, in its 2011 Budget publication, forecast that 2010-15 total employment would increase by about 900,000. That will not all flow directly from the corporation tax cut, but that reduction will play a part in it. We also have to recognise that most of the recent academic analysis—certainly a recent report published by the OECD—makes the case that taxes on corporation income are the most growth-inhibiting ways of raising revenue. They are inefficient, so it is right that we seek to have a lower rate of corporation tax to help the economy.

Mr Love: May I press the Exchequer Secretary on the benefits for growth and potential employment arising from these measures? According to the Red Book, the corporation tax decrease in the Budget will cost £1 billion by 2015. That is on top of £4 billion from the previous Budget. However, the changes in allowances and other aspects of the corporation tax bring in only £2.7 billion. That leaves a significant gap. The Opposition would not be doing their duty properly if they did not ask what benefits will be delivered by that significant cut in corporation tax.

Mr Gauke: I am grateful to the hon. Gentleman for acknowledging that it is a significant gap. It is a considerable tax cut for businesses in order to get them to grow. Reducing corporation tax will reduce the revenue we take from an inefficient tax, thereby increasing the rate of return on investment and resulting in greater business investment, greater productivity, higher wages and salaries and more jobs. It is important that we have a dynamic private sector, and that is exactly what we are about.

We have to be internationally competitive. Our tax system is not as competitive as it once was. Over the past decade, our competitors have seized the opportunity to cut their corporation tax rates faster than we have. In 1997, the UK had the 10th-lowest main rate of corporation tax among the 27 EU countries, but by 2010 we were 20th. As a result of the reforms announced in the Budget by my right hon. Friend the Chancellor, the UK will have the fifth-lowest corporation tax rate in the G20, and by the end of this Parliament, it will be the lowest of any major western economy and the lowest rate this country has ever known. By taking our corporate tax rate right down to 23%, we are going further in restoring Britain's international competitiveness with a corporation tax rate 16 percentage points lower than America's, 11 percentage points lower than France's and seven percentage points lower than Germany's. It will be the lowest corporation tax rate in the G7. We are pleased that we have been able to make progress in this area.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I am sorry to have missed the many speeches yesterday by the Exchequer Secretary and in particular my right hon. Friend the Member for Delyn (Mr Hanson). I missed them because I was campaigning in west Worcestershire with 50 young people protesting against the decision of Worcestershire country council to withdraw funding from Rubery youth centre, which has played a key role in lowering antisocial behaviour in the area. Have the Exchequer Secretary or his Treasury colleagues considered the impact of the corporation tax cut on the funding of crucial public services, such as youth services?

Mr Gauke: I am a little disappointed that an Opposition Front Bencher should be so negative about the reduction in corporation tax, given that his colleagues seem to be more enthusiastic.

Mr Thomas: That is not answering the question.

Mr Gauke: Let me make this point. The hon. Gentleman talked about being in west Worcestershire. I was there two weeks ago for a meeting with local businesses. I met manufacturers who had full order books and were expanding, investing, welcoming the opportunity to expand their businesses and recognising that the Government were putting in place the conditions for strong private sector growth. It is through such growth that we can have sustainable public finances and we can afford to have the public services that we would all like. However, it is no good spending money that we do not

have. The move towards a lower rate of corporation tax will enable us to have stronger, sustainable public finances and a dynamic private sector. It supports the Government's ambition to achieve the most competitive tax system in the G20, and I therefore commend clause 4 to the Committee.

Question put and agreed to.

Clause 4 accordingly ordered to stand part of the Bill.

Clause 10

PLANT AND MACHINERY WRITING-DOWN ALLOWANCES

Mr Hanson: I beg to move amendment 6, page 6, line 22, at end add—

'(14) The Chancellor shall publish, by 31 October 2012, an assessment of the impact of the changes to capital allowances on the UK economy.'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss clause stand part.

Mr Hanson: You have caught me slightly off guard, Mr Hoyle. I was expecting my hon. Friend the Member for Hayes and Harlington (John McDonnell) to participate in the previous debate, but I shall plough on as ever. It is good to see you back in the Chair. I hope that you had a refreshing evening's sleep after we had considered earlier matters.

1.30 pm

Clause 4, which we have just agreed without a Division, and clause 10 are inextricably linked. I hope that there will be another opportunity to discuss and probe with the Minister the impact of the proposals in clause 10, as they relate to the proposals in clause 4 that we have just approved. The effect of clause 10 is to reduce the rates of writing-down allowances for new and unrelieved expenditure from the relevant dates, which are 1 April 2012 for corporation tax and 6 April 2012 for income tax. As the Minister will know, the main rate will be reduced from 20% to 18% and, for special rate expenditure, from 10% to 8%. Special rate expenditure includes expenditure on long-life assets, thermal insulation and integral features, as well as expenditure incurred on or after 1 April 2009, with cars with CO_2 emissions of more than 160 grams per km due for consideration under the clause. For chargeable periods that straddle the relevant date, the rate of the writing-down allowance is a hybrid of the rates before and after the change. The purpose of the amendment is not necessarily to oppose clause 10, but simply to ask the Government for a review of the impact of the abolition of capital allowances for smaller businesses and businesses that are more likely to invest, such as manufacturers generally.

Andrew Gwynne (Denton and Reddish) (Lab): My right hon. Friend is making an important point that is indeed linked with the previous clause. Clause 4 deals with the corporation tax cut, which is one side of the coin, but the other side is obviously investment. Constituencies such as mine are still heavily dependent on manufacturing industries—indeed, almost disproportionately so. Although local businesses that have spoken to me about the Budget measures have welcomed the corporation tax cut, they are incredibly concerned about the changes to capital allowances, which they think will serve as a disincentive for them to invest in the long term.

Mr Hanson: My hon. Friend makes some valid points. I know that he defends his constituency and the whole of the north-west region strongly when it comes to the importance of manufacturing industries. One issue that I want to explore with the Minister is the very question of whether the capital allowance reductions proposed in clause 10—as well as other in clauses, which we will consider in due course upstairs in Committee—will have an impact on the job creation and investment proposals that we are considering today. Unemployment in my hon. Friend's region in the north-west will be very high, at around 9%, which again indicates the importance of generating and regenerating manufacturing industries in those areas.

Capital allowances allow businesses to write off the cost of certain capital assets, including plant and machinery, to arrive at their business profits. Capital allowances take the place of commercial depreciation, which is not allowed for tax. There are certain first-year capital allowances that allow 100% of a business's expenditure on specific, environmentally-beneficial plant or machinery to be written off in the year that the expenditure is incurred. There is also the annual investment allowance, which allows businesses to write off the whole of their expenditure on most plant and machinery, up to a limit in the year in which it is incurred. Expenditure on plant and machinery not covered by the allowances also attracts writing-down allowances, at either the main rate or a special rate.

The changes in clause 10 are part of the package of corporate tax reforms announced in the Government's 2010 Budget, as the Minister will undoubtedly explain later. The amendment calls for a review of the impact of the Government's abolition of capital allowances for smaller businesses in 15 to 16 months—that is, October next year—when these allowances will have been operational and we can see what the growth potential in the economy has been over that period thanks to the corporation tax measures in the Budget, as well as the impact of stringent public spending cuts and rising unemployment across the UK.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): In the debate yesterday evening and earlier today, there were many references from Opposition Members to the concerns raised by the British Chambers of Commerce and the Federation of Small Businesses, and my right hon. Friend has referred to the CBI. Can he say whether those organisations support the review that is being requested, and whether he has had a chance to discuss the Government's plans with them?

Mr Hanson: I want to refer to a number of comments that have been made in this debate. Perhaps I could start by being helpful to my hon. Friend and referring him to what Lord Northbrook said. Lord Northbrook does not take the Labour Whip in another place or even the Liberal Whip; he takes the Conservative Whip. He considered a range of issues on Second Reading in another place, and said of this proposal:

"How does the reduction in capital allowances square with the Government's wishes to encourage a more manufacturing-based economy?"—[*Official Report, House of Lords,* 26 July 2010; Vol. 720, c. 1172.]

[Mr Hanson]

That is a tempered criticism, but it raises the very question that I wish to raise with the Minister. On the one hand, to help growth we have corporation tax cuts—which the Committee has just supported, although we want to see an estimate of the outcomes—but on the other hand, we have massive reductions in capital allowances, which are specifically designed to encourage businesses to invest in plant and machinery, and environmentally efficient equipment, all of which will help to build jobs and growth for the future. However, I will return to my hon. Friend's point in due course.

The key reason to consider the matter in depth is that, as the Office for Budget Responsibility—the Government's own creation—has said, even after this year's Budget, which the Chancellor has dubbed a "Budget for growth", growth will be lower this year and next year than it was predicted to be around this time last year, when my right hon. Friend the Member for Edinburgh South West (Mr Darling) was Chancellor of the Exchequer. Slower growth and rising unemployment will make it harder to make the deficit fall. It is therefore even more important that we encourage as much growth, manufacturing and manufacturing investment as we can, to help counterbalance the massive effects of large spending cuts, which will put many people out of work and have a knock-on effect in the private sector.

Even after the measures in the Budget are taken into account, the OBR has said that growth will be much lower this year and next. In 2011, growth is now forecast to be just 1.7%, compared with a forecast of around 2.6% a year ago. The estimated rate of unemployment has been revised upwards to 8.2%, from 8%. Despite all the discussions and the measures that we have seen so far, there is still fragility out there. We are not sure how the economy will perform in the next 12 months, nor are we sure whether it will retain its strength and grow, or whether manufacturing investment in particular will grow. We are taking a potential risk by balancing the growth in corporation tax, which the Minister believes will occur because of the cuts that have been proposed, against the cut—admittedly of 2%, but still a cut—in capital allowances proposed by clause 10.

The amendment simply says that at some point in the future—October 2012—we should have a break point, when we review what has happened since the allowances came into effect, which will be next year, against the corporation tax cuts, which come into effect now, and the other issues in the economy, which, although they are not before the Committee, are still relevant to this debate. As I did last night, I wish to refer to the fact that unemployment is still high across the United Kingdom. We need to grow the economy and grow manufacturing jobs, yet the cut in clause 10 may well impact on our current fragile growth. As I mentioned last night, unemployment in the UK is highest in the north-east, at 10.2%. I notice that my hon. Friend the Member for Hayes and Harlington is here, as well as my hon. Friend the Member for Poplar and—

Jim Fitzpatrick: Limehouse.

Mr Hanson: I still think of my hon. Friend as the Member for Canning Town; it is a habit that is hard to break. Just as I was about to say "Canning Town", I realised that I was wrong, which is why I paused for a moment. In London—including the constituency of my hon. Friend the Member for West Ham (Lyn Brown)—the unemployment rate is 9.4%. London is a centre of prosperity, and it has growth in many parts, but if we are to encourage manufacturing industry in London to soak up those unemployed people and get them back into jobs and spending, it will be necessary to have an assessment of whether, downstream, the capital allowance cuts have been good or bad for unemployment rates.

The unemployment rate in the west midlands is 9.9%. In Yorkshire and the Humber, it is 9.3%. In my own region, Wales, it is 8.7%, and in Scotland it is 8.1%. Those are high levels of unemployment, and I want the Government to make an assessment of whether the capital allowance cuts will particularly hurt manufacturing industry in the north, the north-west, Yorkshire and the Humber and in the north-east, where my hon. Friend the Member for Tynemouth (Mr Campbell) has his constituency, more than it might do in the south, the south-east and the south-west, where the unemployment level is only 6%. That level is still high—it is 100% for those people who are unemployed—but it is still only 6%, compared with the higher levels at the heart of challenging constituencies in London and in the north and north-east.

Jim Fitzpatrick: When I won the seat of Poplar and Canning Town in 1997, the level of unemployment there was almost 17%. When Labour left office last year, it was down to about 9%. That was still between two and three times the national average, but it was a lot less than it was when we won the election in 1997 because of the efforts that the Labour Government put into attacking unemployment as the scourge of our economy. My right hon. Friend is making a strong argument that unemployment is not now going to be attacked as aggressively as we would hope, because of the economic policies of the coalition Government. I would like him to continue in this vein and to outline how we think it ought to be attacked, because it is the scourge of our economy.

Mr Hanson: I am grateful to my hon. Friend for making that valid point. I know that he is committed to bringing jobs and investment to his part of east London, as indeed my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) is to the north-west and elsewhere.

I am not saying that we will not approve the cuts in capital allowances in due course. I am simply asking the Minister to monitor their impact, and if they are becoming detrimental, given the corporation tax cut to which they are inextricably linked, we shall need to look at how the process will continue.

Andrew Gwynne: My right hon. Friend is right to say that we shall need a regular assessment, because the regional economies do not stand alone. The decisions taken in one region might have an impact on another. An example is Mono Pumps, a manufacturing company in the Tameside area, part of which my constituency covers. It was one of just 50 schemes announced in the regional growth fund, and it is to relocate to a new facility on the Ashton Moss regional employment site in my constituency. That move is now being jeopardised because of supply chain issues with a manufacturing

company based in Gloucestershire and south Wales. We need to ensure that manufacturing as a whole is supported across the United Kingdom, and only the kind of assessment that we are proposing will ensure that such regional disparities are properly looked into.

1.45 pm

Mr Hanson: My hon. Friend makes my case for me very powerfully. I am simply saying to the Committee that these are important changes. We have approved the corporation tax cut, but we are still sceptical about whether the capital allowance cut will be a successful policy, rather than simply an addition to the public spending cuts that the Government are making across the board, which will have a knock-on effect on the private sector just as much as on public sector jobs.

Mike Freer (Finchley and Golders Green) (Con): Just a quick question: if the higher corporation tax and the capital allowances were so valuable, why did manufacturing jobs shrink under the previous Government?

Mr Hanson: The hon. Gentleman will know that there are many challenges across the board, and manufacturing is always going to be a changing, moving field. In my area of north Wales, for example, manufacturing grew quite dramatically. In my constituency, we make the Airbus aeroplanes, which you will know very well from your constituency in Bristol, Ms Primarolo. That has been a major growth industry, in partnership with Government investment, Government backing for investment and Government loans and grants to help to grow the private sector and create jobs. The people who have those jobs then spend their wages in the local economy, creating further jobs in shops and in other manufacturing areas across the board. It is therefore an ever-changing field.

I have tried to make it clear to the Minister that we support the general direction of travel on cutting corporation tax, because we do not want the UK to be uncompetitive with our neighbours. In our discussion on clause 4, I was simply seeking an assessment of how the Minister will measure the success of the provision, because we will be forgoing a considerable amount of resource and we will need to measure a success that we do not yet know. The proposal on capital allowances goes hand in hand with the proposal on corporation tax. We will be paying for that cut in part with a major slashing of investment allowances by £2.6 billion under these proposals. Again, I am simply asking for an ongoing assessment of the impact of the measure, because it might work and it might not. I fear that cutting the allowances will lead to a lack of investment, a lack of growth and a further reduction in the manufacturing industry that the hon. Member for Finchley and Golders Green (Mike Freer) is seeking to protect and develop. I want to test the Minister on these issues so that he can justify to the Committee why he is making these cuts.

Nigel Mills (Amber Valley) (Con): The right hon. Gentleman is making an interesting case. Would he care to comment on whether any work was done by the previous Government when the capital allowance rate was reduced from 25% to 20% to determine whether that cut had the kind of damaging consequences that he now envisages with the cut to 18%?

Mr Hanson: To be honest, I do not know. I was not a Treasury Minister in the last Labour Government. I spent my time in Northern Ireland, in prisons, in probation and in the Home Office—*[Interruption.]* Perhaps that is not an area into which we should progress this afternoon, however. In the spirit of cross-party discussion of these matters, I acknowledge that the hon. Member for Amber Valley (Nigel Mills) has made a valid point, but, whatever the previous Government did or did not do, the economy was stronger than it is now when those cuts were made to the capital allowances. We can debate the reasons for that for a long time, and we can disagree or agree on the issues, but we now have growing levels of unemployment, slowing growth and public spending cuts that have not yet hit the public and private sectors. There are estimates that up to 500,000 people in the public sector will lose their jobs, which will have a knock-on effect on the private sector. We are seeing the squeezing of the middle in relation to child benefit and working families tax credits, and poverty and wage freezes are hitting hard.

All those factors are going to hit the economy hard in the next 18 months to two years. The Minister is proposing to cut the capital allowances from April next year, and all we are asking in this modest amendment is that the Government review where we are in October 2012, given the tortuous procedures that we are going to go through in the next 18 months as the squeeze has its effect. The Minister will undoubtedly accept that that is going to happen, because it is part of the Government's policy to make it happen, and we are keen to ensure that, at the end of that period, we do not lose valuable manufacturing capacity and jobs.

Mr Love: Is not the key point here the Minister's inability to give us hard figures on the improvement in growth and employment? Our request, through the amendment, is that we look carefully at that, because the Government are making major claims about growth in the economy as a result of these measures, as well as rebalancing the economy away from financial services towards manufacturing. Surely the amendment will give us the opportunity to test those claims.

Mr Hanson: Indeed. We are dealing specifically with clause 10, but it overlaps, as will be discussed further, with clauses 11 and 12. Manufacturing is a key part of our economy, but it needs support in order to fuel future jobs growth. The Government thus need to explain today and later in Committee upstairs why they are cutting investment allowances for manufacturers by about £75,000 and using that money to give a corporation tax cut that will go predominantly not to manufacturing, but to financial services industries.

I have made a claim, and I am happy for the Minister to challenge it and to explain why the corporation tax cut we considered and agreed in clause 4 will be skewed towards the financial services industries which are not creating manufacturing jobs. I originally hoped to have clauses 4 and 10 considered in tandem as they are inextricably linked. The key issue is that the corporation tax cut is going predominantly to a certain sector, while the manufacturing capital allowance cut will predominantly hit manufacturing industry. We need to reflect on that.

I will refer briefly back to clause 4, but it is relevant, Ms Primarolo. The Chancellor's "Budget for growth", which he trumpeted in March, included an additional

[Mr Hanson]

1% corporation tax cut at the final moment. We know that, because the Office for Budget Responsibility said in paragraph B13 of the Budget 2011 policy costings:

"The OBR was notified of the change to corporation tax and the 1p cut in fuel duty from 1 April 2011 too late to incorporate any indirect effect of these measures in the economy forecast."

If so, the capital allowances under clause 10 will come into effect with that reduction next year, but there is no assessment of whether the additional corporation tax cut, along with the fuel duty rise and other issues I have mentioned, will impact positively or negatively next year. Given the lack of thought and consultation on those issues, we need to reflect on them at an early stage, which is what the amendment says.

John McDonnell (Hayes and Harlington) (Lab): There is anxiety about the lack of assessment; it was undertaken so perfunctorily by the OBR because it was a last-minute decision by the Chancellor. Will my right hon. Friend comment on the grounds for that decision being taken in such a last-minute manner? Was it a political stunt? Was there a rationale for it? How does he understand not just the decision itself, but the fact that it happened literally in the final 24 hours—at the last minute—before the Budget?

Mr Hanson: I could speculate on those points for my hon. Friend, but the Minister might be in a better position to comment on them. I will give my hon. Friend one thought, however. Perhaps the Chancellor realised that unemployment is rising because of the squeeze on public spending over the year; that growth is slowing because people feel uncertain in their jobs and businesses are not willing to invest; and that the level, depth and speed of public spending cuts over the next two years will lead to growing unemployment—not just in the public sector, but in the private sector, as people in private businesses depend on public investment. For those reasons, I suggest, the Chancellor has had to make additional changes to do what I believe is the right thing: to try to stimulate private sector growth.

If last-minute thought has been given to the impact of corporation tax changes and if full assessments have not been made of the impact of VAT on public spending cuts, we need to be aware that capital allowance reductions are coming into effect in April next year. The amendment simply says:

"The Chancellor shall publish, by 31 October 2012, an assessment of the impact of the changes to capital allowances on the UK economy."

I find it difficult to think of anybody who would object to that. I am sure that the Treasury would make such an assessment as a matter of course in any case. Any good business—and the Treasury is a good business—would look at its outputs, outcomes and impacts and reflect on how they will affect the customer base, which in this case is manufacturing industry.

I have real concerns about the decision to reduce the rate of writing-down allowances for new and unrelieved expenditure, as I believe it could impact adversely on smaller businesses and on businesses that are more likely to invest, such as manufacturers. I say this because the Government regularly claim that small businesses are the key to future growth in the economy. Who depends on a capital allowance more—a very large or a smaller business? The argument I put to the Minister is that small businesses would be more affected.

Nobody disagrees with the fact that the UK should have a competitive tax regime, and the corporation tax cut should help with that in principle. The Government are paying for it by the measures in clauses 10, 11 and 12—slashing investment allowances by £2.6 billion. The package will penalise companies that invest, particularly manufacturing companies, in order to offer tax cuts that will disproportionately benefit the banks and the financial sector. At a time when the Government claim they are rebalancing the economy by trying to encourage manufacturing, this package could—I say could—do the reverse.

The Institute for Fiscal Studies has said:

"The largest beneficiaries from the package of measures"—

including corporation tax and capital allowances—

"will be high-profit, low investment firms",

such as financial services, while the cuts to allowances under clauses 10, 11 and 12 will

"have the largest impact on those firms with capital-intensive operations",

such as manufacturers. That is a direct quote—from page 229, for the Minister's reference—from the IFS Green Budget 2011. The IFS also agrees:

"The losers would be firms that invested heavily but made little profit—notably in the manufacturing and transport sectors but also some capital-intensive service-sector firms. The winners will be less capital-intensive but more profitable firms, historically typified by the financial sector."

I do not know whether it will pan out like that in real life, but my point is that if it does, clauses 4 and 10 together will mean giving a corporation tax cut that benefits the financial services sector most and a capital allowance cut that damages the private sector of small and medium-sized manufacturing industries most. That cannot be a good recipe for growth in the economy.

Andrew Gwynne: One of my concerns is that as we try desperately to rebalance the economy, we need to invest in some of the new high-tech and emerging industries, particularly in the renewable energy sector, which is incredibly capital-investment intensive. Does my right hon. Friend worry, like me, that these changes could put off growth in that emerging technology?

Mr Hanson: My hon. Friend makes a valid point, as it is exactly those companies that require capital investment support. The move will penalise companies that invest in manufacturing—for example, the car industry, advanced manufacturing, wind turbine manufacturing, and research and development across the board. These big manufacturing concerns are going to create the jobs of the future as well as protect current manufacturing jobs at a time when consumer demand might well be fragile because of high levels of unemployment, high levels of public spending cuts and general concerns about the squeeze on the economy and on people's living standards and incomes generally.

PricewaterhouseCoopers has said:

"Many clients will balance the modest reduction in the capital allowances rates with the staggered reduction of the rate of Corporation Tax…Whilst the declining rates of capital allowances,

in isolation, do not produce any winners, some businesses will benefit when the CT rate change is also taken into consideration. Capital intensive businesses"—

this is the key point—

"are likely to feel the reductions more, since they will have larger capital allowances pools."

Deloitte has said:

"For some businesses the reduction in writing-down allowances for plant and machinery will be offset by the reduction in the main rate of corporation tax from April 2012."

We accept that.

"However"—

and this is the key point—

"capital intensive companies...may not benefit to the same extent."

2 pm

In its response to the Treasury Committee in the tax experts' report on the Bill, the Chartered Institute of Taxation reported:

"The various changes to capital allowances do not score well under coherence"—

its key test.

"The changes to short life assets seem to be an attempt to solve problems created by the reduction in writing down allowance rates at a cost of increasing administrative burdens. It would be better to have a proper long-term commitment to capital allowance rates. Reducing capital allowances to 'pay' for corporation tax rate cuts penalise unincorporated businesses and make the business tax system look as if it is lacking coherence."

I am not arguing that we should not undertake those capital allowance cuts. There may or may not be such an argument to be made, but what worries me is the overall impact of those cuts when married to the corporation tax cut. I am simply asking the Government to make a continuous assessment. I am asking them to publish an assessment six months after the implementation of the capital allowance cuts in April next year and, during the run-up to their implementation, to monitor the economy as it is now, so that we can establish whether they are on the right track.

In a report published yesterday, the Association of Chartered Certified Accountants said that

"it should be borne in mind that for large businesses with significant investment in plant and equipment, any changes to the tax cost of those assets will impact on long-term investment plans."

I do not know whether that statement will prove to be right or wrong. I am simply saying to the Minister that he should reflect carefully, monitor the situation, and report back to the House. In October 2012, we will have experienced six months of the capital allowance regime and 18 months of the corporation tax cuts. We need to ensure that we are indeed on the right track, and that growth has not been hampered by the Government's measures.

I should like to know what consultation took place and with which business organisations. I suspect that the consultation was not as thorough as it might have been. Will the Minister tell me with whom he discussed the proposals, when he discussed them, what the responses have been, and what he considers to have been the response across the board from capital-intensive businesses since the announcement in the Budget? When we deal with clauses 11 and 12, I shall want to know whether there was any adverse reaction to them.

I suggest to the Minister that there should be an assessment of the long-term position. I hope he will accept that the amendment is designed not to torpedo his proposals, but simply to express our concern about certain aspects of the configuration between the corporation tax cut proposed in clause 4 and the capital allowance cut under clause 10 and the clauses that we will consider later. I ask him to place a flag in the sand signifying that after a period the Government will review the impact of those cuts to establish whether the fears expressed by people including my hon. Friends and me are materialising. We hope that they will not materialise, but if they do, we shall need to consider how to change track in due course.

Nigel Mills: It is with a small amount of pleasure that I rise to speak about tax issues, having spent 13 years advising companies on them, mostly under a Labour Government. It was kind of the right hon. Member for Delyn (Mr Hanson) to mention my two former employers and the various comments that they have made, which I happily endorse.

I want to comment on the request for a review of the proposed reduction in capital allowances partly because I think that we are in a strange position overall. The purpose of capital allowances is to give businesses tax relief on their capital investment in order to encourage them to invest in plant and machinery. We used to try to encourage them to invest in industrial buildings and factories, but we have stopped doing that now.

The attraction of the capital allowance system used to be the ability to incentivise people by accelerating tax relief. Forty years ago someone who invested in a piece of equipment with a 10 or 15-year useful life could accelerate the tax relief on it quite far in advance of the overall spread of its useful life, but I am not sure that that is where we are now. How many businesses in our constituencies will invest in equipment when they are not certain that its useful life will be even 10 years? If they expect it to be five or six years, the present mechanism will not work at all.

A simple calculation will show that, given an 18% writing down rate, an investor will still not have received tax relief on 30% of his investment in a piece of equipment. After eight years, he will still have not have received 20%. He may anticipate a fairly large residual scrap value if he can sell the equipment on, but that is on the assumption that a good deal of its useful life remains, and I am not sure how realistic that assumption is.

If we are to have a review, let us review the whole capital allowance system to establish whether it is really giving businesses an incentive to invest. Perhaps we should have a look at what they are actually doing in their accounts. The right hon. Member for Delyn mentioned that. What is the useful life over which they are writing off assets? I think that we may be adding a huge amount of complexity to the system by preventing all the businesses in the country from employing actual accounts depreciation for this purpose, and requiring the creation of a capital allowance pool requiring all the assets to be tracked separately. In the past it was said that businesses were receiving a tax incentive, but this huge and unnecessarily complex system may have an adverse impact on them. Our review should ask whether the capital allowance regime is the right one.

[Nigel Mills]

Later—not today—we will come to clause 12. The Government have responded to some lobbying, and have recognised that it will cause huge problems for manufacturing business in particular. The clause proposes that the lives of short-life assets should end after eight years. Someone who invests in equipment whose life he expects to be less than eight years will have to make a separate election to treat it as a short-life asset rather than putting it in his main capital allowance pool. He can try to obtain the tax relief over the eight years; otherwise, as I have said, he will still have 20% unrelieved. We are building additional complexity into the system, and I am not sure that that is necessary.

The Bill contains various responses to businesses that are trying to find ways around the capital allowance rules. Clause 33, for instance, proposes anti-avoidance rules for long-funding finance leases. Year in year out, we see new and complex rules intended to prevent businesses from getting around the rules. Sometimes they are trying to obtain extra deductions to which they are not entitled, and sometimes they are trying to find ways of receiving a deduction over the period for which they think they should receive it.

If we are to be a tax-simplifying, tax-reforming Government, perhaps the Office of Tax Simplification could conduct a review of whether the capital allowance is still fit for purpose, and whether it is the right way to attract business investment over the next 10 or 15 years. Should we, in fact, try to find a way out of it, and adopt a system that allows businesses simply to look at their accounts to be eligible for some kind of tax relief, rather than having to adjust the depreciation for those assets? I know that that too will be complex, because there will be a huge hangover from the existing system, and there will be problems when people try to accelerate relief over far too short a period. However, I think that all those problems can be addressed, and that we shall be able to stop increasing the complexity of the system.

I cannot vote for the amendment, because I think that it is merely an excuse for a debate. If we are to have a review, let us have a proper one.

Mr Love: In recent years there has been a move in all western countries to reduce the headline rate of corporation tax and widen the tax base, and that is what has been proposed in the Budget. Does the hon. Gentleman support that move?

Nigel Mills: If we want a competitive corporate tax system, the tax rate is key. However, we probably need to examine four things, which include the tax base, as the hon. Gentleman said, and the complexity, stability and predictability of the system. We are in danger of just ticking the first box; I am not sure we are ticking the tax-base box well with this approach, and we are adding extra complexity. Many regimes around the world do not have capital allowances but do let businesses take the depreciation that they see in their accounts. That is a far more attractive, simple and predictable system, because businesses would not think, "I might invest in this piece of equipment, but they might reduce this to 15% in three years' time and my relief suddenly starts to look different." As the hon. Gentleman was trying to say, this involves a combination of things. We need to get not only the rate right, but the base and the underlying system right; we will not get all the advantages from simply reducing the rate.

However, for most businesses the first headline comparison is about the overall tax rate, so that is the main thing to focus on. I am not going to vote against this rate reduction. Paying for the reduced rate partly by reduced capital allowances is the right way to go in this financial situation, but we need to go in the direction of simplifying our incredibly complex corporate tax system. We can all work out the statistics by saying, "When I started work 13 years ago, my tax legislation was so big and when I left a year ago it was much bigger, and I have not even got the VAT and inheritance tax book." We can look at how many schedules on income—actual capital—we have and consider how many of them we actually need. The capital allowance regime is part of that problem, because it was written 50 or 100 years ago, when it actually worked. A lot of these things are out of date, so we must look to simplify things if we want to ask businesses to invest. I am not sure that they are going to worry about whether something is at 18% or 20%, but they do want tax relief for their investment over the useful life of their asset provided in a way that is simple for them to manage. I am not sure that we are anywhere near providing that at the moment.

A lot of my clients use the capital allowances regime to add flexibility to how they get tax relief in the years when they have profits and in the right entities in which they have profits. They will not entirely welcome my idea of simplifying this system and taking all that away from them. However, if we are to get a modern, competitive corporate tax system, it must be simple and easy to understand. It must also do what we want it to do: incentivise the investment that we desperately need to have a growing economy.

John McDonnell: I have a fair amount of sympathy with the hon. Member for Amber Valley (Nigel Mills), because if he ever wants to return to his former profession he may well find that he has lost a number of clients as a result of that speech.

The linkage between clauses 4 and 10 is inevitable, as my right hon. Friend the Member for Delyn (Mr Hanson) said from the Front Bench, because the corporation tax reductions are being paid for by these cuts in capital allowances. I do not want to upset the consensus that has emerged on the cuts in corporation tax, but I do not support them and believe that they will be an error in the long run. I address the issue of capital allowances in that context.

I am unclear as to what the Government's strategy is on stimulating the economy to tackle the recession in a way that rebalances the economy. I thought that this was not just going to be a rebalancing between the public and private sectors. I listened to some of the statements made by the Chancellor and the Secretary of State for Business, Innovation and Skills about rebalancing the economy as between the finance sector and the manufacturing sector, which gained support across the House. We heard about the development of a manufacturing strategy that would enable us to have a balanced economy between the finance, manufacturing and service sectors, so that if there was a crisis in one sector, the whole economy would not collapse as a

result of overdependence on that sector. However, these Budget measures seem to fly in the face of that balanced approach.

A number of methods can be used to re-stimulate the economy, one of which is tax cuts, including corporation tax cuts, as have been introduced in this Bill. Another method is the more directional approach of considering a form of tax cuts through the capital allowances, whereby the Government try to influence economic behaviour in a way they believe to be beneficial. The other method is to invest in largely capital expenditure through public services—I am talking about public investment.

2.15 pm

Let us deal with the formation of policies through this Bill. I am anxious about the fact that clause 4 cuts corporation tax almost as an act of faith, in the belief that that will translate into investment, the stimulation of the economy and, thus, more jobs. Very slight evidence has been produced to suggest that that will happen. My right hon. Friend the Member for Delyn has mentioned the range of debate that has taken place in the Treasury Committee and elsewhere, and the evidence that has been produced by some witnesses, but it is fairly slight. The addition of a further 1p cut in corporation tax at the last minute—again, the Office for Budget Responsibility did not even have time to assess it properly—demonstrates that the calculations have almost been done on the back of a fag packet. This smacks of something that other Chancellors have been prone to in the past: a last-minute political stunt just to surprise us on Budget day. Paying for that cut by cutting capital allowances flies in the face of the argument that the Chancellor and the Prime Minister have put forward in the past about ensuring that we stimulate the manufacturing base to rebalance our economy.

I also find it worrying that the capital allowances are paying not only for the cuts in corporation tax more generally, but for the cuts in the treatment of the taxation requirements on multinationals. The briefing that we received from the House of Commons Library contains a quote from Mr Peston of the BBC about the treatment the Government are proposing for controlled foreign companies. The rules mean that there will be a 5.75% levy on cash held by multinationals in non-trading entities overseas and a low rate of tax, whereas various commentators thought it would be 8%. These are the same multinationals who

"stash cash in tax havens and low-tax countries."

What seems to be happening is that UK companies that are struggling to obtain loans from banks, in the first instance, to invest in capital equipment to stimulate the local economy, and therefore jobs, and thus have an impact on the economy nationally are having their capital allowances cut so that we can reduce the rate that was intended to be introduced for tax multinational companies, which are avoiding, or evading, tax through the use of tax havens. That contradicts the statements that the Chancellor has made for some time.

Mr Hanson: May I assure my hon. Friend that we will return to those clauses in some detail?

John McDonnell: As my right hon. Friend said earlier, all these clauses are linked and it is difficult to disaggregate them. Clause 10 is certainly being used a mechanism to fund the allowances being distributed to companies overall. As I say, I find it extremely difficult to link that to the rationale that has been given by both the Chancellor of the Exchequer and the Prime Minister in the past.

Jim Fitzpatrick: One of the biggest elements of British manufacturing is the food industry. When I was a Minister of State in the Department for Environment, Food and Rural Affairs, the National Farmers Union lobbied me aggressively. Consequently, I lobbied the Treasury, as DEFRA does, about capital allowances in respect of buildings and equipment for the farming community. Has my hon. Friend had a chance to talk to the NFU about the comments he is making? Has he any understanding about whether it is being penalised in order to assist transnational corporations from outside the UK? Is this being done instead of supporting British manufacturing and British business people?

John McDonnell: Strangely enough, given that I represent Hayes and Harlington, an urban area, I do not have an awful lot of engagement with the NFU, although my area does still have one farm left in it. I have an engagement with Hillingdon chamber of commerce—I am meant to be hosting its annual parliamentary lunch at the moment—and a number of its members have explained to me their concerns about the impact on small firms. I share the view of the hon. Member for Amber Valley: capital allowances should not be used just as mechanisms to be manipulated in years of high profit. There is a need for an overall review of capital allowances, but I find it unacceptable to cut them in the short term to pay for corporation tax reductions and for the beneficial treatment of multinational corporations. That is why I support the amendment, which is fairly mild-mannered and simply asks whether we can reconsider the matter.

As my right hon. Friend the Member for Delyn said, I would expect a wise Government to have the Treasury carry out such an assessment regularly. The amendment asks for that process to be more open and transparent and for it to be reported to the House so that we can have a full and thorough debate. I hope that the Minister can assure us that he can at least give us some line of reporting on the implementation of the policy over the coming period.

It worries me that as we cut capital allowances, which will reduce corporation tax in this country, we will get into a cycle just like that in the 1930s with an internecine battle between countries about reducing corporation taxes. That will lead to a policy of beggar thy neighbour in order to secure some short-term gain in the form of overseas investment in the UK. I do not believe that that is the solution and I think it will be found to be counter-productive in the long term, even though there might be some short-term gains to tide the Government over for the next 18 months, if they survive that long.

I believe that the Government are mistaken in bringing forward this process of corporation tax reduction. If we are paying for that through the capital allowances changes, we will divide industry and the private sector. A large number of small firms, particularly in the manufacturing sector, will lose out and will not gain sufficiently as a result of the corporation tax cuts. Other areas of the economy, particularly the finance sector, will gain yet

[John McDonnell]

again and yet more anxiety will be expressed in the private sector about the Government's divide-and-rule policy.

Andrew Gwynne: Is it not worse than that? Many of the small manufacturing industries in my constituency have been dependent on an old declining style of manufacturing. The capital allowances were the mechanism that they used to diversify. On my hon. Friend's point about rebalancing the economy, if we are to do that in areas that are heavily dependent on manufacturing industry, we must allow them to diversify into the new technologies and new manufacturing sectors.

John McDonnell: That is exactly the point that my right hon. Friend the Member for Delyn made and that I wish to reiterate. Capital allowances were introduced as a method of the Government's trying to shape behaviour within industry as best we could. They were a way to stimulate sectors of the economy, but they have also been used to stimulate innovation. The Government are committed to the stimulation of the green economy and I, like other Members on both sides of the House, deeply regret the Government's failure to act sufficiently swiftly to establish the green investment bank and to get it up and running, but that is a subject for another debate.

The role of capital allowances, particularly in the environmental field, could be key and cutting them with this broad-brush approach will deny the opportunity to the environmental industries, particularly those involved in the development of renewables, to become world leaders as the Government envisaged that they would in the coming period, an idea that we all supported. This is my right hon. Friend's point: if a review of the impact of the capital allowances were linked to the disastrous corporation tax policies overall, we would have the opportunity to consider the implications sector by sector and industry by industry as well as the design of the appropriate mechanisms, allowances or other things to stimulate those sectors of industry.

Mr Hanson: Does my hon. Friend accept that one key factor is the lack of a focus on outcomes in the consideration of the impact of the changes in both clause 4 on corporation tax and clause 10 on capital allowances? One key thing that the review would do, if we can secure from the Government today an aspiration to find out what the changes will mean for real jobs and the manufacturing industry, is test in 18 months' time whether those changes have been successful.

John McDonnell: Let me put it this way, as mildly as I possibly can: we hardly have a description of evidence-based policy making before us. Let us go back to the example of the additional 1p cut given by my right hon. Friend. When the Treasury Committee considered the matter, it invited evidence and Paul Johnson, the director of the Institute for Fiscal Studies, was questioned about the impact it would have. He said that we did not know about that with any precision. We do not know with any precision what the impact of the overall cut in corporation tax will be and we certainly do not know with any precision, globally or sectorally, what the impact of the capital allowances cuts will be. We are stepping into the dark and going down the wrong path and that is why we should have the review.

I fear that a number of companies might have planned their development in advance based on the capital allowances that they thought were secure and would be forthcoming because of the statements of the previous Government as well of the Chancellor of the Exchequer over the past 12 months. They will now not proceed with that investment and as a result, the companies might not be put at risk but they will certainly not expand in the way that they planned and that will have consequences for jobs. In certain areas—my right hon. Friend has mentioned at great length the higher unemployment rates in certain regions—the effects on individual communities will be fairly catastrophic if this job growth does not go ahead.

I oppose the reduction in corporation tax, as I think it is misguided. I would prefer it if, instead of cutting taxes to companies and forgoing that income, we could use the income from the top companies and corporations to invest in public infrastructure projects that will get people back to work and stimulate the economy overall. The last thing I would suggest the Government should do, even if they are cutting corporation tax, is pay for that cut with cuts in capital allowances. In my view, that flies in the face of everything that the Government have said about rebalancing the economy, stimulating the manufacturing base and shaping behaviour so that there is a longer-term view of investment in the capital and manufacturing infrastructure of this country based on security and the knowledge of the income that a company will have to invest in the future.

Even if the Government cannot withdraw these provisions on the cuts in capital allowances and reconsider those on the corporation tax, I urge them at least to allow us to reconsider the matter within 18 months, as the amendment says, to see the implications overall. I honestly do not understand the fear within Government of having an open examination of this matter within that time scale. If I were a Minister, I would welcome it. If I were an advocate for this policy, I would welcome the opportunity to come back in 18 months or so and, if necessary, to gloat at its success. I certainly would not want to feel that I was on the run and hiding from the consequences of the decisions that I had proposed in a Finance Bill of this nature.

Mr Love: I echo the final comments of my hon. Friend the Member for Hayes and Harlington (John McDonnell) about the amendment. It mentions capital allowances—that is what we are discussing—and the impact they will have on the UK economy is of particular concern at the moment.

We must comment on the backdrop to this debate, as the economy has stalled over the past six months. We had a very bad final quarter of 2010 and although things improved in the first quarter of this year, the reality is that everyone was expecting much larger growth in the first quarter to compensate to some extent for the lack of growth in the final quarter of last year. If one reads what the commentators and forecasters have said, one sees that there is genuine concern, which is reflected in the figures provided by the Office for Budget Responsibility. The predicted growth rate has gone from 2.6% to 1.7%, but that figure might already be out of date, so there could be further reductions in the rate.

2.30 pm

It is suggested that unemployment will go up from 8% to 8.2% but, just as other Opposition Members have reflected on unemployment in their areas, I note that unemployment in my constituency is 9.3%, which is just under the London average. With the best will in the world, it is quite hard to see how we are going to turn the corner against the backdrop of what is happening internationally. One point that I think will hit home harder about the Government's strategy is that the reductions in growth rates and the increases in unemployment mean that there will have to be an additional £43 billion-worth of borrowing over this Parliament at a time when the Government are telling us that the overwhelming strategy is to reduce the deficit.

The Government's recent paper on the growth strategy also forms part of the backdrop. It would not be hyperbole to say that there has been widespread dismay about the report because it does not contain the germs of ideas that people can reasonably hope will have an impact on the growth of the economy. As far as enterprise zones are concerned, we have been here before: they shift employment around their local region but they do not make a great contribution to growth or employment creation. On the national insurance holiday for small companies outside London and the south-east, we understand from a report in the *Financial Times* that it is unlikely to measure up to the claims that were made for it when it was introduced last year. Whether it is because of bureaucracy or other problems, it is not being taken up by small businesses and the reality is that it is not going to contribute to strengthening our growth rate.

Andrew Gwynne: My hon. Friend is making a good start to his speech by setting out the background. Not long ago, when the Chancellor was promoting his Budget and introducing the measures that my hon. Friend is talking about, he did so on the basis that it was a Budget for growth. However, do not the OBR's forecasts show that even with the measures in the Budget, growth is predicted to be lower than it would have been had Labour's plans remained in place?

Mr Love: Absolutely. One has to question, as I am doing, the Government's whole strategy, which they call a growth strategy but which does not appear to be delivering what we would expect from a proper growth strategy. Indeed, the previous Government's growth strategy produced a far better result, as I shall discuss in a moment.

I want to cover two other issues that have caused quite a lot of surprise and concern in relation to the Government's policies. First, on construction, the first quarter growth figures for this year show one glaring and prominent inadequacy is in construction activity, which is going down rapidly. If we add to that the incoherent policies that the Government are pursuing on house building, planning consents and oiling the wheels of the construction industry's infrastructure, one can only be very gloomy about the prospects for the next year or two.

Secondly, I will mention manufacturing because it would be part of the report that we are suggesting the Government should produce. Manufacturing did rather better than I had suspected it would in the first quarter. Internationally, it seems to be delivering some of the changes in net exports that all the economic forecasters suggested, but we need a much more growth-oriented manufacturing sector if we are to bring about the changes that will be necessary if the changes in capital allowances are to go forward.

Those considerations lead me to conclude that the Budget proposals before us—the reduction in the headline rate and the compensatory measures widening the tax base to pay for that—are the main thrust of the Government's growth strategy in real terms. The Government suggest that those measures will help to rebalance the economy. I look at all issues as objectively as I can and I have to say that, given the measures being undertaken in the comprehensive spending review in relation to the public sector, we certainly need to do something to boost the private sector. We are told that the measures will do that, but will they? That is the question being addressed in the amendment.

The Minister and the Chancellor have told us that a lower rate of corporation tax should act as a signal that we are open for business. There is some evidence that that approach has worked previously to a limited extent, but the question is whether it will work in the current economy. I am not a sceptic but, like the shadow Minister, I would like to see some Government projections about the number of businesses they expect to come from other countries either to expand existing operations or to start new ones here as a result of that signal.

In his Budget statement, the Chancellor proclaimed from the Treasury Bench that we have

"the lowest corporation tax in the G7"—[*Official Report*, 23 March 2011; Vol. 525, c. 955.]

but we already had the lowest rate of corporation tax in the G7. If all we are trying to do is send a signal, surely we could have proclaimed that. There is also the wider Group of Twenty to consider. Looking at countries such as Ireland we must ask whether it is feasible and rational for our strategy to be to compete with that in Ireland. As we know, there is debate in Northern Ireland about whether corporation tax should come down to the level in the rest of the island. There is genuine debate about that, but I do not think it is being suggested that we want to compete with Ireland. We compete with the major G7 economies and our rate is already below theirs. The cut in corporation tax will re-emphasise that, but what we would like to know from the Minister is what benefit that will deliver to the British economy.

Andrew Gwynne: Is it not a fact that for the international companies seeking to invest inwardly in the United Kingdom, corporation tax is only one small part of the overall picture? They are looking at much more than just the headline tax rate.

Mr Love: Yes, absolutely. If we look at business investment, which in some senses reflects how optimistic employers, manufacturers and other parts of the economy are about the future, we will see that we have not had the increase in business investment that all the forecasters, economists and coalition politicians have been telling us we should have. That reflects the wider issues in the economy that should be of such major concern. We cannot expect a cut in corporation tax to solve all the problems, but the merit of the amendment is that it

[Mr Love]

proposes that the Government try to indicate how much additional growth and employment will be created as a result. In the previous debate, the Minister suggested that a cut in corporation tax would boost investment.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. I appreciate that the Government themselves have said that corporation tax and capital allowances are part of a package, and I have therefore allowed a linked debate, even though we have finished debating corporation tax. However, the hon. Gentleman needs to focus a little more on capital allowances, which are the subject of the amendment.

Mr Love: Thank you for your guidance, Ms Primarolo. I will move swiftly on to capital allowances. The Government have discussed the need to widen the tax base and they have told us that reducing capital allowances is partly a method of paying for the cut in the headline rate. As I mentioned in an intervention, that phenomenon has been apparent in most western countries in recent years and, indeed, all the economists project that there will be much greater competition in business taxes. Corporation tax is likely to continue to come down, and the reduction will be partly made up by widening the tax base.

Like my right hon. Friend the Member for Delyn (Mr Hanson), I am prepared to consider the changes to capital allowances, although I am concerned about the cut in the annual investment allowance from £100,000 to £25,000. I am perfectly happy, however, to look at that if we are reassured that the proposal in the amendment will make a significant difference. As has been said—and I have said so myself—the Office for Budget Responsibility added a rather sceptical note to the debate by suggesting, even though it had been informed at a late stage of the 1% cut in corporation tax, that that would not have a great impact on growth.

Finally, I want to focus on the issue of who will benefit from the changes to capital allowances. As a number of Opposition Members have said, high-profit, low-investment companies will be the main beneficiaries of the package, which is unfair and, if I may say so, will not achieve the rebalancing of the economy that the Chancellor has promoted for a considerable period, away from financial services towards the manufacturing and production of export-oriented goods. The change militates against all that. In particular—and I refer to the cut from £100,000 to £25,000—it will penalise manufacturing, particularly businesses with high capital costs. My right hon. Friend the Member for Delyn mentioned the motor industry and others, but I am concerned, because I have a number of small, capital-intensive manufacturers in my constituency. Sadly, they are only a remnant of the manufacturing sector that we had 25 or 30 years ago, but we need them and we need to promote them. I am therefore worried about the Government's proposals.

2.45 pm

Andrew Gwynne: My hon. Friend has been incredibly generous in accepting interventions. I am not sure of the extent of the manufacturing base in his constituency, but I imagine that it is pretty similar to mine. Small manufacturing industries tend, as he said, to be a remnant of the larger-scale manufacturing that once operated in our constituencies. Does he not regard the capital allowances scheme as a mechanism for manufacturing industries, however small, to diversify into the new sector?

Mr Love: I agree. If we take the coalition at face value, it has suggested that we need a vibrant small business and manufacturing sector, much of it consisting of small businesses. I would think that it would want to promote that by incentivising it through the taxation system. One wonders whether the measure would achieve that. I do not want to suggest, without any concrete figures, that that will in fact happen. We urge the Government to produce those figures, so that we can all make a judgment. Indeed, they can make a judgment about whether their policy has achieved their objectives.

Jim Fitzpatrick: My hon. Friend, like most of the speakers in this debate, is generously supporting the modest amendment tabled by our right hon. Friend the Member for Delyn. It does not attack what the Government are trying to do; it is just asking for

"an assessment of the impact of the changes".

We are therefore giving the Government the benefit of the doubt, as their proposal may well be beneficial and positive. As my right hon. Friend has said, the Treasury will examine, monitor and scrutinise the impact of the measure on businesses, so what is wrong about publishing an account as suggested by the amendment?

Mr Love: I agree, as other Members do, that that is not an unreasonable request. If the Government choose not to support the amendment, are they concerned about the impact of capital allowances and the prospects for the UK economy? One wonders whether they do not want the debate that would ensue in 2012 when, if we are to believe Government figures and the OBR, the economy should turn a corner. That would be an appropriate time at which to carry out that investigation.

There are 5 million small businesses in this country, and it is a symbol of the unity that we occasionally achieve in the Chamber that Members from all parts of the House recognise the role that they play now and, importantly, in future. If we add to the impact of capital allowances on small businesses the failure of the banking system in this country to provide the credit necessary to expand the sector, I wonder whether we can achieve all that the Government hope to achieve through the shift from public sector to private sector activity. I merely raise that as an additional issue, but I hope that the Government will address the credit needs of the small business sector a little more robustly. That is what underpins the amendment.

John McDonnell: I apologise, Ms Primarolo, for leaving the Chamber earlier. Should there not be some consultation of small businesses in particular so that they could describe the nature of the investments that they would forgo if they failed to secure the capital allowances that they normally secured under previous regimes? That would allow the Government to assess the overall impact of the loss of those investments to sectors of industry and on employment overall.

Mr Love: My hon. Friend makes my point. That is exactly why, once the changes have been introduced, we need to review and assess their impact, particularly on

small businesses and more generally on the economy. We would like to be reassured that the headline rate cap with the changes to the allowances will make a material and positive difference to the economy.

I commend the amendment to the Committee and in particular to the Minister. I hope he will consider carefully what is asked for and agree that it is a constructive amendment that he can support. I hope that together we can make a real difference to the prospects for the UK economy.

Mr Gauke: Amendment 6 would require the Chancellor to publish by 31 October 2012 an assessment of the impact of the proposed changes to capital allowances on the UK economy, as we have heard. The amendment was tabled to clause 10, which reduces the rates of writing-down allowance on the main rate pool of plant and machinery expenditure to 18% and on the special rate pool to 8%. Before I deal with the amendment, I will explain the purpose of clause 10, which is key to the amendment.

Capital allowances allow businesses to write off their expenditure on capital assets, such as plant and machinery, against their taxable income. They act as a simple, statutory system in place of commercial depreciation. Capital allowances are given at different rates, depending on the year of investment and the type of asset acquired. The principal year-on-year allowance for plant or machinery expenditure is the writing-down allowance. The main rate is currently 20% per annum, and the special rate is 10%.

Both are calculated on the reducing-balance basis. We are making changes also to the annual investment allowance, in clause 11, reducing it to £25,000, as we have heard, and extending the short-life assets regime from four to eight years, in clause 12.

The changes announced last year, which are given effect by clauses 10 and 11, enable a reduction in the main rate of corporation tax, which will reaffirm Britain's competitive tax system and support enterprise and growth. The right hon. Member for Delyn (Mr Hanson) was right to highlight the fact that this is part of a package. In his earlier remarks, the hon. Member for Edmonton (Mr Love) pointed out that this was a partial contribution. There is none the less a gap, and further funding has been found—from the bank levy, for example—which has enabled us to reduce the corporation tax rate.

We have already debated the benefits of reducing the corporation tax rate and we have returned to that topic to some extent in the present debate. I note that it does not have the support of all hon. Members, although it is supported by the Opposition Front-Bench team. It is helpful to repeat what was said by John Cridland, the director general of the CBI:

> "The extra 1p cut in corporation tax will help firms increase investment."

The objective is not just to reduce the amount of tax that companies pay, but to enable them to invest and grow businesses in the United Kingdom. I am pleased that that is welcomed throughout much of the Chamber.

Our initial assessment of the package as a whole suggested that that would lead to an additional £13 billion of business investment by 2016 by making the cost of capital investment cheaper. The additional reductions in corporation tax rate and the extension of the short-life assets regime will help to increase further the levels of investment by business. We estimate that the overall effect of these measures will be to reduce the tax liabilities of the manufacturing sector by around £700 million by 2015. The changes to the rates of writing-down allowances do not mean that businesses will not continue to receive full tax relief for their investments in plant and machinery. Rather, the relief will be over a slightly extended time frame.

Let me give an example. Where it would have taken 11 years under the current rate to write off more than 90% of the cost of a machine, it will now take 12 years. Meanwhile, the rates will continue to align broadly with average rates of depreciation across the economy. This does not mean that we intend to remove capital allowances in favour of pure accounting depreciation.

On the issue raised by my hon. Friend the Member for Amber Valley (Nigel Mills), the previous Government did consult in some detail on their reform of corporation tax between 2002 and 2004. I am sure you remember it well, Ms Primarolo. The business response to that consultation was strongly in favour of retaining capital allowances. It was argued that capital allowances provide certainty and a level playing field, with the same rates of allowances applying to all. The flexibility of the system allows the pooling of expenditure and the ability to claim less than full allowances, depending on the individual's business circumstances. My hon. Friend set out the case for a different approach to capital allowances. He brings great expertise on the matter and there is ongoing debate, but we do not intend to reopen discussion of that point.

Nigel Mills: I am grateful to my hon. Friend for reminding me of that study from almost a decade ago. I gently point out to him that the rate of capital allowances was quite a bit higher at the time of the study. If he did the same exercise now, he might get a slightly different answer.

Mr Gauke: Again, my hon. Friend raises an interesting point. We look forward to receiving any representations that he may wish to make on that. He is right to say that the rate of capital allowances has changed since 2004, and he highlighted in an intervention the fact that the previous Government—as I am sure you will recall well, Ms Primarolo—reduced writing-down allowances in 2007, a point that my hon. Friend made to the right hon. Member for Delyn.

In response to those Opposition Members who raised their concern about the approach that the Government have been taking, I point out the approach taken by their Government in the previous Parliament, when they were all Members of this place. Whereas we are reducing the writing-down allowance from 20% to 18%, the previous Government reduced it from 25% to 20%. In our case that is a contribution towards reducing the main rate of corporation tax from 28% to 23%. The previous Government reduced it from 30% to 28%. Ours is a much more generous package for business and as a consequence a much better package for manufacturing than that contained in the 2007 Budget, where essentially the entire reduction in corporation tax from 30% to 28% was paid for by the reduction in the writing-down allowance from 25% to 20%.

[Mr Gauke]

On amendment 6, the Government are fully committed to providing greater transparency on the impact of tax measures. I am sure Opposition Members have examined the tax information and impact notes that we published on 9 December relating to clauses 10 and 11, and the additional note that we published at Budget in relation to clause 12. It is clear that there is no need to publish a report into the impact of the capital allowances changes. We have provided a great deal of detail already, but for those hon. Members who have not had the opportunity to read the published notes, let me provide a brief summary.

The note states:

"The OBR assessment of the package was that the cuts in CT"—

that is, corporation tax—

"rates more than offset the reductions in investment allowances",

and that the businesses affected

"will benefit from related reductions in the rates of CT."

As I said earlier, we expect the overall effects of the cuts in corporation tax rates and capital allowances changes to lead to an additional £13 billion of investment, and the additional changes to increase that further.

Although this is not strictly in scope, as the amendment is to clause 10, I hope I may be allowed to make a few comments about the other changes to capital allowances in the Bill, to which we shall return in Committee upstairs. The reduction in the annual investment allowance to £25,000 is estimated to affect between 100,000 and 200,000 businesses. As the tax information and impact note clearly states, however:

"The CT reform package will promote higher levels of business investment than would otherwise have been the case."

Further, more than 95% of businesses in the UK will be unaffected, as the qualifying capital expenditure will continue to be completely covered by the annual investment allowance, so companies, be they small, medium or large, will benefit from the CT cuts, including the cut in the small profits rate in clause 5, while most unincorporated businesses, which by their nature tend to be the smallest businesses in the economy, will still have their expenditure covered by the annual investment allowance.

3 pm

Clause 12 contains changes to the short-life assets regime, which will enable a business to obtain allowances that equate to the actual depreciation of the asset over the period of actual ownership. That change was described by Terry Scuoler, the chief executive of the Engineering Employers Federation, the country's leading manufacturing organisation, as a change that

"will make the tax system more efficient and remove in part barriers to investment."

The change will better recognise the cost to business of investing in modern machines with shorter lives.

I can understand the right hon. Member for Delyn wanting to table an amendment calling for a report. It is a mechanism that Oppositions down the ages have used; it has been well used during our debates in Committee of the whole House and, indeed, I suspect that I may well have tabled such amendments in the past as an Opposition Front Bencher. They tend to be tabled and they tend to be rejected. Of course, the Government will always keep matters under review, but the proposed amendment does not add very much of great value. The changes that we are setting out to corporation tax are a vital component of the reforms that are essential if we are to achieve our goal of creating the most competitive tax system in the G20, and we have already set out clearly the impact of the changes to capital allowances.

The right hon. Gentleman raised the question about employment and manufacturing, but the fact is that in the three months to February employment rose by 143,000, while in the first quarter of this year manufacturing grew by 1.1%, and in Q4 of 2010 the net rate of return of manufacturing companies rose to 10.4%, up from 8.6% in Q3.

We are taking steps to support manufacturing and to make the UK more competitive with a stronger tax system. I therefore propose that the clause stand part of the Bill and ask the right hon. Gentleman to withdraw his amendment.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): I call Mr Hanson.

Mr Hanson: Good afternoon, Mr Evans. Can I welcome you to the Chair of this seemingly unending Committee, which has been going on for the past couple of days?

I have listened very carefully to the Minister, but I think that the amendment is very modest: we are asking for a report in 18 months' time, in October 2012, on the impact of the changes. We ask for that, because my right hon. and hon. Friends retain an element of concern that the cut in manufacturing capital allowances will damage some manufacturing sectors. Based on those concerns, we wish to continue to reflect on those matters, and I therefore wish to put the amendment to a Division, so that we can place on the record our concerns about the capital allowance cuts and state that we wish to review the matter very clearly in 18 months' time, in October 2012.

Question put, That the amendment be made.

The Committee divided: Ayes 121, Noes 249.

Division No. 267] **[3.3 pm**

AYES

Abbott, Ms Diane	Clwyd, rh Ann
Abrahams, Debbie	Coffey, Ann
Ainsworth, rh Mr Bob	Cooper, Rosie
Alexander, Heidi	Cooper, rh Yvette
Ali, Rushanara	Creasy, Stella
Anderson, Mr David	Cruddas, Jon
Bailey, Mr Adrian	Cryer, John
Balls, rh Ed	Cunningham, Mr Jim
Barron, rh Mr Kevin	Cunningham, Tony
Bayley, Hugh	Dakin, Nic
Beckett, rh Margaret	David, Mr Wayne
Begg, Dame Anne	Denham, rh Mr John
Benn, rh Hilary	Donohoe, Mr Brian H.
Berger, Luciana	Dowd, Jim
Blunkett, rh Mr David	Eagle, Ms Angela
Brennan, Kevin	Eagle, Maria
Brown, Lyn	Efford, Clive
Brown, rh Mr Nicholas	Elliott, Julie
Burnham, rh Andy	Ellman, Mrs Louise
Byrne, rh Mr Liam	Engel, Natascha
Campbell, Mr Alan	Fitzpatrick, Jim
Campbell, Mr Ronnie	Flint, rh Caroline
Chapman, Mrs Jenny	Fovargue, Yvonne

Gapes, Mike
Gardiner, Barry
Glindon, Mrs Mary
Goodman, Helen
Green, Kate
Gwynne, Andrew
Hanson, rh Mr David
Hendrick, Mark
Heyes, David
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Jackson, Glenda
James, Mrs Siân C.
Johnson, rh Alan
Johnson, Diana
Jones, Mr Kevan
Kaufman, rh Sir Gerald
Lavery, Ian
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
McCann, Mr Michael
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Nandy, Lisa
Pearce, Teresa
Phillipson, Bridget
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reynolds, Emma
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Ruddock, rh Joan
Sharma, Mr Virendra
Sheerman, Mr Barry
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie

Tellers for the Ayes:
David Wright and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blunt, Mr Crispin
Boles, Nick
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Cable, rh Vince
Cairns, Alun
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crouch, Tracey
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hunt, rh Mr Jeremy
Hurd, Mr Nick
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
McCartney, Jason
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ottaway, Richard
Paice, rh Mr James
Patel, Priti
Pawsey, Mark
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe

Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Swales, Ian
Swayne, Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr Edward
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Brooks Newmark and Jeremy Wright

Question accordingly negatived.

Clause 10 ordered to stand part of the Bill.

Clause 35

REDUCTION IN CHILDCARE RELIEF FOR HIGHER EARNERS

Question proposed, That the clause stand part of the Bill.

Mr Hanson: Once again, Mr Evans, I welcome you and look forward to your time in the Chair as we debate clause 35 of the Finance Bill. You will of course be aware that we tabled an amendment to the clause that you have chosen not to select, which is your prerogative; we are relaxed about that. However, it is important that we test and discuss the issues in the clause with Ministers to examine its impact, as well as the impact of other changes that form part of this package of measures.

Our concerns centre on the effects of the various changes that have been made to child care support. Clause 35 introduces changes to the higher rate taxpayer relief for child care—an issue that caused some discussion in the last months of the previous Labour Government and will undoubtedly cause further discussion today. We need to look at the clause not only in its own context but in the light of the wider taxation and benefit policies that the Government are progressing. This is part of a number of measures that will address a range of issues to do with child care and families generally. I also want to consider some of the technical matters that outside groups have raised with me and with other hon. Members regarding the wording of the clause and, if I may slightly stray outside the scope of the debate, the wording of schedule 8, which is related to it and to which we will return in Committee in due course.

The background to clause 35 will be familiar to my right hon. Friend the Member for Edinburgh South West (Mr Darling) because it had its genesis in discussions that took place as part of the previous Labour Government's proposals. Members will be aware that in 2009 my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), as Prime Minister, announced to the Labour party conference proposals that he brought before the House later that year regarding child care relief and basic rate relief.

In government, Labour's plan was to use the savings from limiting child care relief to basic rate relief to fund an expansion of child care places for two-year-olds in England, with potential consequential reliefs and amendments for Wales, Scotland and Northern Ireland. There was some controversy and discussion on those matters. The Exchequer Secretary will be aware that there was extensive discussion in the Labour Government about those matters, and that under the leadership of my right hon. Friend the Member for Kirkcaldy and Cowdenbeath, they settled on limiting child care relief to basic rate relief, with the purpose of funding an expansion of child care places for two-year-olds.

I would like clarification from the Exchequer Secretary today on—*[Interruption.]* Don't worry, I am still here. The hon. Member for Crewe and Nantwich (Mr Timpson) will know that one picks up the occasional sedentary remark. Unless I reflect back on the last remark, it will not appear in *Hansard*, and on this occasion, I will not reflect back on it. As can be seen, Government Members have expressed an interest in my speech.

The Government have made changes to the Labour Government's proposals on basic rate relief and the expansion of child care places for two-year-olds. Indeed, the Government's proposals are markedly different on the child care element, to which the relief is linked. The Labour Government had planned some 250,000 child care places for two-year-olds from low-income families, although I accept that that was scaled down to about 65,000 child care places. The Government proposals before the Committee will increase from 10 to 15 the hours for the pilot of child care places for 28,000 children. There is a significant expenditure saving in clause 35, compared with the Labour Government proposals. I think that it is worth focusing on those issues today, because if the scope of the discussion that I have given is accepted, this measure cannot be divorced from the reasons why the Labour Government intended to undertake the purpose of clause 35 and what the current Government are now doing with that resource.

From January this year, value added tax will cost families with children an extra £450 a year on average. That is one of a range of measures on the table that will press hard on the ability of individuals to provide child care at affordable levels.

The Government are pressing ahead with the change that my right hon. Friend the Member for Kirkcaldy and Cowdenbeath proposed in government to pay for the trebling of the number of free child care places available to the most deprived two-year-olds. We accept that the relief, which is manifested in clause 35, was badly targeted. That is why we made those changes in government, and our proposal would have paid for more of the poorest in our society to have child care. I want the Exchequer Secretary to explain how the resultant savings from the proposals will be invested to support issues such as child care for people in our community.

At the same time, the Government are hitting family finances in other ways, such as through child tax credits and through child benefit being frozen, and indeed being cut for many people in the years ahead. The families who will be affected by this measure will soon

be affected by other measures, particularly that on child benefit. The taxation changes in clause 35 need to be seen in the light of the decision to withdraw child benefit from April 2013 from households containing at least one higher rate taxpayer.

Mr Gauke: I am following the right hon. Gentleman's speech closely. Will he clarify for the Committee whether the Labour party has a specific proposal on what the savings from this measure should be used for? Is it committed to using them for nursery places, or for something else?

Mr Hanson: As I have said, the Labour Government's original proposal, which was announced by the then Prime Minister, was to use the resources saved from this badly targeted tax relief to support the extension of child care for two-year-olds in poorer families. Our purpose at the time was to expand the number of places to about 250,000. There were discussions in the Government, and the Exchequer Secretary knows that the figure we settled on was about 65,000 child care places. I understand that he proposes to stick to the pilot of 28,000 places, and I would be grateful for clarification on that, and to extend the number of hours to 15 hours per week. That is significantly less than what was proposed by the previous Government.

Mr Gauke: Does the Labour party remain committed to its proposals in government to use that funding for 65,000 child care places?

Mr Hanson: Actually, Ministers answer the questions and the Opposition ask them. I have been clear with the Exchequer Secretary about the proposal that we outlined in government, and that will be our view. We are potentially four years from government.

I am simply pressing the Exchequer Secretary to explain what the impact is of clause 35, and why there has been a significant change—unless he wishes to clarify that further—to the proposals announced by the previous Government on extending child care for two-year-olds. It is important that we know not just what the clause means, because it will restrict child care support for higher rate families. The purpose of our proposal in government was to expand child care arrangements for poorer and lower-income families. The Government are now squeezing the middle while—unless the Exchequer Secretary clarifies that the contrary is the case—not providing the same level of child care places that were originally proposed by the Labour Government.

This measure is coupled with a range of other measures, which are not before the Committee in clause 35, but which I hope you will give me the scope to touch on, Mr Evans. There are real-terms cuts to child benefit, which is frozen at £75.40 this year for families; the baby element of child tax credits, which is worth £545 a year, has been scrapped; benefits have been set on a permanently lower path of inflation; the basic and 30-hour elements of working tax credit have been frozen; and the second income threshold for the family element of child tax credit has been cut. Those measures all add to the pressures on child care responsibilities and on families.

Andrew Gwynne: My right hon. Friend has set out a series of measures that the Government are implementing in the Budget. Does he find it ironic that those measures come from the Conservative party, given that the Prime Minister claimed before the general election that he would lead the most family friendly Government in history? Those measures are penalising hard-working families, and women more than men.

Mr Hanson: Indeed. It is a fact of life that child care often remains the prime responsibility of the woman. Child benefit is paid to the woman for that purpose. Clause 35 does not deal with child benefit—I do not wish to test your patience, Mr Evans—but, in principle, the purpose of the Labour Government's original policy proposals was to expand free child care for people who could not afford it otherwise, to help to support women to get back into work and to help individuals to support their children.

As I understand it—I am willing to be contradicted and to hear clarification from the Minister—the impact of the proposals is that fewer child care places will be available than the previous Labour Government proposed. That must be a matter of some concern. Indeed, in our original amendment, we proposed a review of child care provision to consider the impact of all these measures. Clause 35 proposes changing higher-rate relief to basic-rate relief for higher-rate taxpayers, but we should not consider it in isolation; it is only one change among many on child benefit and the other issues that I have mentioned that raise concern among the official Opposition.

3.30 pm

The Minister will know, because we discussed this in the debate on the last group of amendments, that the OECD has recently released a report that warned that child poverty was set to rise, thanks to the Government's policies. I am proud of the fact that one of things that we did was to lift more than 500,000 children out of poverty. Sadly, it looks as though that policy will be reversed. The impact of clause 35 and the Government's proposals on spending the associated resources represent a different choice from the one that the previous Labour Government intended to make, and the Minister needs to focus on that.

The Labour Government made progress on tackling child poverty. When we left office, it was expected that about 1 million children would be lifted out of poverty by our actions. The impact of clause 35, as I read it, relates to high earners. I accept that the relief was badly targeted, but I repeat that I want the Minister to clarify how the changes in expenditure that he proposes as a result of clause 35 will impact on child poverty issues.

The OECD has found that

"progress in the UK has stalled, and"

child poverty

"is now predicted to increase".

The measures in clause 35 will not assist the progress that the previous Labour Government made in providing a lift out of child poverty for the poorest families in society. At a stroke, unless the Minister contradicts me, by not using the expenditure as originally planned by the previous Government, he will be removing the ability to invest in the child care places that were planned for the poorest members of our society.

Mr Geoffrey Robinson (Coventry North West) (Lab): My right hon. Friend touches on the great steps made under the previous Government to alleviate child poverty.

[Mr Geoffrey Robinson]

Was he by any chance present during Prime Minister's Question Time today, when the Prime Minister made it clear that we had reached the end of the road in terms of taxation measures to achieve that? In particular, he said that he was absolutely against further redistributive measures. The proposals, which are separate from straightforward taxation measures, will take further steps to aggravate, not alleviate, child poverty.

Mr Hanson: The Minister has an opportunity to clarify the Government's approach to the provision of child care. That is clearly linked to clause 35, because the Labour Government's original proposals were designed to meet the objectives that my hon. Friend has indicated. That point is made, and I want the Minister to clarify his approach to child poverty and how the Government propose to fund child care places for two-year-olds.

Agencies and organisations outside the House have made a range of comments on clause 35. It is worth giving the Minister an opportunity to respond to them, and I hope that he will offer some reassurance. Some of the comments also relate to the accompanying schedule. I appreciate that the Committee is not considering that now, but it is very much linked to the clause.

The Low Incomes Tax Reform Group, which, as the Minister will know, is an initiative of the Chartered Institute of Taxation, has raised with me some real concerns about clause 35 and schedule 8. It is concerned about the complex interactions of tax-free vouchers with tax credits and child care cost support, the dynamics of which it believes changed again after 6 April 2011. It is important that the Minister responds to its concern about the poor channels of advice for employees and employers about the implementation of the scheme proposed under clause 35.

The group believes that there may have been errors—under the previous Government, I admit—in HMRC's online calculator, and it is concerned about how the implementation of these measures will be taken forward. It is particularly concerned that although the system is designed for fairness, the results that it produces may not be fair. I shall give some examples, if I may, of its concerns about clause 35.

The group is particularly concerned that the clause will remain reliant on interpretation according to guidance published in draft on HMRC's website, which it believes is inconsistent with the clause. I am not making any assessment of the group's judgment call on that matter, I am simply placing it on the table because this Committee debate gives the Exchequer Secretary the opportunity to examine whether that concern is justified. He may be able to provide some comfort by giving his interpretation.

The group has raised the concern that under schedule 8—the schedule will be discussed in the Public Bill Committee, but it is worth mentioning now—the changes will apply only to those whose employer estimates them to be higher rate or additional rate taxpayers at a particular point in time, rather than to those who are actually found to be so by a final assessment. It is important that either now or when we discuss schedule 8 in the Public Bill Committee, the Exchequer Secretary reflects upon that concern and provides some clarity about when the assessment will be made on whether individuals are higher rate or additional rate taxpayers. We need to know at what stage in the financial year that assessment will be made, who will make it, how much of a burden it will be on employers and employees and whether the figures and facts that HMRC will use in the calculation are sound and to his satisfaction. They must be seen to be just and fair.

The Low Incomes Tax Reform Group has expressed concern that the change may have equality impacts, for example on employees who become long-term sick or disabled, on women or on those who switch to part-time work in the course of the year. It suggests that there should be some flexibility in the interpretation of clause 35 and schedule 8.

The Library has calculated that overall, families will be some £1,700 a year worse off due to the Government's tax and benefit changes, of which clause 35 is one. As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) mentioned, the Prime Minister promised to lead the most family-friendly Government ever, and I should like to hear from the Exchequer Secretary where the proposal, when linked to the proposals on child benefit and the working tax credit and the others that we know about, fits into the Government's overall strategy for child care.

We accept that there will have to be difficult and challenging decisions, and I reconfirm that the previous Labour Government wished the targeting now set out in clause 35 to progress.

Grahame M. Morris (Easington) (Lab): Is there not also an issue to consider about clause 35 breaking the principle of universality—the idea that benefits apply irrespective of income?

Mr Hanson: There is, and my hon. Friend will know that we have been very clear that the Government's wider proposed changes to child benefit are not fair or equitable, and that child benefit should remain universal. The former Prime Minister, my right hon. Friend the Member for Kirkcaldy and Cowdenbeath, and the former Chancellor, my right hon. Friend the Member for Edinburgh South West, decided that child care was poorly targeted, but that if universality was to be broken, we must provide help and support to the poorest families to ensure that they had child care for two-year-olds. The Labour Government planned some 65,000 to 68,000 child care places as a result of the measures that are now in clause 35. The current Government have accepted those measures in principle, as we did, but unless the Exchequer Secretary tells me otherwise I do not believe they are delivering the outputs that we planned as a benefit of saving resources.

John Cryer (Leyton and Wanstead) (Lab): We know that whenever means-testing is put in place, there is a cost because of the bureaucracy that is needed to administer it. Does my right hon. Friend have any idea how much this particular method of means-testing will cost?

Mr Hanson: My hon. Friend raises an interesting point. That is another issue that we wish to explore not just today, but when we debate schedule 8 upstairs in Committee at a later date. The element of complexity and randomness in the application of the clause has been raised with me by the Low Incomes Tax Reform Group. It is incumbent on the Exchequer Secretary to answer those criticisms before we consent to the clause.

There are choices to be made in tackling the deficit and we must look at the options. The then Labour Government made the same choice, but would have ensured that more child care places were available.

Andrew Gwynne: My right hon. Friend makes his case on clause 35 and says that the previous Labour Government considered the possibility of targeting. However, they did so in the context of a wider range of measures available to families to support them in the upbringing of children. Does he share my dismay that clause 35 is being introduced against a backdrop of absolutely clobbering families hard and removing benefits that have made a huge difference to them in my constituency, and no doubt in his?

Mr Hanson: If I may, Mr Evans, I shall try to touch briefly on the wider policies to which my hon. Friend refers. I am conscious that clause 35 is specific to higher-rate tax relief—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. I am delighted that Members mention clause 35 from time to time, but it is really quite specific. This is not a general debate on child care or indeed on other policies. Perhaps we could focus more on the provisions contained in clause 35.

Mr Hanson: We have known each other since our elections to the House on 9 April 1992, Mr Evans, and as ever, I shall try to keep to your strictures as the good Chairman that you are. You will note that amendment 8, which you did not select, would have prompted a wide-ranging discussion on the impact on child care. I am trying to focus on clause 35 and not to stray into amendment 8 or the issues that my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) touched on. However, those issues are important when we are looking at the impact of clause 35 on a particular group of people, because that same group of people will lose child benefit and a range of other child care support measures because of their income, and that will shatter the principle of universality that my hon. Friend the Member for Easington (Grahame M. Morris) mentioned.

The Opposition will listen to the debate on clause 35, but we might oppose it. However, there are important points to be examined and answered in detail today. First, how do we use the resource? Secondly, how do we implement the policy? Thirdly, will the Minister answer the challenges made by external bodies about the operation of the clause in practice?

Grahame M. Morris: As my right hon. Friend the Member for Delyn (Mr Hanson) has already indicated, clause 35 introduces schedule 8, which contains the provisions for reducing child care relief for higher earners. My understanding is that the latter measure will be dealt with at a later stage upstairs in Committee.

As has been indicated, Labour considered proposing a similar change, but at its heart, it was trebling the number of free child care places available for the most deprived two-year-olds. That is the problem with the Government's measure. The Labour party considered better ways of targeting support for child care to support both child care and the family throughout its time in government, but it seems that the coalition is taking money away from families completely, without retargeting it at those who are most in need. There is a basic contradiction between Labour's position and that of the coalition Government. Indeed, the Government's policies across the board seem to be an attack on families, and other groups in our society. Under their policies, middle-income and working-class families are hit harder than those at the top of society, and their policies do not redirect money into better-targeted child care.

3.45 pm

Mr Robinson: Rather than a redirection of money, is this not simply camouflage for a straightforward cut? It is a breach in the universality principle that strikes at the very foundations that hold the nation together.

Grahame M. Morris: My hon. Friend has hit the nail on the head: there is a fundamental point of principle here. I suspect that there is much more in the clause than is apparent that breaks this principle of universality. The debate on clause 35 concerns not only the immediate measure of removing child care tax relief from higher earners, but the course that the Chancellor is charting against families and the welfare state. On child care tax relief, it is worth remembering that it was John Major, when he was Chancellor in 1990, who first introduced relief for employer-supported child care, and as has been pointed out, that was extended by my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) when he was Chancellor. It is right that Labour considered changes to this relief in order to better focus Government support on child care.

The last Labour Government considered tax rate reliefs of this kind. Hon. Members have referred to expert bodies. However, the tax faculty of the Institute of Chartered Accountants argued that it would

"be burdensome, disproportionate and open to manipulation and abuse",

so it ruled out this tactic of preventing benefit from being paid to higher earners or excluding them from the system. As I mentioned earlier, the real danger of the Chancellor and coalition Government's tax and benefit policies is that they could push middle Britain out of the welfare state. It is a squeeze on middle England. Taken with the decision to end child tax credits and child benefit for families with a single high-band earner from 2013, it seems to me and Opposition colleagues to be a concerted attack on the fabric of the universality of the welfare state.

In the light of the rhetoric that surrounded the measure, and given that it appeared that the Government were intent on making immediate cuts, it came as a surprise to me and other Opposition Members that when it was announced, it was delayed until as late as 2013. That was a surprise because it seemed to be an attack on a core vote area of the Conservative party—perhaps it is no longer such a core vote area. It was a further surprise that a party that in opposition had consistently called for tax cuts for married couples seemed in government to want to attack them as soon as they had children. At the time—I believe it remains the case today—there was considerable concern that this policy was ill-thought-out, and that it was a party political stunt from a Conservative party and a coalition Government still finding their feet.

John Cryer: Does my hon. Friend agree—this is in line with the intervention from my hon. Friend the Member for Coventry North West (Mr Robinson)—that this badly thought out measure is an attack on the collective ethos of society, which is always dangerous?

Grahame M. Morris: I am grateful for that point. Others have made it, and I have tried to echo its sentiments. The Government have the opportunity to rethink the implications of this decision, because implementation is not until 2013, so I hope that the Minister will address that point at the close of the debate. I am sure that hon. Members will recall that when the measure was proposed, Labour was engaged in a leadership election. Perhaps it was an attempt to steal the headlines.

However, from representations that I have received from expert groups, individuals and constituents—I am sure that other Members have received similar representations—it seems that the policy has been shown to be ill thought out. Whatever one's views about middle England—whether it exists, whether it should be protected—it is crystal clear that the policy will disproportionately affect families with a single high earner. As someone who considers himself a socialist and something of a champion of the working classes and those at the lower end of the income spectrum, I think that there is a basic issue in this debate about justice and fairness. For families with a single high earner and perhaps no second earner, there is a clear injustice and anomaly when compared with a family with two high earners, as both families would lose the same amount.

Julie Hilling (Bolton West) (Lab): I wonder whether my hon. Friend has come across people in his constituency, as I have in mine, who are talking about giving up work—contrary to the belief shared on both sides of the Committee that work should pay and that the best thing for families is for parents to be in work—because of the effect of everything that is happening, including losing child care and the other benefits that higher earners receive. Does he share my view that that is clearly not the best thing for families or our society when we are trying to grow our economy again?

Grahame M. Morris: I am grateful to my hon. Friend: that is a good point well made. There are a number of levels where the Government now have an opportunity to stop, reflect and listen to representations—to steal a phrase from the Health Secretary—about the impact of the policy on the economy. I am sure that that impact was never intended, but it should certainly be taken into account if people now have a perverse incentive not to engage actively in earning a living and making a contribution to society.

Child benefit is a key part of the welfare state, and one that applies the principle of universality to all families in recognition of society's duty to support not just families, but future generations. I had always assumed that that was a cross-party commitment, irrespective of party political allegiance. However, by taking away £1,000 in child benefit and child tax credits from families earning just over £40,000, the coalition Government are damaging our system of welfare for the future. We know—or at least we suspect—that the measure is more to do with trying to undermine the strong support of middle England and the middle classes for the welfare state. We on the Opposition Benches suspect that the purpose of the measure is to move British politics in a new direction. My concern is that an Americanised system of low taxation with a basic safety net to catch those at the very bottom would be a move in the wrong direction.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. This is becoming more of a general debate about the welfare state, which is clearly not what is dealt with in clause 35, which is actually quite specific. I have given a lot of latitude up to now, but we must now focus on clause 35.

Grahame M. Morris: Thank you, Mr Evans. I shall try to ensure that we focus on the clause.

Let me quote some figures from the House of Commons Library that give some detail on the implications of the clause. The Library has calculated that some families will be £1,700 a year worse off owing to the Government's proposed tax and benefit changes. The Chartered Institute of Taxation has warned of the

"considerable increase in the effective tax burden of those on incomes in the £40,000 to 50,000 bracket",

which the clause deals with. The Chartered Institute of Taxation also said that

"increasing the tax burden on middle-income households while withdrawing tax credits and child benefit from them will result in their being squeezed proportionately more than those on higher incomes".

In addition to families on more than £40,000 a year losing benefits, as set out in the clause, families will lose £450 a year on average because of the VAT increase. Added to that, child benefit has been frozen for three years, which equates to a real-terms cut of more than £75 this year for a family with three children, and the baby element of the child tax credit, which is worth £545 a year, has been scrapped. Added together, that all amounts to a quite astonishing attack.

The Chancellor's answer to cutting the deficit has been to shrink growth and cut support for families and the most vulnerable. In my constituency, take-home pay is almost 20% lower than the national average. Young men and women have struggled to raise families in my area, which has been blighted by unemployment for more than three decades. The previous Government not only provided greater financial support for those struggling families; they also invested in schools and communities, and tried to revitalise and diversify the economy and create new jobs. The programme offered by this Government, and particularly the provisions in clause 35, will turn the clock back to the 1980s, not only for Easington and large parts of County Durham and the north-east but for many of the great cities in the north and for many people who aspire to raise themselves up and to progress.

My contention is that the clause breaks with the principle of universality and that that is likely to be followed up with tax cuts as a pre-election sweetener. In that way, the Government are beginning the process of undermining our welfare state, which they appear to have opposed in one form or another since its foundation 60 years ago. The last Labour Government significantly increased income-related support for families through tax credits, and they also systematically increased child

benefit and maintained their commitment to progressive universalism. The Chancellor has frozen child benefit for three years, ditched progressive universalism and hiked up VAT—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. The hon. Gentleman is now going much wider than clause 35. Does he wish to resume?

Grahame M. Morris: Yes, I will try to bring my remarks back to the clause.

I am fully aware that the amendment that was tabled in the name of my hon. Friends on the Front Bench was not selected—*[Interruption.]* We shall not be able to talk about it in the debate. Getting back to clause 35, we would require the Government to look at how their policies of tax and spend are affecting families right across Britain—

The Parliamentary Under-Secretary of State for Education (Tim Loughton): Have you read the clause?

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Will my hon. Friend give way?

Grahame M. Morris: I will happily give way to my hon. Friend.

Ms Abbott: Does my hon. Friend agree that all Labour Members have read the clause and that it is precisely because we have read it that we are so opposed to it? It is also important, in giving our opposition its full flavour, that we put it in context.

Grahame M. Morris: I am grateful for that intervention. My hon. Friend makes a reasonable point. All that we are trying to do is give the Government a chance to reflect on a bad decision that has been made in haste, and to look at the impact that these measures will have on families. That is not a revolutionary approach. It seems quite reasonable to me. The Government will have ample opportunity to reflect on these matters, because the provisions will not be implemented until 2013. Were they to do so, I hope that that would provide the impetus for a wide-ranging debate on whether the coalition will push ahead with its policy on child benefit and child tax credits, and on what the implications of that will be for families, for the broader economy and for society.

Mr Robinson: I am conscious of your strictures, Mr Evans, and I am in no way challenging the Chair, but I understand the difficulty that my hon. Friend is having in considering clause 35 on its own. It can be considered only in the wider context of the other measures that together amount to an attack on families by a Government who said that they were going to be the most green-friendly Government ever—never mind the most friendly Government ever. It is the cumulative effect of all those measures that makes those claims so vainglorious and empty. That illustrates the difficulty that my hon. Friend is having, and that I would have if I were to contribute to the debate, although I would try to be a little stricter if I could. We cannot isolate the clause from the whole package of proposals that will compound the effect of this one.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): I thank the hon. Member for his advice, which I am not going to take. We are talking very narrowly about clause 35.

Grahame M. Morris: I am sure you will be pleased to hear, Mr Evans, that I shall conclude my remarks in a few moments.

4 pm

Mr Hanson: Does my hon. Friend accept that the original proposals of the previous Labour Government to increase the number of child care places for two-year-olds in the poorest areas would have benefited Easington, County Durham and many other poor areas in the north of England, as it would have benefited similar parts of constituencies elsewhere? That is why we are focusing on the impact of clause 35 not just on tax relief for higher earners but in respect of what could have been done with the spending.

Grahame M. Morris: I am glad that my right hon. Friend has taken the opportunity to place that excellent point on the record.

I hope that the Government will take the opportunity to take a breath and reflect further on clause 35 rather than digging into the position announced last October, as the provisions will not be implemented until two years from now. Why does the Chancellor not agree to look again at the effect of his taxation policies? He has an opportunity to do so before 2013. He needs to reflect on the impact of the removal of child care tax relief, child benefit and child tax credits, which, taken together, mark an attack not just on families but on the welfare state as a whole.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): I now have to announce the result of the deferred Division on the Budget report and the UK's convergence programme. The Ayes were 249 and the Noes were 139, so the Ayes have it.

[The Division list is published at the end of today's debates.]

Andrew Gwynne: It was not my intention to speak in the clause 35 stand part debate. Having listened to my right hon. Friend the Member for Delyn (Mr Hanson) and my hon. Friend the Member for Easington (Grahame M. Morris), however, I have decided that it is important for me to do so.

As has already been said, the clause introduces schedule 8, which introduces changes to the higher rate taxpayer relief for child care. That was first announced by the Government and, as my right hon. Friend the shadow Minister said, Labour does not oppose it, except for the important point—I bear in mind your earlier strictures on not extending the debate too widely, Mr Evans—that the measure has a wider impact on the Government's child care policy and how it fits in with the Budget measures.

I have some sympathy with the notion of expanding child care places for two-year-olds. The previous Labour Government made greater provision for early years education, which has been incredibly beneficial to those children. I declare an interest in that all three of my

[Andrew Gwynne]

children went through early years education under a Labour Government and, thanks to that Government's investment, they are doing brilliantly at primary and secondary school.

Ms Abbott: Would my hon. Friend care to share with the Committee the name of the primary school?

Andrew Gwynne: I am happy to say that all three of my children went to St Anne's primary school in Denton, where my wife, who is up for election tomorrow, is a chair of the governors. My eldest son goes to Audenshaw high school, which is also in my constituency, and all my children are getting a first-class education in those schools.

Let me return to clause 35, Mr Evans, for fear of being told off by your good self for straying too wide of the issue. The issue, for Labour Members, is this. We support the extra investment in child care for two-year-olds, especially in constituencies such as mine. Denton and Reddish is quite a deprived constituency, which covers five wards in the Tameside metropolitan borough—which is, I believe, the 52nd most deprived local authority in England—and the two Reddish wards in Stockport, which, although Stockport itself is a much more prosperous borough, are the two most deprived wards in the constituency. Investment in early years education has made a big difference to young people in constituencies such as Denton and Reddish. I would particularly welcome extra investment in nursery education in those deprived communities and, indeed, the Labour party proposed to provide it. I am pleased that the present Government are pressing ahead with a change that we proposed when we were in government.

Where we differ is in our approach to targeting. My hon. Friend the Member for Easington made a valid point about that. Although I understand the arguments for targeting as a way of ensuring that communities such as his and mine receive the benefit of extra early years provision, some constituents who are better off than the average in my constituency tell me—and it is difficult to argue against what they say—that they pay considerably higher taxes and pay into a welfare state system, and that they expect to get at least something in return. Those payments are their buy-in to the universal welfare system. I take on board your strictures, Mr Evans, but I also take on board the points made by my hon. Friend.

John Cryer: What concerns me about the changes is their incoherent nature. It appears that there have been knee-jerk reactions to save a bit of money here and a bit of money there. I fear that the Tory party may be moving from being, as Disraeli said, the party of organised hypocrisy to being the party of disorganised hypocrisy. For the benefit of Government Members, incidentally, Disraeli was a Prime Minister, and a Tory Prime Minister.

Andrew Gwynne: I entirely understand what my hon. Friend has said. There is a real inconsistency in the Government's approach. While I think it commendable to raise additional money to target early years provision, particularly in constituencies such as mine, I also think that the Government's so-called family-friendly approach is deeply questionable. As I said earlier in an intervention, when the Prime Minister was Leader of the Opposition he made it clear that he would be proud to lead the most family-friendly Government in history. Whether the Government are family-friendly is, of course, a matter for debate and conjecture. I can only say that the constituents who regularly come to my advice bureau seem to have been clobbered time and again by the changes that the Government are implementing, many of which—

The First Deputy Chairman: Order. The hon. Gentleman is much too wide of the mark again. If he cares to look at page 21 of the Bill, he will see that clause 35 is only 11 words long and is drafted quite precisely. Will he now please focus on the clause?

Andrew Gwynne: I will do so, Mr Evans, and I take your point precisely.

Mr Robinson: We are not opposing the 11 words per se. *[Interruption.]* We are not going to vote on them, to my knowledge. The point is that the expansion of child care for two-year-olds is not funded, and that is what the whole of our modification to the existing legislation was intended to do. Does my hon. Friend agree that that is the problem with this legislation?

Andrew Gwynne: Absolutely. The funding of these measures needs to fit within the wider context, as set out perfectly eloquently by my right hon. Friend the Member for Delyn (Mr Hanson). He was given a certain degree of leeway by the Chairman to put all this in the context of the wider changes that this Government have introduced on family policy.

Clause 35 goes some way towards dealing with the issues raised about tackling child poverty. The clause intends to ensure that extra resource is released for early years provision, and we support that. As I said, we proposed to do that when we were in government and, as my right hon. Friend mentioned, it highlights the real progress that was made on tackling child poverty during the Labour years, as was highlighted in the OECD report. I do not know whether the clause will have any impact on the Government's ambitions to tackle child poverty, because that remains to be seen, but some of these changes could well start to have an impact. The explanatory notes state:

"Approximately 450,000 parents currently qualify for the relief."

I am sure that the Treasury stands by that figure, as it produced the explanatory notes. Those 450,000 people will be concerned by these changes and the Government will have to answer the question that they will be asking: what do they get out of the system? If they are to miss out on this relief as a result of the Government's changes and the extra child care places are targeted, the Government will have to deal with the points that my hon. Friend the Member for Easington was answering on the general principle of universality.

Having said that, it is important that this Government maintain a commitment to early years education. There is a degree of consensus across the House on the benefits of ensuring that children can start their education as young as possible, whether or not that is education through play in the context of early years provision—I think that we probably all agree on that. I note that the

Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton), who has responsibility for children, is in his place. During the last general election campaign he visited a Sure Start centre in Horton Green, in my constituency, with the Conservative candidate. He also had his photograph taken outside my house as part of that campaign, and I was pleased that the then Opposition had visited a Sure Start children's centre in my constituency. That underlined the background motive of the clause, which is to ensure that more resource is put into the early years.

However, as my right hon. Friend the Member for Delyn made clear, people have concerns that this Government are not family-friendly, because what they are giving with one hand, they are taking with another. Many of the measures that they have introduced in this Budget, of which clause 35 is part, are deeply damaging to families.

Mr Hanson: As I mentioned in my speech—it is further confirmed by the Institute of Chartered Accountants in England and Wales—the provision in clause 35 is based on an estimate of whether the employer will have earnings that exceed the higher rate limit on a particular payday. That causes some difficulties with fairness because there will be people who work part time, who change circumstances or who are on maternity leave for part of the year and the implementation of this is as potentially worrying as the policy—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. The shadow Minister is talking about the schedule, which, as he knows, will be discussed in the Public Bill Committee.

Andrew Gwynne: Having heard your ruling, Mr Evans, I would not wish to stray on to the issue of the schedule. Suffice it to say that HMRC is often very good at making a complicated system far worse, as we have seen in the past with tax credits. That is straying quite wide of clause 35, however.

Let me bring my comments to a close. The Government's intentions are good—they want to invest more in early years—but I think they are going about it in the wrong way. Their wider family-oriented policies are deeply flawed and clause 35 fails the fairness test. We need the Government seriously to rethink the range of family policies that they have introduced in the Budget, of which clause 35 plays an important part.

4.15 pm

Ms Abbott: I am grateful to have the opportunity to say why clause 35 should not stand part of the Bill. As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said, the fundamental problem with the clause, which in principle at least the outgoing Labour Government were going to promote, is that in its new guise it fails the fairness test. As we go into election season tomorrow and tomorrow night, the fairness of what the Government are doing will be foremost in our electorate's mind.

Clause 35 deals with higher rate taxpayer relief for child care. In Hackney, I represent one of the most deprived areas of the country but I do have some higher rate taxpayers. It being Hackney, my higher rate taxpayers are people of discernment and intelligence and they are Labour-voting higher rate taxpayers, but none the less my concern overall is for the most deprived in our community.

When clause 35 is stripped of any pretence of helping low-income families with child care, it is astonishing to see that this Government should so nakedly seek to attack many of their supporters. It is unthinking, chaotic and disorganised and it is not even politically coherent. When we put it in the context, as my right hon. Friend the Member for Delyn (Mr Hanson) sought to do, of the other changes in taxes and benefits that will affect middle England—the cuts in the amount that parents can claim for child care, the freezes to child benefit, the changes to the baby element of child tax credit, the freezing of the basic 30-hour element of working tax credit, the changes to the second income threshold for the family element of child tax credits or the withdrawal rates for tax credits—we see a frontal financial assault on middle England, the very people who the Government will look to for support not just in the local elections in 24 hours' time but as they move forward.

Why are the Government seeking to attack middle England in such a way? Is it because we have a Cabinet of millionaires? Do they not understand what it is to struggle to make ends meet, even on a relatively middling salary in a relatively middling condition of life? Is it ignorance or uncaringness about how the majority of people live? Who knows: there can be no question but that as the totality of the changes to taxes and benefits as well as the job losses in the public sector come to the attention of middle England, it will be hard for those people to understand or believe that the Government have their interests at heart.

Another significant consideration about clause 35 and the suite of changes to child care, family tax and welfare issues is the effect they will have on women. One reason why issues such as tax relief on child care and particularly child benefit remain so emotive in public discourse is that they go back to the original child benefit which some Members might remember was paid to the mother, who had her own child benefit book. For many mothers, that was the only money of their own that they had—that was certainly the case in my family. Even though those payments are now paid through the tax system and to the family as a whole, these are still emotive issues in ordinary families who remember the old child benefit system and remember that the money went to mothers. The reason why it went to mothers was that it was always understood that child benefit was an effective benefit because mothers spent it on their children.

With a Cabinet of millionaires, the Government do not understand how middle England is struggling. They do not understand how people in middle England fear for the future even if, on paper, they have good salaries and good jobs. They do not understand the emotive content of issues such as child benefit and child tax credit to ordinary women in ordinary families. Ordinary women are looking at the totality of the changes that the Government are making and asking, "Do they really understand my life? Do they really understand what it is to pay bills at the end of the month or to juggle a job and child care and to support the rest of my family?" When one looks at clause 35, presented naked, without the commitment that we had to help lower-paid families with child care, the answer seems to be that, no,

[Ms Diane Abbott]

they do not understand. The Cabinet of millionaires does not know what it is to be in the middle and to feel as though you are just one wage packet away from a really difficult situation.

In the past decade, middle England has been encouraged to over-leverage itself and been facilitated in doing so, and people are now trying to down-leverage by paying off more of their credit cards and trying to bring down their burden of debt. The Government may say that the £1,000 that people will lose because of changes to this tax relief is only a small amount, but for someone who is juggling their salary to pay off debt, worrying about paying their children's tuition fees as they go through university and also worrying about how to pay for the care of elderly family members, that money will make the difference between their sums adding up or not adding up at the end of the month.

The Government's lack of understanding of the reality of life for many ordinary British people, even those who are, on paper, so much better off today, such as some of my constituents in Hackney, shines through in the clause and in the thoughtless and heedless way in which the Government have brought the measures forward. They have not sought to balance them with measures that might help the poorest, although that might have helped middle England to understand why the changes are being made. Currently, given the way in which the measures are being introduced, all that middle England can understand is that the Government do not understand what a struggle it is for middle-income families, and even some families in which the sole wage earner is a higher rate taxpayer, to make ends meet. Of course, similar proposals were originally brought forward by Labour, but in a very different context. Clause 35 has been brought forward in the context of a series of other measures that will also have an impact.

Mr Robinson: Not only were the Labour proposals brought forward in a different context, but the Labour Government were going to use the money to extend child care for two-year-olds in the least well-off families. Is not that the whole point? Is it not strange that the Government, who are so concerned about cost-effectiveness and getting the most out of every penny they spend, do not realise that all the studies show that the earlier an intervention is made the more effective it is? By not doing what the Labour Government wanted to do and extending that child care to two-year-olds, they are denying themselves the very basis on which they could have realised that principle.

Ms Abbott: That is an important intervention. This is a Government who know the price of everything and the value of nothing. Had they been willing to continue both halves of our policy—taking away tax relief for higher-income taxpayers and extending child care to two-year-olds for low-income families—in the long run, they would realise a cash benefit. I know from my own constituency that the earlier we can make an impact on people, the earlier we can give families support with properly funded child care, the sooner we can save the state money on education and a range of social issues. As I said, these are people who know the price of everything and the value of nothing.

Clause 35 is the shell of something that the outgoing Labour Government introduced, but it lacks the counterbalancing measures that we were going to introduce. It reflects a Government who do not understand that families are struggling in the current climate, and who do not understand the significance of those tax and welfare arrangements for women. They will pay a price for that lack of understanding in the local elections tomorrow, as middle England looks on the Conservative-led coalition and says, not that this is the most family-friendly Government ever but that this is the most middle-income-family-hostile Conservative-led Government ever.

Kate Green (Stretford and Urmston) (Lab): I am pleased to speak in this stand part debate. I, too, want to express concerns about the proposals on child care, particularly the intention to change taxation.

It is not the change to taxation in relation to child care with which I wish to take issue but the broader context of funding and provision for child care, and the lost opportunity that the clause represents. Opposition Members accept that in straitened financial circumstances it is appropriate to look at the taxation system and tax breaks for higher earners and better-off families, and that it may be appropriate to rebalance the tax take and those tax breaks. However, we believe very strongly that there are better ways to redistribute—a word that is perhaps more popular among Opposition Members than Government Members—that money for the benefit of families and children and, in relation to clause 35, to achieve adequate child care provision.

Mr Robinson: Did my hon. Friend attend Prime Minister's questions, given that she said that "redistribute" was a word heard more often among Opposition Members, and redistribution is perhaps a policy more often pursued by the Opposition? The Prime Minister ruled out redistribution almost unilaterally as a means by which we could help—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. I listened to the Prime Minister at PMQs, and I did not hear him refer once to clause 35. This is rather specific. I know that the hon. Member for Stretford and Urmston (Kate Green) wants to talk about the broader generalities, but that is not what clause 35 is about; otherwise the debate would be very general indeed.

Kate Green: I am grateful, Mr Evans. I am mindful of the provisions in clause 35, which is specifically about taxation and tax breaks for child care. This is about redistribution, and I will say in passing—just one sentence, I promise—that I am proud of Labour's record on redistribution. We do not talk about it as loudly and proudly as we should in my view, but a set of redistributive policies since 1997 took 600,000 children out of poverty.

To return to the meat of the clause, I am proud of the way in which we redistributed spending in favour of families and children, particularly the spending that we directed towards building significantly increased child care provision. That is a significant creation of child care provision. It is not perfect, as a number of families are still not provided for, but by any measure it was a step change in provision and a fundamental change in the child care landscape which resulted from Labour policies over the past 13 years.

4.30 pm

This is not a matter of contention across the House. We are all proud of Sure Start. Across the House I see hon. Members welcoming the Sure Start facilities in their local community, filled with admiration for the way they can support young parents and families, and filled with admiration for the way they can be a hub of children's and family services in the community. It is common ground across the House that Sure Start has been an incredibly valued addition to the landscape of support for families with children. That has assisted and will continue to assist, I hope, with so many of the Government's goals in relation to social mobility, improving attainment, raising aspiration and so on—a point to which I hope to return in the course of my remarks.

I am also extremely proud of the free nursery provision that we introduced for three and four-year-olds, and pleased that the Government are extending that to two-year-olds. I certainly welcome that extension, but I have not been able to find very much else to welcome in the Government's investment in child care. That is why I say that clause 35 is a lost opportunity. It would have allowed more funding to be directed to child care provision and to extending child care provision. It is a regret and a shame that that is not happening. As a result, the challenges that we continue to face in providing good quality affordable and accessible child care to all parents and their children who want it have, regrettably, not been met.

Ms Abbott: Does my hon. Friend agree that the failure to grasp the opportunity to redistribute income in favour of child care for some of our more poorly paid families is the more surprising, given that the Tory-led coalition allegedly believes in the big society? What more important anchor of the big society is there than high-quality child care?

Kate Green: My hon. Friend is right. She highlights another of the Government's key strategic objectives, an objective that commands great support and interest across the House, but the Government fail to put in the infrastructure and the investment that would enable them to deliver such an objective. Again, that is a matter of regret.

Any parent will say that child care remains an enormous challenge for families, particularly in terms of helping parents to access the labour market, but much more broadly than that. We know that UK parents already pay the highest child care charges of any parents in the OECD. That is probably why in the OECD report just last week on progress on child poverty across the OECD nations, it was specifically identified—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. This is turning into a general debate on child poverty and that is not what clause 35 is about. It is about higher earners. I am sure the hon. Lady has read the clause. Will she speak just to clause 35, please?

Kate Green: I beg your pardon. This was not intended to be a general discourse on child poverty. There was a specific reference in the OECD report to the importance of child care, and it is specifically that element of the report that I feel is relevant to the clause, but I entirely accept that we are discussing the implications particularly of the provision to remove the tax break for higher earners. My point is what do we do with that money. That must be a financial consideration too.

Mr Robinson: Does my hon. Friend agree that a big opportunity is missed to extend more widely the provision of child care for two-year-olds? That is directly relevant to clause 35. In my constituency, for example, there are two child centres that already have facilities in place for that extension, which cannot be funded because the Government have decided not to pursue the policy that we had in mind. That could have been the basis for using those facilities, which now lie idle.

Kate Green: Indeed, and that does not make good fiscal sense. It cannot be sensible for public money to be invested but then not exploited for the benefit of the community, those families and, indeed, the economy. In the context of this Finance Bill debate, that surely has to be at the heart of our scrutiny of its clauses.

It is also important that we understand just how much is going on to make it even more challenging for parents to afford child care, and therefore why it was all the more important to use the funding that the tax break before us is saving in order to replace some of the funding that is being lost for the provision of child care.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. Just to inform the House, I am not going to allow a general debate, either, about what the money could have been spent on. We are talking about the merits, just simply, of clause 35.

Kate Green: I am grateful.

What is important about the legislation behind clause 35 is that it retained all parents, higher-income parents as well as lower-income parents, in a single integrated child care market. It ensured that all parents received some financial support that helped to create, expand and ensure the quality of that market.

When lots of families participate in a child care market, the market is sustained, secure and improved in terms of what it can offer to families, and that is important for raising the aspirations of families and children, a particularly important strand of the Government's social mobility strategy. If we are to remove higher-income families from the ambit of the child care market, and Opposition Members all understand why the Government might choose to do so, it is very important indeed that we recognise the potentially deleterious effects on the quality of the child care market for those families who remain within it—those families whom we want to remain within it because of the improvements that it can secure for children's outcomes. Importantly, therefore, when removing that tax advantage we must be very careful to ensure that we compensate for any damaging effects that its removal might have on the general landscape of child care provision, including its quality and its availability for other families who remain within its ambit.

This is very much a debate in the context of a Finance Bill. It is therefore a debate about what works most effectively for the economic strength of the country, and it is very much a debate about how best we come through the recovery and start to promote the return of

[Kate Green]

the growth that we all hope to see. We have just begun to see it return hesitantly and slowly, but we now want to see it improve.

Ms Abbott: My hon. Friend touches on the fact that this is a debate about clause 35 of the Finance Bill, but it is also about how we as a society get through the current financial crisis. Does she agree that one way we will get through the current financial crisis is by something that clause 35 undermines: social cohesion and the principle of universality? To have the clause without the counter-balancing arrangements of child care for two-year-olds and the lower paid is to undermine the process of social cohesion, which is the only way we will get through the current financial crisis.

Kate Green: My hon. Friend leads us into really important territory: the issue of universal provision. If we are going to start to eat into that universal approach, for good reasons, we have to be very mindful of and careful about the consequences, so my hon. Friend is right to highlight the consequences for social cohesion, which is a key fundamental of good economic growth.

We are not going to do well as a national economy if we have to compensate all the time for a fractured society, a society of strains and tensions, in which the public pick up the cost all the time in order to remedy the damage that that causes. My hon. Friend is therefore absolutely right to point out that undermining the universal approach has potentially dangerous consequences for our economic performance down the line—*[Interruption.]* I sense that the Chairman fears that I am straying slightly—

The First Deputy Chairman: Not slightly!

Kate Green: Not slightly—straying from the ambit of clause 35.

My hon. Friend's point is correct: fundamentally, the clause removes a universal approach, an approach that keeps everyone in the context of the child care market and the wider social community. That is a really important point.

It is also important to recognise that we are talking about developing children's long-term economic potential. I do not like to think of our children as future economic actors—I like to think of them enjoying and making the most of their childhood now—but they are the next generation of providers and sustainers of our economy and community care for us in our old age. Removing this financial support from some families and not placing it in the child care market means that some children will be more likely to lose the advantages that good-quality, professional, formal child care can bring.

Andrew Gwynne: My hon. Friend is adding great expertise to the debate with her background in this area of policy. Although clause 35 was a mechanism that was suggested by the previous Labour Government, is not the difference between our approach and that of the Government that we would have invested the money raised back into child care provision?

The First Deputy Chairman: Order. I am not going to allow any further discussion as to what the money could have been spent on. This debate is simply about clause 35. I know that the hon. Lady has expertise in this matter, so I ask her to restrict herself to clause 35, which relates to higher earners' child care.

Kate Green: I am grateful, Mr Evans. I was mindful of your earlier injunction not to stray into a discussion of what the money be spent on, and I do not intend to do that.

Ms Abbott: Will my hon. Friend give way?

Kate Green: In a moment.

I should like to talk about what this provision will mean in terms of the number of children likely to access good-quality child care provision in future. The knock-on effect of clause 35 will be that not only the children of the families from whom this tax break has now been removed will be affected, but so too will the increased number of children who will fall out of the ambit of affordable, good-quality child care. I say that not only because of the importance of a universal market that tends to raise quality and aspirations but because starting to chip away at the money that is flowing into this market, which will inevitably happen, means that some parents who are currently able to afford to access the formal child care market will decide not to do so.

As money starts to be withdrawn from the market, provision generally will start to be reduced, and in turn other parents will find it more difficult to access it, whether or not they have financial support from other measures such as the child care element of the working tax credit to enable them to do so. Then we will be in a downward spiral. By removing funding at the top but not putting it back elsewhere, we start to shrink the child care market, and the more it shrinks the more it continues to shrink. The problem with this market, as we have seen again and again, is the insufficiency and unpredictability of provision, and those elements will be put under further pressure because there will be less money to sustain the market even at the current levels.

I am conscious that a couple of my hon. Friends wanted to intervene, and I do not want to deprive them of the opportunity to add their comments if they would still like to do so.

Ms Abbott: I have listened with great interest to what my hon. Friend has said about the effect of clause 35 on the child care market, which is very germane to the discussion. We heard from the Chancellor of the Exchequer many months ago that we were all in this together. What message does clause 35 send to people? It says to higher income tax payers that they are not in it with everybody else, and it says the same to the very poorest families with two-year-olds who will not get the improvement in child care that we would have promised them. That is a very divisive, non-communitarian message.

Kate Green: My hon. Friend is right. We are beginning to say that child care is only for some children, not for all children. Yet we know that it is universal, mixed child care settings that produce the best outcomes for the most disadvantaged children. It is key to social mobility and to raising aspiration that children engage with other children in mixed child care and educational settings. The clause will make further inroads into that approach.

4.45 pm

Mr Hanson: Does my hon. Friend agree that the context in which the Labour Government decided to restrict the tax relief on child care for higher earners, as under clause 35, did not include the proposal to freeze and then cut child benefit for higher rate taxpayers? The context is therefore entirely different, even though some of the objectives in clause 35 are similar to those of the previous Government.

Kate Green: My right hon. Friend is right. Family budgets are under pressure, including the family budgets of higher-income families. They are under pressure from the serious and regrettable attack on the universal principle. The means-testing of child benefit at the top will put those families under financial pressure. We know, too, that families are facing higher living costs. We have talked in other debates about the rise in living costs, through VAT, fuel prices, food prices and so on. Families that are suffering the loss of a tax break for their child care costs are also seeing other costs going up.

Child care costs themselves will continue to rise. I cannot recall one year since the Daycare Trust began its annual survey of child care costs when they came down. It is highly likely that they will continue on an upward trajectory, and on a dramatic upward trajectory in some parts of the country. That is certainly the case in London, as it has been for a number of years.

Mr Hanson: Is my hon. Friend aware of any consultation that has taken place since the previous Government's proposals on the restrictions in clause 35? The landscape has changed since the original discussions. Does she think that there should be wider consultation on this matter?

Kate Green: Of course, my right hon. Friend proposed a full review of the overall impact of the Government's provisions on child care. Naturally, a full review would be informed by the fullest possible input from experts in the field, including child care professionals and providers, families and even children and young people. I certainly am not aware of any such consultation or discussion.

It would have been very useful if the Government had carried out such a consultation, because they would have begun to understand the impact of this provision not just on individual families but on the child care market. The impact of clause 35 on the child care market is just as important an issue because of the wide social and economic consequences that it will have for the Government. I am confident that a proper consultation at this point, taking account of the economic context and the other financial measures brought forward by the Government in the emergency Budget, the spending review and this year's Budget, would produce useful input from experts and families on the pressures and stresses that would be faced, and on the consequences they would have, not least on the propensity to take, extend or remain in paid work. I think we can all agree that paid work will be key in getting our country out of recession, and into recovery and economic growth.

Mr Robinson: Listening to my hon. Friend, it is clear that she has an in-depth knowledge of this sector and of how child care can most effectively and cost-effectively be used. Reflecting on her experience, does she see any economic rationale or moral principle underlying the idea inherent in clause 35 that if only one parent is working and is in the higher rate tax bracket, they are not eligible for child care, but if two parents are working, they are? That seems to be a perverse incentive. All it will do—this is why some Labour Members had reservations about our Government's policy, which led to clause 35—is to put higher rate taxpayers in the same position with child care as they choose to be with comprehensive schools, whereby they do not bring their middle-class, extreme commitment to them. We will force them out of the national provision of child care and create social division as opposed to greater social cohesion.

Kate Green: I am confused by the Government's direction of travel, specifically on the clause and on its interaction with their other choices about financially supporting parents to make or not to make decisions about child care, such as whether both parents in a couple go to work or whether one parent stays at home to care for the children—the Government's preferred model that we seem to see in the development of universal credit and the different treatment of lone parents and parents in couple households, as well as in the differential support that the Government want to provide for child care that is targeted at the most vulnerable people. We might say that clause 35 is part of that package.

The Government have welcomed the work of my right hon. Friend the Member for Birkenhead (Mr Field), who suggested that bringing all children within the ambit of Sure Start, for example, is good for communities, families and children, so I am also confused about the philosophical direction of travel that the Government are taking in relation to child care. Indeed, I am forced to conclude that there is no philosophical direction of travel. There is entirely opportunistic fiscal decision making—grab a bit of money here, take a bit of money there, forget those families over there—that might save the Government some money in the short term, but it will be absolutely disastrous in the long term for our economic future and for children's outcomes.

Grahame M. Morris: I wonder about the specific impact of clause 35 on bankruptcy and personal insolvency, given the loss of tax credits for middle-income families who will be faced with quite considerable personal burdens. That is part of the transfer of debt from the state to the individuals in low-income families, as highlighted by my hon. Friend and by my hon. Friend the Member for Walthamstow (Stella Creasy). The Insolvency Practitioners Association highlights the rapid increase in the number of personal insolvencies and bankruptcies, and perhaps the increasing cost of child care will be a factor—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. Interventions must, by definition, be short. That was wide of the mark and does not need a response.

Kate Green: We are aware of the difficulty in planning the paying for child care. Parents are often required to pay a lump sum at the beginning of term or for a group of sessions. They are often required to pay for sessions that they subsequently cannot use for various reasons, but there is no money-back guarantee. Parents will

[Kate Green]

often pay for sessions for more than one child, but there is no financial advantage to them; there is regrettably no bulk discount when buying child care.

Removing money from parents that they could have used to meet some of the burden and the lumpiness in the structure of the way that child care charges are often levied will be a real financial burden on family budgets. Some families will take on debt to meet those commitments, because parents will always try to put their children's best interests first. If they are happy with their current child care setting, they will do all that they can to keep their child in that stable child care place.

Even if parents are worried that they might be unable to afford that place because of the loss of the tax advantage but can see a time coming when they could resume paying for that place, they will none the less not want to give up that child care place. If they think that they can afford the place again in six or 12 months' time because their economic prospects might improve, they will stagger on through those six or 12 months, desperate to keep their child in that child care place for two reasons. First, they know that child care places are like gold dust and that, if they give one up, they might not get one back again very easily. That is certainly the case in some parts of the country. Secondly, they know that it will be good for the child. If a child is thriving, doing well and prospering in a settled, high-quality child care place, a parent will make all sorts of sacrifices elsewhere to sustain that child in that place.

Andrew Gwynne: My hon. Friend has hit the nail on the head. Is not the underlying impact of clause 35 that the Government know that, although the allowance will be taken away from higher-rate taxpayers, many of those parents will still fund those places and make sacrifices elsewhere in their family budgets?

Kate Green: That is right. There is plenty of evidence that parents, especially women, will always make financial sacrifices for their children's well-being. We should be concerned by the fact that families will have to stagger under considerable financial pressure for the best of reasons—to keep their children in good-quality child care places. They know that that will help their children's well-being, because they will be happy and enjoy their child care setting and the friendships and relationships that they make there. Let us not underestimate the importance of social interaction in child development, and good-quality child care can offer that.

Parents will do everything they possibly can in the interests of their child's well-being and happiness. They will do everything to hold on to a good-quality child care place, even if they find themselves under financial pressure, possibly for a prolonged period. That has a knock-on effect elsewhere in the family budget, which might lead to the problems of debt, financial difficulty and stress that my hon. Friends have mentioned.

Financial stress among parents tends to feed back into children's well-being, and children become aware of it in the household. They are aware of tensions and anxieties in their parents' attitudes and behaviour. We have to understand how central good-quality, sustainable and stable child care is to children's much wider well-being. That is why it is of concern that funding for that child care provision is being eaten away at by the provisions of clause 35.

There are opportunities to compensate for what is happening within the market. I particularly highlight the need to ensure that we maintain a supply of well-qualified child care workers, because pressures elsewhere in the public finances may mean that we see fewer good-quality child care workers coming through from training. Indeed, the loss of education maintenance allowance may have an impact on that. There are real concerns among parents about the nibbling away at the different pillars of the child care market.

When we ask parents what they worry about in balancing the family budget, they repeatedly highlight the high cost of good-quality child care. They do not want to buy poor-quality child care if it is at all possible to avoid it, because they are mindful of the value of getting their child into a high-quality, professionally run child care setting with excellent developmental and social activity, which the children can enjoy and in which they can flourish. Parents know that quality costs, and they do not want to compromise or cut corners when it comes to their children's well-being, so they want to spend all they can on quality care.

Mr Robinson: Does my hon. Friend agree that one of the encouraging things that took place under the previous Government was that the quality aspect of Sure Start and child care provision was emphasised right from the beginning? Expansion was not allowed to go unchecked—it could only follow the existence of quality. That high quality has, on the whole, been maintained, but of course it is now under threat from the cuts.

Kate Green: We are worried about whether the quality of child care will be maintained as less funding becomes available in the child care market. Achieving quality is partly about ensuring that children from mixed backgrounds—

The Temporary Chair (Dr William McCrea): Order. The hon. Lady is aware that Mr Evans has drawn her attention to the narrow nature of the clause. I am sure that she would like to get back to the clause as soon as possible.

Kate Green: Of course, Dr McCrea. I was simply going to make the point that quality is partly about diversity and about children from a range of backgrounds and settings being able to meet, play and learn together. One of the consequences of clause 35 is that we will see less of that.

There are a lot of stresses and pressures on the financial support for the child care market, and they will also be felt in families as parents struggle to pay what is typically a very substantial proportion of their regular monthly outgoings. Child care takes a big bite out of the family budget. I am sure all hon. Members are familiar with parents who say, "It's almost not worth my while going back to work by the time I've paid my child care costs," but those parents want to go back to work, because they recognise that that is in their long-term interest and that of their children. It is also important to our national economy that parents continue in the workplace.

5 pm

Parents accept that a substantial chunk of the gain from earnings could go towards meeting their child care costs. It is none the less incumbent on us to do all we can to mitigate the effects of meeting those high child care costs by ensuring that we put as much public funding into child care provision as we possibly can. I am therefore very concerned that the single effect of the clause is to take public money out of child care provision. Obviously that will have many, widespread and damaging effects on the child care market, but in due course, it will also have those effects on children's well-being, and ultimately on economic growth.

The Government have taken a decision of the previous Labour Government—a decision that was taken with regret and reluctantly, but none the less necessarily in the current economic context—to remove a tax break from some families. However, I very much regret that the current Government have not redeployed that financial gain elsewhere into a marketplace that is essential to our future economic growth and to our children's well-being, both during their childhood and right through to adult life.

Frankly, I am shocked that we can be so casual about sustaining hard-fought for, hard-won public investment in child care. It took my hon. Friends a long time—certainly all of my adult lifetime—to give child care any credibility in the public finances. I pay tribute to my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), who did an enormous amount of work on that, going back to the 1980s. It is greatly disappointing that the gains that took 20, 25 and 30 years to make are being unwound so quickly, in a matter of months.

That is why I cannot support clause 35, or indeed any other aspect of the Bill, and why my right hon. and hon. Friends will fight hard to reinstate funding to the child care market at the level that we got it to. I am grateful for the opportunity to come to the Committee today to speak up for our children.

Mr Gauke: Clause 35 makes changes to ensure that all recipients of employer-supported child care who joined schemes on or after 6 April 2011 receive the same amount of income tax relief as basic rate taxpayers. After all the talk about the attack on universality, it is worth pointing out that clause 35 ensures that everyone receives the same amount of income tax relief as basic rate taxpayers.

Reform of this provision was announced in 2009 by the previous Government. One might therefore have expected the Labour party to support the measure. When the right hon. Member for Delyn (Mr Hanson) spoke, it seemed likely that they would do so, but then we heard clearly and unambiguously from the hon. Member for Hackney North and Shoreditch (Ms Abbott) that she would oppose it—of course, she is a Front Bencher and a leading light within the Labour party, and she very nearly became its leader. The hon. Member for Easington (Grahame M. Morris), in a lengthy speech, condemned the measure, although he may in fact have been talking about another measure altogether, and the hon. Member for Denton and Reddish (Andrew Gwynne), in an important speech—his word, not mine—also set out his opposition.

It is striking that the Opposition are now walking away from a proposal of the right hon. and absent Member for Kirkcaldy and Cowdenbeath (Mr Brown) and a policy of the previous Government, just as they walk away from any attempts at economic credibility.

Mr Hanson *rose—*

Ms Abbott *rose—*

Mr Gauke: I shall give way first to the hon. Lady.

Ms Abbott: For the record, I am the hon. Member for Hackney North and Stoke Newington, not for Shoreditch, and I came this close to being leader of the Labour party. *[Laughter.]* Yes, this close! Perhaps the alternative vote system would have done it for me—who knows!

Of course we supported the proposal made by the outgoing Labour Government, but as we have said throughout this important and illuminating debate, we did so only in combination with the redistributive measures in relation to child care for two-year-olds.

Mr Gauke: I look forward to seeing how *Hansard* transcribes, "this close". I should point out, however, that the hon. Lady did stand under AV, and her votes probably contributed to the final result, so she can be pleased with that—we certainly are.

Mr Hanson: I want to make it clear to the Minister that I have said from the Dispatch Box that this measure had the support of the previous Labour Government, but it had that support on the basis, first, that through the funds saved it would provide child care places to the poorest in our community, and, secondly, that there would be no cuts to, or freezing of, child benefits. That support was also given in the context of the other measures that my hon. Friends have outlined today. There is a difference.

Mr Gauke: That is very clear, and I am grateful for that intervention. Clause 35 will result in a saving to the taxpayer of £100 million per year, because higher and additional rate taxpayers will no longer receive beneficial treatment. That target would not be met if the clause was defeated. The Opposition's position is therefore very clear: they would spend this money on child care. That is an additional spending commitment that we will add to their considerable total of spending commitments. I understand that all additional spending commitments from the Labour party have to be cleared by the shadow Chancellor and the Leader of the Opposition, so I am sure that they have gone through that process. However, we note that additional spending commitment. We believe that we need to get the deficit down. I am sorry that the Labour party does not accept that, or at least does not have proposals to do it. We note also that even in this time of financial crisis in the public finances, it is making additional spending commitments.

Kate Green: It is not an additional spending commitment; it is a commitment to moving spending from one group of families to elsewhere in the child care market. However, will the Minister tell us what assessment he has made of the long-term economic impact of moving parents out of the workplace because of this cut?

Mr Gauke: Because of the crisis in the public finances that we inherited, we have taken a range of measures to provide credibility and to get our deficit down. That is

[Mr Gauke]

what the country needs, and I am sorry that the Labour party is not willing or able to engage sensibly in that debate.

Employer-supported child care allows participating employers to offer their employees support with their child care costs. The latest HMRC modelling suggests that about 450,000 parents are members of ESC schemes, and that about 40% of them are higher or additional rate taxpayers. This support is offered through tax relief and the associated national insurance contributions disregard, with employers able to offer their employees up to £55 per week, free of income tax and NICs. Most employers offer this support through child care vouchers delivered either by salary sacrifice or flexible remuneration arrangements. Such arrangements can also benefit employers, because they, too, make NIC savings. At present, basic rate taxpayers can receive up to £900 of support a year through ESC, whereas higher rate taxpayers can receive up to £1,200 of support a year.

Mr Robinson: What is the economic rationale or moral principle underlying the distinction the Government are still making, I think, between families with a single higher rate taxpayer and families in which the mother and father are both higher rate taxpayers? It does not seem to make any sense, moral or economic.

Mr Gauke: In part, the hon. Gentleman is trying to draw me into the debate on child benefit, but I have no intention of straying off the subject, Dr McCrea. I am sure that you would not want me to. I should also point out that the previous Government's original proposal was to abolish employer-supported child care altogether. I would be interested to know what the moral principles were at that point.

The clause introduces schedule 8, which makes changes to ensure that from April this year, all recipients of employer-supported child care will receive the same amount of income tax relief as basic rate taxpayers. Although we are very much in favour of employers helping their employees share the cost of child care, it is neither progressive nor well targeted for wealthier households to derive more benefit than those on lower incomes, and I am rather surprised that Opposition Members should advocate that. All parents who join ESC schemes on or after 6 April 2011 will now receive the same amount of income tax relief as basic rate taxpayers. That is achieved by limiting the amount that higher rate taxpayers and additional rate taxpayers can receive each week to £28 and £22 respectively, so that all parents receive the same amount of income tax relief support each week– about £11. To avoid the measure having a retroactive effect, all existing members who joined a scheme before April 2011 will be able to retain their current rates of tax relief. I assure the Committee that the change will not affect the tax and NICs relief available for workplace nurseries.

We understand how valuable the support is to working parents. However, it is simply not fair that wealthier parents should be able to receive up to £300 more support for their child care costs than basic rate taxpayers. The changes that we are making to employer-supported child care are needed to make the benefit fairer, better targeted and more progressive, and I commend the clause to the Committee.

Mr Hanson: I am sure that we will be drawing to a conclusion shortly, but I want first to place on record my thanks to my hon. Friends the Members for Easington (Grahame M. Morris), for Hackney North and Stoke Newington (Ms Abbott), for Denton and Reddish (Andrew Gwynne), for Coventry North West (Mr Robinson), for Stretford and Urmston (Kate Green) and for Leyton and Wanstead (John Cryer) for their contributions. They have highlighted the concerns that we have expressed by asking for the clause to be debated today. Those concerns were summarised in the points that we made at the beginning. The Minister has not really answered those points to our satisfaction, although I will not press the clause to a vote today, because as I have said to him, whatever—*[Interruption.]* I am grateful to the Under-Secretary of State for Education for his contribution. It is good to see him here. Perhaps he would like to answer the questions that the Minister has not answered about why this Conservative Government have refused to invest those resources in child care provision for the poorest in our community, as the previous Labour Government planned to do.

The key question in this debate is about that very issue. When the Labour Government originally produced clause 35-type proposals, we were investing those resources in helping poorer families with child care, at a time when wider considerations about child tax credits, child benefits and the pressures of family life were not on the agenda, as my hon. Friends said. Clause 35 ties down an anomaly, which the official Opposition think is the right thing to do in the current circumstances—not as a spending commitment, but as a supportive measure for the Minister—just as we believed it was right in previous circumstances. The previous Labour Government's financial commitments and budgeting planned for that investment to be used to support wider child care. This Government have reneged on that promise.

We will look in detail at schedule 8, which clause—*[Interruption.]* [Hon. Members: "Clause 35."] I am sorry, Dr McCrea, it has been a long 24 hours. Clause 35 brings schedule 8 into effect. When we reach schedule 8, we will make a decision on whether to support the proposals put forward by the Minister today. With those few comments, I thank my hon. Friends for raising important issues about the impact of the measure on already hard-pressed families. I will allow the Minister the opportunity today to have his clause without a Division, but we will return to schedule 8 in due course.

Question put and agreed to.

Clause 35 accordingly ordered to stand part of the Bill.

The Deputy Speaker resumed the Chair.

Bill (Clauses 4, 7, 10, 19, 35 and 72), as amended, reported, and ordered to lie on the Table.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Patents

That the draft Patents County Court (Financial Limits) Order 2011, which was laid before this House on 16 February, be approved. —*(Jeremy Wright.)*

Question put and agreed to.

Mr Deputy Speaker (Mr Nigel Evans): With the leave of the House, we shall take motions 4 and 5 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

PENSIONS

That the draft Pensions Appeal Tribunals Act 1943 (Armed Forces and Reserve Forces Compensation Scheme) (Rights of Appeal) Regulations 2011, which were laid before this House on 22 March, be approved.

That the draft Pensions Appeal Tribunals Act 1943 (Time Limit for Appeals) (Amendment) Regulations 2011, which were laid before this House on 22 March, be approved.—*(Jeremy Wright.)*

Question put and agreed to.

BUSINESS OF THE HOUSE (9 MAY)

Ordered,

That, at the sitting on Monday 9 May, paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the name of Edward Miliband as if the day were an Opposition Day; proceedings on the Motion may continue, though opposed, for three hours and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Jeremy Wright.)*

ADJOURNMENT (WHITSUN, SUMMER AND CONFERENCE 2011)

Motion made, and Question put forthwith (Standing Order No. 25).

That this House, at its rising on Tuesday 24 May 2011, do adjourn till Tuesday 7 June 2011; at its rising on Tuesday 19 July 2011, do adjourn till Monday 5 September 2011; and at its rising on Thursday 15 September 2011 do adjourn till Monday 10 October 2011.—*(Jeremy Wright.)*

Question agreed to.

Rights of Adoptive Parents

Motion made, and Question proposed, That this House do now adjourn.—*(Jeremy Wright.)*

5.17 pm

Mark Pawsey (Rugby) (Con): I am pleased to have been able to secure this debate to consider the rights of adoptive parents. In respect of the adoption of children, we hear a great deal about the children involved, about what is best for them, and about how to provide them with stable and happy upbringing. Given the need to protect such children, who are often very vulnerable, it is right and proper that they should remain the main focus of attention. We also hear a great deal about the rights of the birth parents, particularly when they wish to have access to those children, but we hear rather less about the parents who adopt such children. They are often people who have given up a substantial proportion of their lives to provide a stable home and family background to children who are in desperate need of love and support. We must not forget that group of people and the unique set of challenges that they face.

I hope to raise a number of the issues that affect adoptive parents. These include: the confidentiality of information relating to adoption; the way in which a birth parent, often years after an adoption has taken place, is able to challenge terms of contact; and the lack of support available to adoptive parents in difficult circumstances. As with many issues raised in the House, I learned about this subject when I was visited by a constituent at one of my surgeries, a lady whose family is engaged in a complex legal case involving her adopted daughter.

The Minister and I have already corresponded about this case, and I have similarly contacted the Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon (Mr Djanogly) in respect of matters relating to legal aid that I shall talk about in a moment. Following the family's wishes, they will remain anonymous in the debate. I will do my best to explain the elements of this rather complicated case, which raises a number of issues.

The first issue relates to the security of data in matters of adoption. In the case to which I am referring, the birth mother was just 13 years old when she gave birth to her child. Both mother and child—the mother came from London—were put into care in London with the original ambition of finding a foster placement for them both. However, professionals in the field at the time quite reasonably decided that, given the mother's age, the best long-term interests for both lay in putting the child up for adoption. The birth mother, despite her very young age, was reluctant to go ahead with the adoption and wished to keep the child. This wish to retain and gain access to the child has led to many of the difficulties facing my constituent and her family.

In 2001, my constituent and her family successfully adopted the child, who was just 23 months old at the time; she is now 12. They carried on with family life, and adopted a further child. During these years—pretty happy years from what I understand—the family were keen to do what was right for the child. The contact agreement, which was to facilitate indirect contact with the birth mother through letters a couple of times a year, was honoured; and it continued quite successfully through to 2008. The birth mother's reluctance to part

[Mark Pawsey]

with the child led to concerns that she might attempt an abduction, so the indirect contact did not include the ability to send photographs to the birth mother.

Given that distance between the birth mother and the parent, one can imagine the adoptive parents' concern when, seven years after the adoption, when the child was nine, the birth mother arrived unannounced at the family's home. The question is how the birth mother was able to locate the family. The mother is and was resident in London, and this was an out-of-area adoption, with the child resident some 80 miles away. Clearly, the birth mother should not have been able to find out the name and address of the adopting family without their consent. This was the first of things to go wrong for my constituent and her family.

This matter also raises questions about the very objective of adoption legislation. As the Minister has confirmed in his recent response to me, adoption legislation is there to provide a framework for protecting confidential information, such as the names and addresses of the individuals involved. That requires local authorities to obtain the consent of the individuals if disclosure is requested. The individuals might be concerned that disclosure could lead to them being identified. In this case, the adopting family had specifically not given such consent. I hope that the Minister will be able to give some guidance in his comments about the security of information in such cases.

Seeing the birth mother on her doorstep, my constituent attempted to make the best of what was then a difficult situation and sought to avoid a distressing scene in front of the child. She invited the birth mother into her home. She did so on the basis that the birth mother had seen her daughter and that it might affect her adversely if further contact was denied. The adopting family reluctantly felt that they had no choice but to permit ongoing and regular contact. That happened for a couple of years, although it proved extremely difficult when, over time, the birth mother became increasingly aggressive and confrontational about access.

After a period, the mother's behaviour became such that the family felt obliged to contact the police, leading to the birth mother receiving a police caution for harassment. With that in mind, the family quite reasonably requested that direct contact should be stopped, as it was starting to have serious consequences on the child who had become afraid of being abducted. The matter became so serious that at one stage the police provided both child and adoptive mother with alarms in case of an attack. One can only imagine the family's horror when, a few months after contact was stopped, the family received a court summons through the post, advising them that the birth mother was attempting to force direct contact once again. Even more than that, the birth mother had secured legal aid in order to do so.

That brings us to the issue of the ability of a birth parent to challenge an adoption order. Unfortunately, under the existing rules my constituent and her family—the adopting family—are not eligible for legal aid, but they are also not sufficiently wealthy to afford expensive legal representation. They have been given an estimate of a cost of some £6,000 to fight the case in court, and they have no access to such a sum. I believe that the case raises serious issues about the rights of adoptive parents compared with those of birth parents, and about access to legal representation in such circumstances.

According to the Adoption and Children Act 2002, the effect of an adoption order is to give parental responsibility to the adopters. It refers to the extinguishing of parental responsibility from those who had it previously. Once an adoption order has been made, birth parents cease to have any legal rights over the child, and therefore cannot simply claim him or her back. As I explained earlier, a particular cause for anxiety is the fact that the direct contact came about not as a result of the wishes of the adoptive family, but because the birth mother had somehow managed to locate them.

Where does that leave the adopting family? They are left feeling that the birth mother has more rights than they have. It surely cannot be right for a birth parent who has breached the agreements of a contact order to be allowed to take the adoptive parents to court in order to make contact. I think most people would feel that in such circumstances the rules seem to be loaded in favour of the birth parents, with a lack of regard for the feelings and treatment of the adoptive family.

The availability of legal aid to the birth mother has become a matter of real concern to my constituent and her family. I am aware that the Government are currently undertaking a review of legal aid, and have presented proposals that will result in 500,000 fewer instances of legal help and 45,000 fewer instances of legal representation being funded by legal aid annually. I am also aware that family law is the single most expensive area of legal aid. In 2009-10, the most recent year for which figures are available, it cost the taxpayer £597 million. It is therefore understandable that the Government wish to make changes.

The Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon, has confirmed to me that legal aid is granted on the strength of information provided by applicants and their solicitors. I realise that it is calculated on a means-tested basis and takes no account of previous behaviour, but while I also understand the importance of safeguarding access to legal advice, I feel that in a case such as this the existence of legal aid complicates matters unnecessarily. I therefore welcome the Government's measures to restrict it, especially in cases such as this in which it pitches one person unfairly against another, and especially when options such as mediation may be more effective. It seems fundamentally unfair that in the case that I have raised, legal aid is available to the birth mother but not to the adoptive parents. I realise that this issue is not within the Minister's portfolio, but perhaps he will clarify the effect that changes to legal aid provisions will have on cases involving adoption.

Finally, I want to draw attention to the apparent lack of support measures for adoptive parents. My constituent and her family have been subjected to the behaviour of an aggressive birth mother, and must now deal with a complex legal case without the funds that would enable them to instruct a lawyer. They feel that throughout this time little or no support has been available to them. My constituent feels that she has been left with no choice but to trawl the internet to search actively for advice and guidance from adoption charities. That situation cannot be right, so will the Minister take the opportunity to advise us on what system of support and guidance exists for parents of adoptive children?

In highlighting this case and the cause of adoptive parents, I wish to make it clear that I do not expect the Minister to comment on this particular case and I simply seek his views on the broader issue of policy. I join my constituent in making the point that the legal importance of adoption orders often seems worthless if birth parents are able to take adopting families to court simply because they decide that they want to have more or full access. I fully appreciate the difficulties facing birth parents, particularly those who may not have wished to give up their child for adoption in the first place, but they should not be allowed to force legal proceedings and wreak havoc on new families who will have worked so hard to provide stability and security for the children they are adopting. If moves are made to encourage more direct contact, more guidance ought to be available for adoptive parents and more support measures must be established for them. I recognise that the law involved in this case is complex and that it is further complicated by the Government's review of legal aid. They must do all they can to educate both adoption agencies and adoptive families to understand what their position is. However, I accept that the most important factor throughout all these cases is the requirement to facilitate happy and successful adoptions for years to come.

The case I have described has been most distressing to my constituent and her family. For 10 years they have brought up an adopted child as their own in a happy and stable environment, but it is now one where both they and the child are extremely uncertain about their future together. I recognise that much of this unfortunate situation cannot be changed and that the clock cannot be turned back, but I wish my constituent and her family every success in their legal battle, and the best and happiest future for them and their adopted daughter.

5.32 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I congratulate my hon. Friend the Member for Rugby (Mark Pawsey) on securing this evening's important debate. It seems that we have been debating for days in this Chamber and he was unlucky enough to draw the short straw of having his debate at the tail end, after a night when some of us have been left short of sleep.

Leaving aside the specific case behind today's debate and the correspondence between my hon. Friend, myself, the Department for Education and the Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon (Mr Djanogly), to which reference has been made, I know that, like many of us across the House, my hon. Friend the Member for Rugby is a big admirer of the many thousands of wonderful parents in this country who have chosen to adopt a child. His closing remarks absolutely affirmed the nobility of such an activity, and I very much wish to encourage, and have been seeking to encourage, it in my time as the Minister with responsibility for adoption and children in care.

My hon. Friend raised several crucial issues and I wish to address as many of them as possible because, as he knows, adoption is an issue on which the Government have been working extraordinarily hard over the past year. As he said, I cannot refer to the specific case of his constituent because it is before the courts. It is clearly a difficult case and it has been going on for some time. As he says, the child has been placed with the adoptive parents for some 10 years and that child is regarded as their own. He was also right to mention the oft-referred-to rights of children that are at the heart of the Children Act 1989. The welfare of the child must be the paramount consideration when dealing with any matters to do with children in the care system. He also mentioned that we hear, quite rightly, about the rights of birth parents. Only in extreme circumstances should a child be taken away from their birth parents and the process should end in adoption only when it is not safe for that child to be returned to the birth parents or parent.

Most importantly, perhaps, we have made it clear from day one that we have a lot of work to do to get an adoption system that is truly fit for purpose. I have been coming at it from the angle of wanting to ensure that we have more adoptions as well as speedier and smarter adoptions, but I am also conscious that we must ensure that we get the right adoptions. The right children should be adopted and everything should be done to restore children to their birth families wherever possible.

My hon. Friend raised quite an interesting scenario that falls in between those two points, in which parents had come forward as adopters, were confirmed in that role and took on a child as their own, but their position was challenged at a later date after which legal action was brought to bear on them. Such a situation is quite unusual, but he has certainly made me aware of such cases and in formulating our approach to adoption, I want to take them on board. If we are to promote adoption as providing a suitable home for a number of children who were not lucky enough to be able to be brought up with their birth parents, it is crucial that we ensure that there are safeguards so that the right children are placed for adoption and the people who adopt them have their interests protected, too. After all, they have come forward with the noblest of intentions. We need an adoption system that is truly fit for purpose in all those respects.

No one could fail to be concerned by the fall in the number of adoptions of looked-after children over the past few years, particularly the decline in the timeliness of placements. When it has been decided that a child's future best lies in an adoptive placement, we owe it to that child to get on with placing them as swiftly as we can so that they have as good a chance as possible to secure a second chance at the stable family upbringing that was denied to him or her in the first place.

At this stage, I would particularly like to commend the campaign that has recently been promoted by *The Times* and, in particular, by the journalist Rosie Bennett, who has highlighted a lot of the shortcomings in the adoption system and has worked with us in the Department for Education to try to highlight the problems and to promote some of the solutions. We are working with a number of organisations and people who are interested in the field of adoption.

As I have said before, both in the House and outside it, we want to see the decline in adoption stopped in its tracks and more children adopted quicker and more smartly when that is in their best interests. I also want local authorities to consider carefully the support that adopted families need—my hon. Friend mentioned that—so that everything possible is done to increase the number of successful adoptions. It is not just a question of getting more adoptions to happen; adoptions must be

[Tim Loughton]

sustainable and they must not break down. It is all the more important that we get a good match and that the right support is provided at an early stage and for as long as it takes so that everything possible is done to increase the number of lasting and successful adoptions.

Placing a child for adoption with prospective adopters is only the start. Adoptions need to succeed and that is why I set up a ministerial advisory group on adoption. At our next meeting we will consider adoption breakdowns and how better adoption support can help to prevent them. As part of a wider programme of adoption reform, we have recently published revised national minimum standards, revised statutory guidance and an adoption data pack to inform and stimulate debate both nationally and locally about the volume and timeliness of adoption.

In addition, as many hon. Members will know, we have asked David Norgrove to review the family justice system. The review panel's interim report, which came out just last month, provides a valuable initial assessment of the challenges that the family justice system faces. We encourage everyone who has experience of the system to contribute their views over the coming months so that the panel has as much information as possible on which to base its final recommendations, which are due out later in the year. I have also had very productive discussions with Sir Nicholas Wall, the president of the family division, and I will be holding further discussions with judges and members of the judiciary who are involved in adoption.

To come back to the specific circumstances outlined by my hon. Friend, the Adoption and Children Act 2002 makes it quite clear that in reaching a decision about the adoption of a child, the paramount consideration of the court or adoption agency must be the child's welfare. In reaching a decision, the court or agency must take into account a number of issues, including the likelihood of any relationship with birth family relatives continuing, as well as the benefits to the child, and it must have regard to the child's ascertainable wishes and feelings. I know from some of my constituency cases that ongoing contact with birth parents is a difficult and sensitive issue; great sensitivity and, often, the judgment of Solomon, is required.

As my hon. Friend knows, during the period between a placement order and an adoption order, the adoption agency must satisfy itself as to the child's welfare and consider any additional requests for support by the adoptive parents. Once an adoption order has been made, adoptive parents are in exactly the same position as birth parents, but adoption support services are available. An adoption order is, of course, final and irrevocable, other than in exceptional circumstances. The courts have consistently emphasised the special, permanent nature of adoption orders because they affect people's status and alter the most fundamental of human relationships. However, the High Court has the power to set aside an adoption order on appeal in cases of mistake or where there has been a failure of natural justice due to procedural irregularities or fraud, but that is extremely rare and is to be avoided if at all possible as it is greatly unsettling for the child.

Children, adoptive parents and birth family members all have the right to an assessment of their needs for adoption support services on request and it is for the local authority to decide what services to provide. Sensitive, proactive post-adoption support can sometimes make all the difference to the success of an adoption. Having looked at the record of some independent adoption agencies in particular, I know that it is invariably those agencies that offer good pre-adoption placement support and good-quality post-adoption support for as long as it takes to make sure that the adoptive placement is sustainable and able to last that tend to have the lowest disruption rates and the best records of giving children a decent second chance. The cost of not providing such support, in terms of children returning to care, can be very great in financial terms and, more importantly, in the human and social effects for the children involved.

There is a legal framework under the 2002 Act that protects the identity of the adopted child and the adoptive family. My hon. Friend rightly raised the important issue of security of information for adopters and I would be interested to hear how the case he has discussed evolves and to learn where security breaches might have happened, because it is essential that the anonymity of new arrangements is paramount. If there are flaws in the system that enable people to exploit it in a way that is not in the best interests of the child, we need to be able to do something about that. We need to be able to identify such problems and I would appreciate further discussions with him as the case he mentioned is unravelled.

No information should be disclosed that would reveal the child's identity or whereabouts or the identity or whereabouts of the adoptive parents. Although there are safeguards in place, in today's electronic world a determined person with little information about an individual might be able to find them, but that is no excuse for our not having in place systems that are as watertight as possible.

As regards contact after adoption, my hon. Friend will know that before a child is placed for adoption, the adoption agency must assess the needs of the child in relation to future contact arrangements with members of their birth family. It must ascertain the wishes of the child, birth parents and any other person whom the agency considers relevant about future contact. As I said, that is a sensitive and difficult area. Contact plans are reviewed at the various stages of the adoption process, and are considered by the court when making a placement order and an adoption order. It is not something that is static—it is constantly assessed and reassessed.

It is important that adoptive parents are made aware that, as part of the support services available to them, they can receive help in relation to any contact arrangements and, like the birth family and of course the child in question, the adoptive family can ask the adoption agency that placed the child to review the contact arrangements if they are not working or if the child's needs for contact have changed. That is not uncommon as the child grows up and begins to ask questions about his or her origins. I must emphasise that once an adoption order is made, a birth parent has no automatic right to contact, and can only make an application to the court for an order for contact with the court's permission. The court may make a contact order requiring the person with whom the child lives or is to live to allow the child to visit or stay with the person named in the order, or for that person and the child otherwise to have contact with each other. It bears repeating that a court will do so only if, having weighed the evidence, it is clear

that such contact would be in the child's best interests. The paramountcy consideration always comes into play. The revised adoption guidance that I mentioned earlier covers those matters.

It is worth noting that if adoptive parents are unhappy with the way in which they have been treated by the local authority they have the right to make a formal complaint under the local authority complaints procedure. If they are unhappy with the council's response, they may request a panel hearing, which will have independent representation. If they remain dissatisfied, and think that a local authority has treated them unfairly as a result of bad or inefficient management—"maladministration"—they can refer their complaint to the local government ombudsman.

My hon. Friend mentioned legal aid, and I am aware of his correspondence with the Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon. I will not deal with the detail of that issue, but he is right to refer to the review. It is worth noting, however, that the legal aid review is intended to achieve a level playing field for various aspects of family justice, as that is clearly not the case at the moment. Legal aid changes might affect adoption in some cases, but I am happy to take another look at that if, in the light of my hon. Friend's case, he thinks that there is not a level playing field, and I am happy to take part in discussions with my colleagues at the Ministry of Justice.

The Ministry of Justice recently consulted on changes to the legal aid system, with the aim of focusing resources where they are most needed, and it is currently considering a response to the consultation, so its final judgments are a little way off. Decisions about legal aid funding in civil cases are a matter for the Legal Services Commission, which is responsible for administering the legal aid scheme. Generally, legal aid in civil cases is available to anyone who qualifies, provided that the applicant is using the courts of England and Wales and that the case is within the scope of the scheme. Civil legal aid is available for cases involving the welfare of children. Each application, which may include the child if they are a party to proceedings, is considered on an individual basis and is subject to statutory tests of the applicant's means and the merits of the case.

Let me finish by repeating our absolutely, intently serious commitment to improving adoption services in this country, in particular to those people who come forward to provide loving and supportive homes to children who desperately need the second chance that they were denied with their own parents. With the wider reforms that we are introducing, we want to get people talking and thinking about adoption again, and we want all that to translate into action, with better-quality, sustainable placements right across the country. If there are examples from this case and others that hon. Members wish to raise that show in some way that the ability of adoptive parents, who have often gone through a long, drawn-out and intrusive process, to continue to offer a stable, loving family placement to an adopted child is impaired, we will need to look at that, and I am happy to review the situation if that is the case. I am grateful to my hon. Friend for raising the issue, and I hope that his constituent's case, which is behind today's debate, reaches a satisfactory conclusion. Equally, if there are important lessons to be learned that we can apply to the whole area of adoption, I should very much like to learn them.

Question put and agreed to.

5.50 pm

House adjourned.

Deferred Division

Section 5 of the European Communities (Amendment) Act 1993

That this House takes note with approval of the Government's assessment as set out in the Budget Report, combined with the Office for Budget Responsibility's Economic and Fiscal Outlook, which forms the basis of the UK's Convergence Programme, for the purposes of section 5 of the European Communities (Amendment) Act 1993.

The House divided: Ayes 249, Noes 139.

Division No. 265]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Blackman, Bob
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, Mr Edward
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goodwill, Mr Robert
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Hemming, John
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
James, Margot
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Maude, rh Mr Francis
May, rh Mrs Theresa
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Sanders, Mr Adrian
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

NOES

Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Bailey, Mr Adrian
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Cash, Mr William
Chapman, Mrs Jenny
Clappison, Mr James
Clwyd, rh Ann
Coaker, Vernon
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Philip
Denham, rh Mr John
Donohoe, Mr Brian H.
Dowd, Jim
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Farrelly, Paul
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Glindon, Mrs Mary
Goodman, Helen
Green, Kate
Gwynne, Andrew
Hain, rh Mr Peter
Hanson, rh Mr David
Healey, rh John
Henderson, Gordon
Hepburn, Mr Stephen
Heyes, David
Hilling, Julie
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Hopkins, Kelvin
Howarth, rh Mr George
James, Mrs Siân C.
Jenkin, Mr Bernard
Johnson, rh Alan
Jones, Mr Kevan
Kaufman, rh Sir Gerald
Lavery, Ian
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Mactaggart, Fiona
Main, Mrs Anne
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McKechin, Ann
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Miliband, rh David
Miller, Andrew
Morris, Grahame M. *(Easington)*
Nash, Pamela
Nuttall, Mr David
Paisley, Ian
Pearce, Teresa
Phillipson, Bridget
Raynsford, rh Mr Nick
Reckless, Mark
Reynolds, Emma
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Ruddock, rh Joan
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tapsell, Sir Peter
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Mr Andrew
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wright, David

Question accordingly agreed to.

House of Commons

Thursday 5 May 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

M1 Fire

1. **Bob Blackman** (Harrow East) (Con): What assessment he has made of the effect on his Department's budget of repairs required to the M1 following the recent fire. [54153]

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I want to praise the effective firefighting by Green Watch of the London fire brigade, particularly led by Mill Hill fire station, at the incident on the M1. I also want to praise the Highways Agency and Connect Plus for doing so much work underneath the bridge, which I saw myself.

That section of the M1 is under a managed contract agreement with Connect Plus. The contract indicates that there is a repair and insurance responsibility to the contractor, and no costs will be borne by the Department for Transport.

Bob Blackman: The incident occurred over the busiest weekend at Wembley stadium, where the FA cup semi-finals were taking place. It affected three of the teams quite severely—although it did not affect Manchester United fans from Surrey very much. *[Laughter.]* Members got it in the end. It also caused traffic congestion on the M40 and throughout my constituency. What action will the Minister take to ensure that across the country there is appropriate storage under motorways in future?

Mike Penning: For most of that weekend I was underneath the bridge once the fire was finished and while remedial work was done to install 250 tonnes of steel to secure the bridge so that it could be reopened. The Secretary of Sate has already announced a review of what works can be done and what can be stored under bridges. When that review reports in the next few weeks, we will look carefully at its findings.

Mr Denis MacShane (Rotherham) (Lab): After 17 years of using the M1 between Rotherham and London, I know that it is always under repair on one stretch or another. Is part of the problem that the M1 is used as a suburban rat-run around the big conurbations? Might we not consider introducing a motorway vignette, so that people who use the motorways pay a little extra, we help reduce the deficit and we discourage the urban-dwellers around the M1 from using it as an ordinary road?

Mike Penning: In 13 years of a Labour Government, they rejected plans for doing that, and so have this Government. I do not think that the right hon. Gentleman can blame the M1 for a fire that was underneath it, which reached a temperature of up to 1,000 degrees and buckled the reinforcement bars. The Highways Agency and Connect Plus did a fantastic job. It is sad that there was so much disruption, but they did the work as fast as they could.

Mr Matthew Offord (Hendon) (Con): I associate myself with the Minister's comments about the Mill Hill firefighters, who worked so hard at the location and in helping local residents. For many years, the councillor for the Hale ward on Barnet council, Councillor Hugh Rayner, has been supporting local residents on Ellesmere avenue in their calls for the scrapyard to be moved from its site under the M1. Does the Minister agree that while we should not act in a knee-jerk fashion and remove all businesses from under railways and motorway arches, we need to look carefully at what activities can be undertaken safely underneath motorways, and take action to ensure that inappropriate uses are eliminated?

Mike Penning: It was a pleasure to meet my hon. Friend at the incident and at the site and it was a real pleasure to see the councillor responsible as well as the representative of the London Fire and Emergency Planning Authority. I also visited and praised Green Watch at the station.

It is important that the review looks carefully at what can and cannot be done under railway arches and roads. Different railway arches can have different structures. Once the review is forthcoming, we will look at it very carefully.

Mr Speaker: John Robertson is not here, so I call Lyn Brown.

Crossrail

3. **Lyn Brown** (West Ham) (Lab): What his most recent estimate is of the cost of the Crossrail project. [54156]

The Minister of State, Department for Transport (Mrs Theresa Villiers): Crossrail is at a relatively early stage of construction and the cost will be finalised over time. However, at this stage, we expect that the project will cost no more than £14.5 billion.

Lyn Brown: I understand that the Government have cut £1 billion from the Crossrail project, which will mean that its opening will be delayed until 2018, and that only part of the route will be open. Will the Minister confirm for me today when the whole of the planned route will be open and which bits will not be open in 2018? When will I be able to travel from Stratford to Heathrow?

Mrs Villiers: There will be a phased opening of services from 2018. We have lengthened the delivery time following an engineering-led review, which did a

great job in reducing the cost of the project while still enabling the full benefits to be delivered according to the original scope. We shall make an announcement in due course on the timetable for the phasing in of services from 2018.

Mike Gapes (Ilford South) (Lab/Co-op): I declare an interest as the chair of the all-party Crossrail group. My constituents in Ilford will benefit enormously as a result of the improvements brought about because three stations in my constituency are on the Crossrail route. However, there is considerable disappointment on Redbridge council at the fact that, as a result of the cost-cutting exercise, the plans to remodel and rebuild Ilford station will not go ahead. The Minister has been invited to meet Redbridge council and visit the area. Is she likely to come to Redbridge in the near future to discuss that with my council?

Mrs Villiers: I pay tribute to the work that the hon. Gentleman has always done on Crossrail. The whole House will welcome confirmation that Crossrail has gone ahead; despite all the scare stories from Labour in opposition, the coalition is pressing ahead with it. We have made some savings on some stations. The plans for their redevelopment are less ambitious than they were, but they will still perform all the transport functions that were included in the plans' original scope. Crossrail and the Department for Transport remain happy to work with local authorities to facilitate extra improvements that local authorities might want to fund and deliver to regenerate the surrounding area.

Dartford-Thurrock Crossing (Tolls)

4. **Jackie Doyle-Price** (Thurrock) (Con): When he plans to announce his consultation on the level of tolls on the Dartford-Thurrock crossing; and if he will make a statement. [54157]

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I hope shortly to announce and publish the consultation which I know my hon. Friend is waiting for on the revision of the road user charging regime for the Dartford river crossing.

Jackie Doyle-Price: I thank the Minister for his reply. A few months ago, he announced his intention to remove the barriers at the Dartford crossing. My constituents would like the tolls removed altogether, of course, but we recognise the need to maintain revenue. The barrier removal will reduce congestion significantly. When he brings forward his proposals, will he include plans to make sure that foreign lorries are charged for using the crossing? Haulage is a big constituency interest for me, and my hauliers are at a competitive disadvantage compared with European suppliers.

Mike Penning: I fully understand the concern that if we go to free-flow tolling in Dartford, or any other part of the country, everybody who uses the road should pay, including foreign truckers and foreign vehicles. Some 20% of trucks that go through Dartford are foreign-registered, so we are very conscious of the issue and will make sure that we work on it.

Rail Franchising

5. **Penny Mordaunt** (Portsmouth North) (Con): What plans he has for the reform of rail franchising; and if he will make a statement. [54158]

6. **Claire Perry** (Devizes) (Con): What plans he has for the reform of rail franchising; and if he will make a statement. [54159]

The Secretary of State for Transport (Mr Philip Hammond): The Government published "Reforming Rail Franchising: response to consultation and policy statement" on 19 January this year. In it we set out, among other things, our commitment to longer franchises, less prescriptive service requirements, and the transfer of stations to train operators. The Department is now considering, within the framework, the detailed invitation to tender for the intercity west coast franchise.

Penny Mordaunt: Since the Adjournment debate on South West Trains, I have received thousands of letters and e-mails from long-suffering passengers around the country who are having to put up with suburban trains on mainline routes. Is it not time that we had minimum standards of comfort set out in rail franchise agreements, and should not companies that ignore such concerns not have their franchises renewed?

Mr Hammond: I appreciate my hon. Friend's campaign on that point, but the simple fact is that on many of our suburban railways, particularly those going into London, we have limited capacity. Trains are already at maximum length, and the number of train paths is already at the maximum capacity of the railway. Taking out seats to make them larger, which I think is my hon. Friend's point, would simply mean more commuters standing, and those commuters who join the train closer to London are vehemently against that, so the Government have no plans at the moment to specify the size or configuration of seats in commuter trains.

Claire Perry: Will the Secretary of State expand for us on the benefits that he expects passengers to get from changed patterns of franchising? In particular, will they benefit passengers in Wiltshire, especially those who would like to travel on the proposed trans-Wilts railway, which would improve considerably our north-south travel patterns in the county?

Mr Hammond: As my hon. Friend will have anticipated, I specifically had passengers in Wiltshire in mind when we designed our franchising proposals. The key thing is to drive down the cost of our railways. We have to make them more efficient, and we have to close the productivity gap between them and competitive railways in Europe to relieve the pressure on both the taxpayer and the fare payer. The changed franchise specifications will give train operators incentives to drive down costs—something that, frankly, they have not been incentivised to do under the current system.

Derek Twigg (Halton) (Lab): The Secretary of State made a point about less prescriptive service requirements, but will he give a guarantee that stations such as Runcorn mainline station and Widnes station in my constituency, which have seen a significant increase in passengers in

the past five years, will not, as a result of his reform of franchising, have a reduction in the number of stopping trains?

Mr Hammond: I understand the hon. Gentleman's point, and our intention is to maintain services while creating sufficient flexibility at the margin to allow franchisees to operate their businesses in a way that makes them more efficient. That is a complex balancing act. Nobody wants train services to be reduced as a consequence, but if we are absolutely prescriptive about the timetable, down to officials detailing the precise time of every train stop at every station, the scope for improving the efficiency of our railways will be severely limited. It is a balancing act, and we are determined to get it right.

Mr Kevan Jones (North Durham) (Lab): Is not the point, certainly on intercity franchises, that the concentration is on improving journey times for long distances, which has an adverse effect on small commutes, for example from Chester-le-Street in my constituency to central Newcastle, which is only a 10-minute commute, but is a well-used service? As a result of the way in which franchises are structured, fewer trains are stopping to carry commuters on that vital route.

Mr Hammond: The hon. Gentleman is right. We need to get the balance right between long-distance intercity services, where stops disadvantage long-distance travellers, and short-range commuter services. In many cases, it is not appropriate for long-distance intercity trains to have a service pattern that is organised around the local commuter travelling pattern. We need local commuter trains to deliver that.

These are complex issues. Our view is that train operators are best placed to deliver services to their users in a system that incentivises them to deliver the services that passengers want. That system has not existed hitherto under the revenue-sharing arrangements in which the Government collect most of the additional revenue taken at the fare box by the train operator. Putting those incentives back in place will deliver better services and greater efficiency.

Dr Julian Huppert (Cambridge) (LD): Will the new rail franchising arrangements enable the Secretary of State to take steps to ensure that fares do not rise at the huge rates that we have seen recently, but begin to level off? Will he also make sure that it is simpler and easier for people to understand what they ought to pay for a particular trip?

Mr Hammond: The hon. Gentleman makes two good points. First, the fare system is incredibly complex and, secondly, passengers face high fare levels—we fully appreciate that. The only way in which we can tackle high fare levels is to make the railway more efficient. We are determined to do so, and we will receive and publish shortly the report by Sir Roy McNulty on value for money on the railways, which will make proposals to achieve that objective.

Maria Eagle (Garston and Halewood) (Lab): I am glad that the issue of fares has come up, because on 9 March the Secretary of State attended a presentation on the findings of the rail value-for-money review, which he will publish later this month. I have a leaked copy, which includes a recommendation that in future rail franchises should have

"more freedom to set fares".

Does he stand by what he told the House on 27 January, when he said that the objective of the review was

"to reduce the burden on both the taxpayer and the fare payer"?—[*Official Report*, 27 January 2011; Vol. 522, c. 426.]

Mr Hammond: Yes, absolutely—that is the key objective of the McNulty review. The hon. Lady will know, if she wants to look at this objectively, that we have severe crunch-points on our rail system, where the current pattern of fares is driving perverse behaviour. The 18.59 train north from Euston on a Friday evening is virtually empty, but the 19.01 train is packed, with people standing, and the police preventing others from joining the train for safety reasons, and that is because of the way in which the fare structure works. We must be able to use the pattern of fares to address crowding, and to avoid the perverse incentives that have been created.

Maria Eagle: Can the Secretary of State explain some quotes in the document that suggest that he will allow franchisees to do what they want with fares? For example, the document states that he needs

"to consider in letting future franchises: more freedom to set fares"

and should

"encourage TOCs to take a more commercial approach to fare setting".

There are other such quotes in the document, which seems to suggest that he will allow train operating companies to charge whatever they want.

Mr Hammond: The hon. Lady is confusing herself. The document from which she has quoted is, I think, Sir Roy McNulty's presentation to the seminar to which she referred. It is not a Government document.

Sir Alan Haselhurst (Saffron Walden) (Con): Would my right hon. Friend explain why passengers in the Greater Anglia franchise area face the possibility of having three different train operators within 18 months, which is likely to cause confusion to them and to staff? The only beneficiaries would appear to be the companies that supply the paint to change the carriages.

Mr Hammond: The decision was taken to let a short management contract for the East Anglia franchise because it is our intention to let a longer-term contract and we wanted the opportunity to incorporate the findings of the McNulty review into the franchise specification before doing so.

UK Airports

7. **Greg Hands** (Chelsea and Fulham) (Con): What improvements his Department is seeking to achieve in respect of the passenger experience at UK airports. [54160]

The Minister of State, Department for Transport (Mrs Theresa Villiers): The south-east airports taskforce is looking at ways to improve efficiency, tackle queues and reduce delays at Heathrow, Gatwick and Stansted. It is due to report in July.

Greg Hands: I commend the Secretary of State and the Minister for their active and robust campaign to improve the passenger experience. I think that it has improved in recent months, particularly at Heathrow, but I polled my constituents and many of them disagree. Greg Taylor said:

"Compared to Asian airports...Heathrow is a disgrace",

and James Max complained about

"bad baggage reclaim...expensive food and parking...poor public transport".

How can my constituents get more involved in the process of improving the experience at Heathrow and other airports?

Mrs Villiers: My hon. Friend is right to give credit to Heathrow for real improvements over recent years. Although terminal 5 started pretty badly, it is now a high-quality facility, and the airport will be investing in a major redevelopment of other terminals, hopefully to bring them up to the same standards. But more needs to be done, which is why we will modernise the airport regulatory framework to put passengers at the heart of the system, to give the Civil Aviation Authority the power to intervene where airports fail their passengers, and to incentivise the sort of investment in improvement, to baggage handling and terminals, for example, that his constituents clearly want. We are also introducing a new consumer panel at the CAA to improve passengers' ability to influence the regulation of the airport.

Uninsured Driving

8. **Mr Marcus Jones** (Nuneaton) (Con): What steps he is taking to tackle uninsured driving. [54161]

The Parliamentary Under-Secretary of State for Transport (Mike Penning): The Government have already introduced the continuous insurance enforcement scheme that will come into force in late June, which says simply that everyone who intends to drive a vehicle on the road must be insured and that a vehicle must have a valid statutory off-road notification if there is no intent to drive.

Mr Jones: Uninsured drivers are the scourge of our roads, adding to the insurance premium of the law-abiding motorist. With a fixed-penalty sanction against uninsured drivers of £200 and an average motor insurance policy premium of £892, rising to £2,431 for young drivers, is it not time to consider increasing the fixed-penalty fine to ensure that it is proportionate to the cost of motor insurance, to incentivise those who think that it is right to drive uninsured?

Mike Penning: It is estimated that 1.5 million people drive without insurance, which is a huge cost burden to those who do insure, and there is strong evidence that those who are uninsured are likely to commit other driving and criminal offences. However, I assure my hon. Friend that we are looking closely at that.

Clive Efford (Eltham) (Lab): One of the biggest incentives to drive illegally is the premium imposed by insurance companies. There are various schemes to try to reduce those costs, particularly for young drivers who are a problem in this regard. GPS can measure journey times, the hours of the day when people travel, and who else is in the car. Is the Department in negotiation with insurance companies to progress such schemes so that young people can afford insurance premiums and avoid driving without insurance?

Mike Penning: Yes, we have frequent discussions with the insurance industry, but I must stress that being insured is not a choice; it is a legal requirement. We are trying to drive down the cost, which is partly the result of uninsured drivers driving up the cost of those who are insured, creating a perverse incentive, and partly the result of fraud, which is a massive issue that the Select Committee considered and to which I gave evidence. We are working with the insurance industry on some of the measures referred to by the hon. Gentleman. It is also important when requesting an insurance quote to tell the truth, for example about the number of points on one's driving record, so that the insurance is not invalid when a claim is made.

Philip Davies (Shipley) (Con): I am sure that the Minister will want to commend the automatic number plate recognition scheme, which the police use effectively in west Yorkshire to catch people driving without insurance. However, does he agree that their efforts are undermined by the courts which give derisory fines to people caught driving without insurance? The fines that they give mean that, for many people, crime does pay.

Mike Penning: ANPR is a huge move forward in how we catch more people who drive without insurance. As I said to my hon. Friend the Member for Nuneaton (Mr Jones), we are looking at the issue and working with other Departments to ensure that the punishment fits the crime.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Uninsured drivers contribute significantly to the number of crashes, deaths and serious injuries on the roads. When will we see the long-awaited road safety framework document, and will it address that issue? Does the Department intend to continue publishing targets for the reduction of deaths and serious injuries on our roads?

Mike Penning: The hon. Gentleman used to have the job that I have the honour of doing these days, and he knows full well that the Government will publish the road safety strategy as soon as we can; he will have to wait for what is in it. He made a point about targets. If we are not careful, if we set targets the easy option is always the way forward. We have the safest roads in the world and we intend to keep them that way, but we are not going to set arbitrary targets and just say, "We have met that target, so we can ignore the harder option."

High Speed 2

9. **Chris White** (Warwick and Leamington) (Con): What recent progress has been made on his Department's consultation on High Speed 2. [54163]

The Secretary of State for Transport (Mr Philip Hammond): We are part-way through a programme of 30 public roadshows along the line of the proposed London to west midlands route, and we have held regional seminars across the country. The programme was suspended for the duration of the election purdah period, but will resume next week. The consultation process finishes on 29 July, and I expect to announce the Government's response later this year.

Chris White: Today I will be heading back to my constituency for the final afternoon of campaigning, and many colleagues will be heading back to theirs. I will be travelling on the excellent Chiltern line service from Marylebone. However, many constituents are concerned that high-speed rail will lead to a loss of conventional rail services, as has been the experience in other countries with high-speed rail networks. What assurances can the Secretary of State give that the Department for Transport is taking those concerns seriously and what impact will there be on such highly popular local networks?

Mr Hammond: As I look around the Chamber, it seems to me that one or two Members may have travelled back for the final afternoon of canvassing and campaigning already.

My hon. Friend could not be more wrong. One of the huge benefits of building a new, dedicated high-speed line will be the released capacity on the existing conventional lines—the east coast main line, the west coast main line and the midlands main line. Those lines will be capable of being reconfigured to deliver better longer-distance and short-distance commuting services and more freight paths for freight trains, taking more freight off the road and getting it on to rail. That is one of the big wins of a dedicated high-speed line.

Stephen Timms (East Ham) (Lab): Does the Secretary of State agree that there needs to be a full high-speed interconnection between High Speed 1 and High Speed 2 from the start? What are his plans for those interconnections?

Mr Hammond: The right hon. Gentleman will know that the published plans include a link from Old Oak Common via a tunnel round to the north of St Pancras station, connecting directly to the High Speed 1 line. It will be possible to run trains from the midlands and the north of England, directly through that tunnel, to the High Speed 1 network and onwards to the channel tunnel.

Potholes

10. **Fiona Bruce** (Congleton) (Con): What steps he is taking to assist local authorities to repair potholes. [54164]

The Parliamentary Under-Secretary of State for Transport (Norman Baker): On 24 March, we wrote to all local highway authorities informing them of their share of an additional £200 million, which we have made available for repairing damage to their road networks following the severe winter weather at the end of last year. The funding was paid to authorities on Monday 28 March this year.

Fiona Bruce: I thank the Minister for his reply and for the generous grant of £2 million recently received by my local authority of Cheshire East. However, the council has a £100 million shortfall in planned maintenance of its highways network, and it is unable to commit funding to upgrade junction 17 of the M6, which is in my constituency and frequently causes major traffic problems. Can the Minister offer any help to the local authority as it tries to address the problem with partner organisations?

Norman Baker: I am grateful to my hon. Friend for her welcome for the extra funds made available. It is worth putting on record that we have committed £3 billion for highway maintenance over a four-year period in addition to the £200 million that was announced this year, so despite the difficult economic circumstances, we are prioritising moneys for highway maintenance. I am not aware of the particular junction, but if my hon. Friend writes to me with further details I will happily get a reply to her on the matter.

Mr Greg Knight (East Yorkshire) (Con): If the main excuse given by failing authorities is that they are short of resources, will the Minister consider instructing them to stop installing speed humps and to use the tarmac they save to fill in the potholes?

Norman Baker: That is a novel and interesting suggestion, but I do not think it is the job of Transport Ministers to direct local councils how to spend their money.

Barking/Gospel Oak Line (Electrification)

11. **Jeremy Corbyn** (Islington North) (Lab): What consideration he has given to electrification of the Barking to Gospel Oak line. [54168]

The Minister of State, Department for Transport (Mrs Theresa Villiers): We are committed to further electrification of the railways. However, electrifying Gospel Oak to Barking is not currently a strategic priority as a number of other schemes have stronger and more developed business cases.

Jeremy Corbyn: May I persuade the Minister that it is a priority and that the matter is of national as well as London importance? The Barking to Gospel Oak line is the only part of the London overground network that is not electrified, therefore running trains on it with diesel power is more expensive. Secondly, because the line is on a major freight route from the east coast, there has to be a change from electrified haulage to locomotive trains on that section. It would be of great benefit, both nationally and in London, if the line were electrified. Will the Minister look at it again and will she meet the secret group of Barking to Gospel Oak line MPs who would, I am sure, support the points I am making?

Mrs Villiers: I am happy to meet the group, as the hon. Gentleman asks. The problem is that electrification would be expensive, because tunnels, bridges and viaducts are close to habitation, and the passenger benefits would be quite limited because the route is already running brand-new diesel trains. The performance benefits—journey-time improvements—delivered by electrification would be limited. The combination of high cost and limited passenger benefits means that the scheme is well

behind others, such as the midland main line, the Great Western line and the Wales valley lines in terms of best value for taxpayers' money.

Stella Creasy (Walthamstow) (Lab/Co-op): May I unveil myself as a member of the secret group of North London line supporters? I look forward to the Minister meeting us. I hope she will meet us on the line itself, so that she can experience some of the problems that my constituents face—we promise not to make her wear an invisibility cloak—and so that she can understand some of the challenges we face in London because the line is not electrified. Problems with the freight line affect homes in Waltham Forest and other parts of north-east London, so I hope she will accept our invitation. We look forward to showing her our patch of north-east London.

Mrs Villiers: Meeting on the line itself might be a little difficult.

On the freight points, the problem is that freight trains use many parts of the network that are not electrified, which is why the majority of freight trains are diesel. There is a real possibility that even if the line were electrified, the freight trains running over it would still mainly be diesel. I am afraid that the freight issues do not address the business case problems. We have limited funds; unfortunately, we have to make difficult decisions on priorities and although I am happy to listen to representations from the group, for the moment I continue to believe that other schemes have priority because they have a better business case.

2012 Olympics (Transport Network)

12. **Mary Macleod** (Brentford and Isleworth) (Con): What discussions he has had with the Mayor of London on the operation of the transport network in London during the London 2012 Olympics. [54171]

The Secretary of State for Transport (Mr Philip Hammond): I have lead accountability within Government for transport preparations for the London 2012 Olympics. I am a member of the Cabinet sub-committee on the Olympics, which meets regularly and is also attended by the Mayor of London and representatives of the London Organising Committee of the Olympic Games and Paralympic Games and the Olympic Delivery Authority.

My officials and I have regular discussions with the Mayor and his officials in the Greater London authority and Transport for London on transport during the Olympics. Transport for London works closely with the ODA, which has statutory responsibility for transport planning for the games.

Mary Macleod: As the Secretary of State mentioned, a number of organisations are involved in the planning and delivery of a successful transport network for the games—LOCOG, the ODA, the Mayor of London and Transport for London. Can my right hon. Friend tell me what efforts have been made to co-ordinate planning across those groups to ensure that we can manage the huge numbers of athletes and spectators? Does he feel that appropriate measures have been put in place to keep London moving during that critical time?

Mr Hammond: As I have already described, there is a mechanism for bringing all those groups together through the Cabinet Olympic sub-committee, which is very effective. During the games, the Transport for London control room in central London will be the main control room for managing the transport networks.

The required measures are being put in place, but my hon. Friend is right to say that it will be challenging to manage down background demand for travel in London to allow sufficient capacity for the games family—the athletes, spectators and sponsors—to travel around. That is a big challenge, which we will face in the next 12 months—I am under no illusions about the size of it.

Topical Questions

T2. [54173] **Greg Hands** (Chelsea and Fulham) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Transport (Mr Philip Hammond): Since the previous departmental questions, I have published a scoping document about our planned development of a sustainable aviation policy. I have allocated £200 million for pothole repairs to individual local authorities, and announced the allocation of 20 additional rail carriages for commuter routes serving the Leeds area. We have also announced the go-ahead for the long-awaited Swindon to Kemble track redoubling, and the Ordsall chord in Manchester, linking Victoria and Piccadilly stations.

Greg Hands: Will the Secretary of State join me in condemning as obscene and irresponsible the proposed six days of tube strikes by the National Union of Rail, Maritime and Transport Workers next month over only two individual employees? Will he also condemn Labour's candidate for London Mayor, who has signally failed to condemn the action, and, indeed, his deputy, who even appears at RMT protest meetings?

Mr Hammond: I absolutely agree with my hon. Friend that the series of strikes is highly irresponsible. As I said last night, no one in the Government is spoiling for a fight with the unions, but the unions appear to be spoiling for a fight with London. I say to the RMT and other unions that that sort of irresponsible strike action, when an alternative, proper remedy—an ongoing employment tribunal—is available, only strengthens the hand of those, including the Mayor, who call for tougher industrial relations laws.

Maria Eagle (Garston and Halewood) (Lab): As the Secretary of State will know, today marks the closing of the consultation on his plans to axe more than half the UK's coastguard stations, leaving just three offering 24-hour cover. Yet, in a letter to me this week, the Maritime and Coastguard Agency stated that the consultation,

"will be reopened in the Summer".

Will the right hon. Gentleman confirm that the consultation closes today, as the letter says, "for the first time"? Given that it is increasingly clear that the policy is a shambles, why does he not just abandon the ill-thought-through proposals, which will leave our coastline a more dangerous place?

Mr Hammond: What a wonderful piece of opportunism. I can confirm that the consultation closes today. Of course, the previous Administration originally made the proposals to modernise the coastguard. We have listened carefully to the representations, and some very sensible representations have been made about how the reconfiguration might be managed to protect more of the local location of services. Once the consultation is closed, we will publish a summary of the findings and make our response to it.

T4. [54176] **Mrs Helen Grant** (Maidstone and The Weald) (Con): Will the Minister meet me as soon as possible to discuss the reinstatement of the Maidstone East to City of London service?

The Minister of State, Department for Transport (Mrs Theresa Villiers): I am happy to meet my hon. Friend to discuss the matter. I have given the issue careful consideration, but she will know that changes to the franchise, which require extra subsidy, would be difficult to approve in the current fiscal climate.

Margaret Beckett (Derby South) (Lab): Does the Secretary of State recognise that there is strong cross-party support in the House, not only for British manufacturing in general, but in particular for the sole remaining British train maker, which eagerly awaits the award of the contract for the Thameslink line? What is the timing for that?

Mrs Villiers: We expect to make some announcements on that contract imminently. Towards the end the year, we expect to draw towards contractual close. We will make further announcements in due course.

T5. [54178] **Mark Pawsey** (Rugby) (Con): In Rugby, a significant number of vehicles on our roads have been brought into the country by foreign workers, and they remain registered in their home countries. When I raised the matter with the Minister, he advised me that such vehicles can be used for six months in a 12-month period, or until the visitor takes up residence. However, there is currently no database for tracking such vehicles as they enter and leave the UK. That means that the owners of many vehicles use UK roads without contributing to the costs of maintaining them. Will the Minister consider a review to rectify that?

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I am well aware of this issue, and I thank my hon. Friend for raising it. I corresponded with him recently on the matter. All vehicles on all roads in the UK should be safe, whether they are UK-registered or foreign-registered, and if they are not, they will be clamped and removed from the road. However, a database is an issue and something we are considering.

T3. [54175] **Helen Jones** (Warrington North) (Lab): Does the Secretary of State realise that his earlier answer to my hon. Friend the Member for Halton (Derek Twigg) will have raised deep concerns in parts of the north-west, not least in Warrington, which is hugely dependent on its transport links to boost and develop its economy? Is he prepared to give an assurance to the House that any new franchise arrangements will not reduce the number of intercity trains stopping at Warrington Bank Quay? Yes or no?

Mr Philip Hammond: I do not want to say, "Calm down", but I would like to say that I am sorry if I have set a hare running. I was trying to say to the hon. Member for Halton that we are very much aware of the risk that making franchises less prescriptive could lead to reductions in train services, and we are not prepared to accept that, so I can assure the hon. Lady that under the new west coast franchise, the same number of station stops at Warrington Bank Quay will occur as under the present timetable.

Duncan Hames (Chippenham) (LD): I warmly welcome the creation of the sustainable local transport fund. I hope that the Minister is aware of the exciting trans-Wilts rail proposal, of which we heard earlier, developed by the community rail partnership, which has demonstrated the strong support of local businesses and MPs. Can he confirm that he would welcome a bid from Wiltshire council to that fund, and that it would be given serious consideration?

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I am pleased with the number of bids we have received so far for the first tranche of the local sustainable transport fund. A number of imaginative bids have come in. There is a further bidding round, however, and I would welcome any suggestions that could improve the co-ordination of transport across modes.

Julie Hilling (Bolton West) (Lab): Does the Minister agree that referral fees and the whole claims management industry drive up the cost of motor insurance? Will the Government be doing anything to regulate this industry?

Mike Penning: The Government have no plans to increase the regulation on the industry, which is already severely regulated. The Transport Select Committee has considered the matter carefully. Ambulance chasers, as I referred to them in the Select Committee—some parts of the industry did not like that—are a fact and are driving up costs. Claims must be proportionate. Everybody injured on the roads should be able to claim, if it was not their fault, but there should not be an industry out there trying to make disproportionate claims against other insurers.

Steve Baker (Wycombe) (Con): Wycombe air park will be subject to various security requirements in connection with the Olympics. I learned this week that those arrangements will threaten the survival of Booker gliding club. Will the Minister meet me to try to find a way forward for that valued resource?

Mrs Villiers: I am happy to meet my hon. Friend to discuss this important issue. We are very much aware of concerns about the imposition of airspace restrictions in relation to the Olympics. We believe that restrictions are essential to maintain security for such an important event, but we are always prepared to consider refinements to see whether we can respond to concerns expressed.

Grahame M. Morris (Easington) (Lab): Will the Secretary of State commit, as the previous Labour Government did, to legislate for a high-speed rail line all the way to the north, and in so doing convince the sceptics that the Government have a credible economic policy that would benefit all the regions?

Mr Philip Hammond: As I have said many times at the Dispatch Box, the Government's programme is for a Y-shaped network that will take the high-speed railway all the way to Manchester and Leeds. I am aware of the scepticism among some Members and others outside the House about our commitment to that programme. I have discussed this matter with Members of all parties interested in securing this programme, and I have given a commitment to find a way of getting into the first hybrid Bill a commitment to the Y-shaped network sufficient to reassure those Members. However, it simply is not practical from a parliamentary point of view to have a single hybrid Bill dealing with the whole line, so it will have to be done as two hybrid Bills. We will ensure that the first Bill contains a commitment sufficient to satisfy the hon. Gentleman and his hon. Friends.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Will my right hon. Friend give an assurance that a meaningful consultation will take place with rail user groups before any of the existing rail franchises are renewed? I am thinking in particular of Southeastern, which has just had its current franchise extended by two years, despite an appalling performance record on the north Kent coastal line and repeated customer complaints.

Mrs Villiers: When we issue new franchises, we carry out a detailed consultation process. We will be doing that when the current Southeastern franchise finishes. No consultation was carried out in relation to the continuation review, because this was a contractual term of the franchise that was agreed by the previous Government, which meant that an automatic extension was granted if targets were met by Southeastern. Those targets were met; we had no choice—the extension had to go ahead. In those circumstances, a consultation was not appropriate.

WOMEN AND EQUALITIES

The Minister for Women and Equalities was asked—

Hate Crime

1. **Tom Brake** (Carshalton and Wallington) (LD): What assessment she has made of recent trends in the number of hate crimes in London. [54180]

The Minister for Equalities (Lynne Featherstone): Hate crime is an issue that the Government take extremely seriously. Until recently, many crimes were not recorded centrally, making it difficult to assess trends. That is why the coalition programme for government included a commitment to better recording of hate crime against disabled, lesbian, gay, bisexual and transgender people. Police forces started formally collecting the relevant data in April, and from the summer of 2012 we will have the complete picture of statistics, which will show the pattern of local trends in hate crime and help the police to target their resources more effectively.

Tom Brake: I thank the Minister for her comprehensive response. I wonder whether she could say what the Government intend to do about the under-reporting of hate crime, which is a big issue.

Lynne Featherstone: Yes, there is significant under-reporting. One of the actions that the Government have been taking is to work with key voluntary sector partners to encourage greater reporting. That includes, for example, the development of third-party reporting centres, because a great number of people do not report hate crime as they believe that it is not serious enough and they do not want to go directly to the police. Third-party centres will be able to pass reports on to the police.

Jeremy Corbyn (Islington North) (Lab): On the Minister's last point, I agree with her that there is a serious problem of under-reporting. Last year 11,000 racist or homophobic hate crimes were reported; I suspect that many thousands more were not. Will she talk to the Metropolitan police about increasing its resources specifically for an advertising campaign to report hate crime, so that young people in schools and in communities that do not normally associate with the police are made aware that they can get help, relief and justice for hate crimes committed in this city?

Lynne Featherstone: I thank the hon. Gentleman for highlighting the importance of getting that message out. I am happy to talk with the Metropolitan police, as there is indeed a great deal of under-reporting. There are certain sectors that lack knowledge or understanding of how or where to make reports. The police have set up a website called True Vision—just google "hate crime" and "how to report"—because the internet makes hate crime much easier to report where there is that lack of accessibility.

Disabled People (Equality)

2. **Mr Kevan Jones** (North Durham) (Lab): What recent steps she has taken to advance equality for people with disabilities; and if she will make a statement. [54181]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): Most of the Equality Act 2010 came into force last October. It contains additional protections for disabled people, providing a strong framework for equality. However, this issue is not just about legislation; it is about improving attitudes too. We are addressing it through, for example, our work on the 2012 games legacy commitment, the introduction of the right to control and proposals for additional support for disabled people who want to take up elected office, as well as by removing the barriers that disabled people, including veterans, face in accessing the services and support that they need.

Mr Jones: The hon. Lady will therefore be aware of the disabilities faced by many veterans, both young and old. Can she tell the House what discussions she has had with the veterans Minister about ensuring that those brave men and women are not put at any disadvantage because of disabilities that are the result of their service to this country?

Maria Miller: I know that the hon. Gentleman has a long-standing interest in this issue, and he is not afraid to speak out on it. We recognise the problems that veterans and their families face. That is why we have set up a covenant taskforce to find innovative solutions to the problems facing former service personnel and their families. That, coupled with the existing benefits available for veterans—including the war pensions scheme and the armed forces compensation scheme, as well as those benefits that are available to the broader public—will help in recognising what he rightly says is the great debt of gratitude that we owe to that important group of people.

Philip Davies (Shipley) (Con): Is it not an absolute farce that the Equality and Human Rights Commission, which is given taxpayers' money to go round lecturing the rest of the country about equal pay for people with disabilities, itself pays non-disabled people more than people with disabilities?

Maria Miller: My hon. Friend raises an important issue. It is vital that disabled people have a level playing field when it comes to pay and conditions, and I am sure that we will want to look into the point that he has raised.

Fiona Mactaggart (Slough) (Lab): The Minister will be aware that, next week, members of the hardest hit coalition will be lobbying their MPs. Richard Hawkes, the chief executive of the disability charity Scope, has said:

"The government has not delivered on its promise to support disabled people into work, penalising those on ESA and jobseekers' allowance who have worked and paid national insurance in the past and who now cannot rely on getting the support they need when they need it, in an increasingly difficult employment market. Disabled people and their families do not have 'broad shoulders', so why are they bearing the brunt of these cuts?"

Does she think that cutting the support to help disabled people to find work will promote equality for disabled people?

Maria Miller: I think I need to take issue with the hon. Lady's statement about the number of disabled people who are getting into work. More people now have access to schemes such as access to work, which provides invaluable support for disabled people to get into employment, and the Government have already launched the Work Choice programme, which gives specific support to severely disabled people. That, coupled with the work by the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) on the Work programme, represents an admirable package of support for disabled people, although we will of course strive to do better.

Civil Partnership

4. **Stephen Gilbert** (St Austell and Newquay) (LD): What recent progress she has made on the consultation on the future of civil partnerships. [54183]

The Minister for Equalities (Lynne Featherstone): Earlier this year, we announced our intention to remove the ban in England and Wales on civil partnership registrations being held on religious premises. A consultation document seeking views on the practical changes needed to implement that provision was published on 31 March. We believe that this voluntary provision is a positive step forward for same-sex couples and for religious freedom.

Stephen Gilbert: Does the Minister agree that, when it comes to equality before the law, there can be no such thing as "almost equal"? Bearing that in mind, what further steps will the Government take to end the inequality in marriage and civil partnership rights between straight and homosexual couples?

Lynne Featherstone: Yes, I agree that "equal rights" means "equal rights", not "similar rights" or "nearly but not quite as good" rights. Having listened to stakeholders, it is clear that there is a genuine desire among many of them to move forward to equality between marriage and civil partnerships. Over the summer we shall start a discussion with all those with an interest in the matter on how legislation can develop.

New Businesses

5. **Jane Ellison** (Battersea) (Con): What plans she has for future support for women wishing to start new businesses. [54184]

The Secretary of State for the Home Department and Minister for Women and Equalities (Mrs Theresa May): The Government are committed to increasing the number of women and men setting up businesses. If women set up businesses at the same rate as men in the UK, we would have 150,000 new business start-ups each year. We are encouraging the establishment of small businesses through excellent initiatives such as the new enterprise allowance, which will provide mentors and financial support to help the unemployed to become self-employed.

Jane Ellison: A constituent of mine has told me that she has built up a successful small business, working round her caring responsibilities over a number of years, but that she found the step to taking on an employee very daunting, given the complexity of regulation and legislation involved. Is there more that we can do to help people in that situation?

Mrs May: My hon. Friend makes a valuable point about the benefits and flexibility for women of establishing a business or being self-employed. She also makes an important point about getting rid of red tape and bureaucracy, which are barriers to people who are either growing their businesses or setting them up in the first place. That is why the Government have launched the red tape website, which enables people to challenge regulations. The Equality Act 2010 appears on the website. It is not the Government's intention to abolish the Equality Act. We are putting it in place, but we want to hear from businesses how we can do regulation better to ensure that they can improve their businesses and employ more people.

Joan Ruddock (Lewisham, Deptford) (Lab): I know that the right hon. Lady shares my concern about the lack of women at the top of business. Will she do as Lord Davies recommended, and insist that companies

disclose annually how many women are on their boards in senior executive positions, and how many women are employed throughout the whole organisation?

Mrs May: I am grateful to Lord Davies for his report and his excellent proposals. We are working with business to ensure that that will be done, particularly encouraging larger businesses to set the trend so that it can then cascade down to others. I have written to my right hon. Friend the Business Secretary to ask how we can get the same message out to private as well as public sector companies. I am pleased to say that the Home Office is setting a good example in that of the four non-executive directors on its supervisory board, two are female.

Mrs Helen Grant (Maidstone and The Weald) (Con): Does the Minister agree that better, bolder and more ambitious career advice for our girls when they are at school and university could help bring on more female entrepreneurs?

Mrs May: My hon. Friend makes an extremely important point. It is necessary to look at the career advice given to girls to ensure that they are aware of all the opportunities open to them. That will help to increase their ambition about the sort of careers they can go for, and it is also important in respect of equal pay to let them know the financial consequences of the career decisions they make.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The right hon. Lady will know that the regional development agencies did some excellent work across the country, helping women to support and start their own businesses, but those agencies are now being abolished. Women and small businesses are also being hit by the cuts to child care tax credits, cuts to Sure Start places and child benefit, while a Netmums survey found that one in five mums say they will have to give up work as a result of what is happening to the child care tax credits alone; many are extremely angry as a result. Women are also being hit twice as hard by the Government's tax and benefit changes. Has she raised these concerns and this anger from women with the Prime Minister—or did he just tell her to "calm down, dear", too?

Mrs May: On that last comment, I have no intention of suggesting that the right hon. Lady should calm down on this matter. She makes a point about what the Prime Minister said, but when I heard it, I immediately thought of Michael Winner. Sometimes I just think Opposition Members need to get a bit of a sense of humour. On the issue of women and the regional development agencies, we are abolishing the latter for extremely good reasons and putting in place local enterprise partnerships, which will ensure that opportunities are opened up for all businesses at local level. Through initiatives such as the desire to extend the right to flexible working and flexible parental leave, we are going a great deal further than the last Government in ensuring that there are opportunities for women in the workplace.

Employment

6. **Lyn Brown** (West Ham) (Lab): What steps she is taking to provide support for women wishing to enter employment. [54185]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): The Government's aim is to achieve lasting growth in employment by tackling the deficit that we inherited from the last Labour Government, improving the competitiveness of the economy and encouraging the growth of new business. We aim to ensure that women are well placed to take advantage of the jobs created by a successful economy through universal credit and the Work programme. We are also reforming the welfare system to ensure that work pays and that women are provided with the support they need to fulfil their potential.

Lyn Brown: Let us see whether we can get an answer to the question asked earlier by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper). Does the Minister believe that cutting the child care element of the working tax credit will make it easier or harder for women to gain employment and stay at work?

Maria Miller: The hon. Lady will be aware of the decision by her Government to increase the child care element of the tax credit from 70% to 80% in April 2006. What is now clear to everybody is that that was a decision this country could not afford. We have already made it clear that with the universal credit, we have an opportunity to ensure that child care support gets to those who need it most. We will invest at least the same amount of money in child care as under the current system and we will aim to provide support for those making their first moves into work. I am sure that the hon. Lady, like me, wants to ensure that women who have taken time out to have a family can have access to child care to get back into work, if working fewer than 16 hours. I am sure she would like to support that.

Margaret Beckett (Derby South) (Lab): Does the Minister recognise that decisions made by local councils such as the Tory one in Derby to close Sure Start projects is another example of where women are losing out and finding their opportunities for employment much diminished?

Maria Miller: Like the right hon. Lady, I am a huge supporter of Sure Start. The Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), has ensured that funds are available to maintain the network of Sure Start centres. That is certainly happening in my county of Hampshire, where savings are being made in the management structures behind the front-line services, and I urge all councils to take a similar approach.

State Pensions

8. **Fiona Bruce** (Congleton) (Con): What recent assessment she has made of the potential effect on women of the proposal to introduce a flat-rate state pension. [54187]

9. **Chris White** (Warwick and Leamington) (Con): What recent assessment she has made of the potential effect on women of the proposal to introduce a flat-rate state pension. [54188]

The Minister of State, Department for Work and Pensions (Steve Webb): We are consulting on two options for reform to make the state pension system simpler and fairer for those—including many women—who have historically experienced poor pension outcomes. We will publish a full assessment of impacts when more detailed proposals for reform are published.

Fiona Bruce: Many of my constituents, particularly female constituents, have raised concerns about the proposals. Will the Minister explain how the funding has been planned?

Steve Webb: We are spending the budget that was already planned for state pension expenditure in what we consider to be a better way. There will be a simpler system, which will reward saving and be fairer to women in particular. Some of those with the highest earnings who would have received higher earnings-related pensions will ultimately receive smaller pensions than they would have otherwise, but we think that the system will be fairer and simpler.

Chris White: I too have received correspondence from several constituents about the proposed changes in the state retirement age. What assurances can the Minister give that their concerns will be listened to, and that the Government will take all possible steps to ensure that women are not disadvantaged?

Steve Webb: We are already listening to representations. Although more rapid equalisation inevitably affects women more than men, it affects men as well through the impact on the state pension credit age. However, I can encourage the hon. Gentleman by telling him that the new single state pension, if we proceed with it, will be of particular benefit to women, including those affected by the change in the state pension age.

Mike Gapes (Ilford South) (Lab/Co-op): Is it fair to accelerate the process and damage the prospects and incomes of 300,000 women?

Steve Webb: The hon. Gentleman is right to raise the question of fairness. However, people are living longer, and in a state pension system in which no money is put aside to pay for pensions, someone must find that money. We do not believe that it would be fair for all the cost to fall on today's workers and today's firms. There is a balance to be struck.

Pensions (Gender-Reassigned Women)

10. **Chris Heaton-Harris** (Daventry) (Con): What discussions she has had with ministerial colleagues on the payment of pensions to gender-reassigned women. [54189]

The Minister of State, Department for Work and Pensions (Steve Webb): In order to meet our obligations under European Union law, a specialist team is being set up to determine equal treatment claims in line with the Court of Appeal's decision on the payment of pensions to gender-reassigned women.

Chris Heaton-Harris: The Minister will be well aware of the case of my constituent Bernadette Rogers, who, with the help of both her former and her current Member of Parliament, has been fighting the anomaly in the system for quite a long time. Will he agree to meet me, and her, to try to sort the problem out once and for all?

Steve Webb: My hon. Friend and his predecessor, Lord Boswell, have been very assiduous in taking up the case of Bernadette Rogers. I discussed her case with officials earlier this week.

I am always happy to meet hon. Friends, but we believe that we can resolve Ms Rogers's case in the very near future. I will write to my hon. Friend shortly giving the final details of how that is done, and if he and Ms Rogers are not happy with that response, I shall be happy to meet him at that point.

Business of the House

11.33 am

Hilary Benn (Leeds Central) (Lab): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Sir George Young):

MONDAY 9 MAY—Opposition Day (unallotted day—half day). There will be a half-day debate on the future of the NHS which will arise on an Opposition motion, followed by a motion to approve an instruction relating to the Welfare Reform Bill, followed by a motion to approve a European document relating to trafficking.

TUESDAY 10 MAY—Second Reading of the Energy Bill [*Lords*].

WEDNESDAY 11 MAY—Remaining stages of the Education Bill, followed by motion to approve a European document relating to the draft directive on common consolidated corporate tax base, followed by a motion to approve the charter for budget responsibility.

THURSDAY 12 MAY—Motion relating to the Independent Parliamentary Standards Authority, followed by a motion relating to reform of the common fisheries policy.

The subjects of both debates were nominated by the Backbench Business Committee.

FRIDAY 13 MAY—Private Members' Bills.

The provisional business for the week commencing 16 May will include:

MONDAY 16 MAY—General debate on the middle east, north Africa, Afghanistan and Pakistan.

TUESDAY 17 MAY—Motion to approve a Ways and Means resolution relating to the Localism Bill, followed by remaining stages of the Localism Bill (day 1).

WEDNESDAY 18 MAY—Remaining stages of the Localism Bill (day 2).

THURSDAY 19 MAY—Business nominated by the Backbench Business Committee.

I should also like to inform the House that the business in Westminster Hall will be:

THURSDAY 12 MAY—Debate on education performance.

Hilary Benn: I am grateful to the Leader of the House for that reply, and I welcome the further foreign affairs debate that we are going to have.

The House will be aware that heath and forest fires are affecting a number of parts of the UK so, as well as thanking those who are working so hard to contain them, does the Leader of the House anticipate a statement?

On the length of this Session, the right hon. Gentleman was uncharacteristically dismissive in responding to my question last week about when it will conclude. Previously the House has always had a pretty good idea when the next Queen's Speech would be, so may I urge him again to let us know as soon as he has worked it out?

At business questions last week, my right hon. Friend the Member for Warley (Mr Spellar) asked about the comments made last autumn by Baroness Warsi about the general election. Let me remind the House that she said that there were

"At least three seats where we lost....based on electoral fraud."

When asked to identify the seats, she replied:

"I think it would be wrong to start identifying them".

The Leader of the House said that my right hon. Friend had received a "reply" to those allegations from the appropriate Minister. I have read the letter and it does not give one, and my right hon. Friend has now written to both that Minister and the Leader of the House to seek a proper response. However, given that a member of the Cabinet has made an accusation of electoral fraud, can the Leader of the House confirm for us today that Baroness Warsi has passed, either to the Electoral Commission or to the police, the information that she must have had to have made those very serious allegations in the first place?

May we have a statement on the role of OFFA—the Office for Fair Access—in respect of the setting of university fees? Last weekend its assistant director was very clear. He said:

"We are not a fee pricing regulator; that is not our role...we wouldn't say to an institution we would only allow a fee of 'X' or 'Y'".

That statement completely contradicted what the Prime Minister told the House on 30 March, which was that

"the Office for Fair Access will decide whether universities can go to that £9,000 threshold."—[*Official Report*, 30 March 2011; Vol. 526, c. 334.]

Now that this has come to light, when will the Prime Minister come to the House to apologise for giving Members incorrect information about the powers of OFFA?

May we have a debate on the breakdown of collective Cabinet responsibility? After his threat to sue ministerial colleagues last week, we read that the Secretary of State for Energy and Climate Change this week used the Cabinet meeting to launch a blistering personal attack on the Prime Minister over the content of the no campaign leaflets. He also said this over the weekend:

"To attack your political colleagues in a coalition...for accepting the compromises necessary to allow the Conservatives to implement some of its policies is...outrageous."

Well, where exactly do we start on that? First, it makes it sound as if the Lib Dems are helpless victims, rather than willing participants. If, however, that is the case, can we have a list so that we know who to blame in future and for what? Secondly, a Cabinet Minister was openly criticising the man who appointed him and it appears that the occupant of No. 10 is completely powerless to do anything about it. I wonder whether the Prime Minister feels that the most annoying man in British politics is now, in fact, the Climate Change Secretary.

Thirdly, we now have no idea who speaks for the Government, so can we have statements on the following matters? Is the Health and Social Care Bill in suspension or not, and if so, for how long? Does the Prime Minister agree with the Deputy Prime Minister's comment this week that piloting the idea of police commissioners would be "entirely rational"? What exactly is the Government's policy on the outsourcing of public services? First we were told that that was the future; now we read in a leaked document this week that they are pulling back because it would be politically "unpalatable". Who is right about internships and family friends? On Tuesday the Deputy Prime Minister told the "Today" programme that Government policy is to end informal

internships, yet on the very same programme his boss, the Prime Minister, contradicted him, saying that he has his neighbour coming in for an internship.

As we approach the first anniversary of the coalition, is not the truth that it is already beginning to fray at the edges as both partners realise that a marriage of convenience is no substitute for voting for what you believe in? And on that subject, may I tell the Leader of the House that many people are looking forward to voting for a Labour alternative to this shabby coalition today?

Sir George Young: I thank the right hon. Gentleman for that response, which deserved a far wider audience on the Labour Benches than it received today. While the Leader of the Opposition still struggles to be identified by the "Today" programme, the shadow Leader of the House has at least managed to define himself in these sessions as a sort of Rory Bremner without the accents. The fact that he rarely turns his creative energies to the business before the House for the next week is, I think, a welcome acknowledgement that so far as the running of the business of the House is concerned, I enjoy his full confidence and support.

I welcome what the right hon. Gentleman said about the current affairs debate. It shows the value of business questions that when serious propositions are made by the right hon. Gentleman and Members from all parties, the Government can respond to the views of the House and in some cases find time for a debate.

On heathlands, the Government will want to keep the House in the picture, whether by written ministerial statement or otherwise, and I take on board the right hon. Gentleman's suggestion.

As for the Easter recess and when the House might rise next year, the right hon. Gentleman is well ahead of the game. I think I first asked about last year's Easter recess in October the year before. I went on asking and—I have had to refresh my memory on this point—it was 12 days before the Easter recess in 2010 that I actually got the date from the then Government. For him to ask some 11 months in advance is, I would gently suggest, a little premature.

On the matter of the correspondence between my right hon. Friend the Minister without Portfolio and the right hon. Member for Warley (Mr Spellar), as the shadow Leader of the House knows a reply was sent by the Minister responsible for constitutional reform. If a reply has been sent by the right hon. Member for Warley, it will of course get a proper response, which will include the specific questions that the shadow Leader of the House raised.

I have to tell the right hon. Gentleman that OFFA will decide whether a university can charge £9,000, so my right hon. Friend the Prime Minister was absolutely right. Universities can charge that figure only if OFFA is satisfied that the necessary arrangements have been made, for example, to secure access for those on lower incomes. There is no clash there.

Finally, on the whole business of collective responsibility, I am amazed that the right hon. Gentleman should seek to raise this when he is speaking for a party that since losing power has deluged high street bookshops with inside accounts from all the main players, giving us the grisly details of the spats, feuds and briefings within the then Cabinet. Things do not sound much better in the current shadow Cabinet, with one Brownite insider reported as saying that the Leader of the Opposition's team is "terrified" of the shadow Chancellor and shadow Home Secretary because;

> "They think they're going to come and try and kill him. And the reason they think that is because they will."

The truth is that the tensions within one party that sits on the Opposition Benches are much more damaging than the understandable tensions between two parties during a referendum campaign and local elections. From next week we will be back in business, working together in the national interest to get the economy back on its feet. Our divisions will heal, but Labour's never will.

Mr Mark Field (Cities of London and Westminster) (Con): I am sure that the prospect of yet another Independent Parliamentary Standards Authority debate next Thursday fills the Leader of the House with the joys of spring. However, as he will be aware, there is one piece of unfinished business. Although there will be no determination of any salary until April 2013, will he ensure that he will trigger the mechanism that puts the power for setting salaries into the hands of IPSA, so that it can do its preparation work in advance of that deadline?

Sir George Young: I am grateful to my hon. Friend for that question. We have not seen the motion that we will debate next Thursday, although we have received a general indication of the subject. I hope that the House will stand behind the principle of independence and transparency that was agreed in the previous Parliament and to which I very much hope we can adhere. I can confirm that I shall trigger very shortly the transfer of responsibility for fixing MPs' pay from where it rests at the moment to IPSA.

Mr Chuka Umunna (Streatham) (Lab): The education maintenance allowance reduces poverty and promotes equal opportunities. We learn from the recent equality impact assessment on their replacement that the administration of the new bursaries could open up the possibility of unintended discrimination on the basis of disability, gender, ethnicity or the other characteristics against which discrimination is outlawed under equalities legislation. Will the Secretary of State for Education come to the House and make an urgent statement to tell us what he is going to do about that?

Sir George Young: As the hon. Gentleman will know, my right hon. Friend the Secretary of State for Education made a statement about the replacement regime for EMA a few weeks ago, and that statement was generally well received and the sum of money allocated was higher than many commentators had thought. It is no part of our agenda to discriminate in any way against the groups that the hon. Gentleman mentions. I will draw his comments to my right hon. Friend's attention and invite him to respond appropriately.

Harriett Baldwin (West Worcestershire) (Con): May we have a debate in Government time on the Winsor review? Like many other hon. Members across the House, I have received letters from serving police officers, and such a debate would help to clarify the situation. I understand that all parties agreed that it was appropriate to consider police overtime and shift patterns.

Sir George Young: It would be helpful to hold a debate, possibly in Westminster Hall, on the Winsor review. It would be an opportunity for hon. Members on both sides of the House to clarify their position. I understand that an Opposition spokesman told the House in December that £500 million to £600 million of the £1 billion that the previous Government were planning to save in the police service was to come from changes in overtime and shift patterns, so I very much hope that there will not be widespread opposition to some of the proposals in the Winsor review.

Mr Dave Watts (St Helens North) (Lab): May I draw the attention of the Leader of the House to column 305WH of yesterday's *Hansard*? As he will see, the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns) said that he had deliberately not asked his Department to produce documentation on the Government's plans to privatise some of our hospitals. He has done that to avoid ministerial accountability. May we have an urgent debate on that issue?

Sir George Young: I have just announced a half-day Opposition day debate on the NHS, so I can accede to the hon. Gentleman's request perhaps faster than he had expected.

Tom Brake (Carshalton and Wallington) (LD): Will the Leader of the House look favourably on any request to debate the successes of the coalition in its first year in government, particularly the pupil premium and the increase in the tax threshold, and give us the opportunity to debate the remainder of the Government's programme and how we will address the poisonous legacy that was left to us by the previous Government?

Sir George Young: The Government would welcome with open arms any opportunity to debate the successes. My hon. Friend reminds the House that 1.1 million people have been taken right out of tax and that a number of other measures have been introduced—for example, to safeguard the interests of those who have retired with a triple lock on pensions, and the other measures announced in the Budget. We had an opportunity in the two days that we spent on the Finance (No. 3) Bill to talk about some of those issues, but if we can arrange it, I would welcome any opportunity to continue with that agenda. I remind the House that we are still paying £120 million a day in interest on the debt that we inherited from the outgoing Government.

Clive Efford (Eltham) (Lab): Will we have a statement following the outcome of today's referendum? Even before the polls have closed, the Deputy Prime Minister is under attack for breaking yet another pledge. He said that he would not get involved in the yes campaign, but when he saw it ahead in the polls he became involved, and it suffered from dead Clegg bounce—and now it looks as if it will not succeed today. So can we have a statement—and can it be made by the Deputy Prime Minister, because we really want to take in earnest whatever is said from the Dispatch Box?

Sir George Young: The best answer I can give the hon. Gentleman is that the Government have no plans to make a statement on the outcome of today's elections.

Claire Perry (Devizes) (Con): May we have a debate in Government time on the potential for further efficiency savings in local councils? Many councils, such as my local council in Wiltshire, are both cutting costs and investing in front-line services, and it is perverse that other councils—often Labour councils—are sitting on huge cash piles and making cuts for entirely political reasons.

Sir George Young: I am grateful to my hon. Friend. I would include in her category of well-performing councils Test Valley borough council and Basingstoke and Deane borough council, in which I have an interest and for which I hope to vote later today. She is right to contrast the performance of some councils that have decided to protect front-line services and other councils that are sitting on huge piles of reserves and have chosen instead to make cuts in front-line services. People have an opportunity today to choose which of those alternatives they prefer.

Mr Kevan Jones (North Durham) (Lab): I do not know whether the Leader of the House has seen early-day motion 1585, in the name of my hon. Friend the Member for Gateshead (Ian Mearns), which expresses deep concerns about the east coast main line decision to award a customer call centre contract, currently based in Newcastle, to Intelnet Global Services, with the possibility of transferring jobs to Mumbai.

[That this House is deeply concerned at the decision of the state-owned East Coast Mainline to award its customer call centre contract, currently based in Newcastle, to Intelnet Global Services and ATOS Origin, who have operations in Plymouth, Wolverhampton and Mumbai, India; is appalled that this loss of jobs, which is yet another blow to the economy and communities of the North East of England, will also see jobs exported overseas to India; believes it is completely unacceptable for a government company to transfer work abroad and calls on the Secretary of State for Transport to intervene to prevent this; further believes that this episode once again demonstrates the failure of fragmentation and sub-contracting in the rail industry; and calls for an urgent industry-wide assessment of the benefits to the passenger, taxpayer and economy of bringing all railway services in-house.]

A lot has changed in the past 12 months in terms of coalition policy, but is it now the Government's policy to export British jobs to India?

Sir George Young: We want to generate as many jobs as we can within the UK. We have just had Transport questions, and I do not know whether the hon. Gentleman took the opportunity to ask that question—

Mr Jones: I tried to.

Sir George Young: If he did, he will have got a definitive answer.

Mr Greg Knight (East Yorkshire) (Con): Is my right hon. Friend aware that early last week potholes in Parliament square were filled in and areas of damaged tarmac in and around the square were resurfaced? Can we have a debate to see what we can do to encourage more royal weddings to take place, preferably around the country, including East Yorkshire, so that the rest of us can have an adequate road surface to drive on?

Sir George Young: I am sure that Buckingham palace will have taken note of my right hon. Friend's question—and I believe that there is to be another royal wedding later in the summer. I heard with interest his question about potholes a few moments ago in Transport questions. As a cyclist who cycles around Parliament square, I welcome his interest in my welfare.

Mike Gapes (Ilford South) (Lab/Co-op): Earlier this morning the Foreign and Commonwealth Office issued two written ministerial statements, one of which relates to the fact that in January it discovered a large number of documents relating to allegations concerning Kenya and the Mau Mau, and that it had appointed Anthony Cary, the high commissioner to Canada, to carry out an internal investigation. The written statement says that that report is available in the Library, but I have been to the Library and the Vote Office several times this morning and it is not available. This is not the first time that the Foreign and Commonwealth Office has made statements in the House saying that information is available when it is not. Indeed, I raised this in the House a few months ago. Will the Leader of the House have an urgent discussion with the Secretary of State for Foreign and Commonwealth Affairs about the fact that his Department is not treating Members of the House with the respect that they should?

Sir George Young: I am grateful to the hon. Gentleman. I have the written ministerial statement in front of me, and as he rightly says, it states:

"I have today deposited in the Libraries of both Houses the findings of that investigation."

If that is not the case, it will be drawn to the attention of the Foreign and Commonwealth Office within minutes, and I very much hope there will have been a response by the time business questions have ended.

Mr David Nuttall (Bury North) (Con): May we have a debate on the operation of the construction industry scheme? At a time when many small and medium-sized enterprises still find it difficult to obtain credit from the banks, the scheme often results in businesses being thousands of pounds out of pocket for up to a year. That no doubt benefits the Treasury but it is putting real jobs at risk.

Sir George Young: I understand my hon. Friend's concern. As a former Minister with responsibility for the construction industry, I am aware that that industry training board survived when many others were abolished. I will share his concern with my right hon. Friends the Secretaries of State for Communities and Local Government and for Business, Innovation and Skills, both of whom have responsibility for the construction industry, and I will ask them to reply to him.

Mr Denis MacShane (Rotherham) (Lab): I do not know whether you, Mr Speaker, or the Leader of the House have received this extraordinarily impertinent letter from the Speaker of the Libyan Parliament, saying that there is a clear process of political reform and social development under Colonel Gaddafi and that we as MPs should all support it. That will be discussed in the foreign affairs debate, which I welcome, but will the motion be amendable, so that the House can consider seriously the views of those of us who think the time has come to put an end to the sacrifice of British soldiers in Afghanistan, particularly following the welcome disappearance of Osama bin Laden?

Sir George Young: The answer to the first part of the right hon. Gentleman's question is no, I have not received that particular communication. The debate on Monday week is a general debate on the middle east, Libya, Afghanistan and Pakistan, so we plan not to table an amendable motion but to have a "take note" debate, which is in the tradition of debates that the House has held on foreign affairs issues.

Jackie Doyle-Price (Thurrock) (Con): Further to the representations made by my hon. Friend the Member for West Worcestershire (Harriett Baldwin) about the Winsor review, may I ask for a debate on front-line policing? We have heard lots of rhetoric from the Opposition about so-called cuts, when the real issue that we should be considering is how to redirect resources from the back room to the front line.

Sir George Young: It is worth reminding the House that for every £8 we plan to save this year the Opposition were planning to save £7, so it is difficult to reconcile their criticism of our spending plans with their commitments. I would welcome such a debate on policing. When confronted on the "Andrew Marr Show" at the end of March, the shadow Chancellor said that they would have made cuts in policing. I think that a debate on policing would clarify what the real issues between the two parties are and, if the Opposition do plan to spend more on police, where they would find the necessary savings from other parts of the budget.

Derek Twigg (Halton) (Lab): May I follow on from the question asked by my right hon. Friend the shadow Leader of the House about the disastrous Health and Social Care Bill, and ask the Leader of the House what discussions he has had with the Secretary of State for Health about what a "pause" means? Does it mean that there is a pause in the Bill's progress through the House or in what the Bill proposes to do? That is still not clear. We find that the changes involving primary care trusts and consortia are still taking place, as we speak. For the benefit of the House, will the Leader of the House tell us what "pause" means in the Government's language?

Sir George Young: The hon. Gentleman will know, looking ahead for the next two weeks, that I have not announced further consideration of the Health and Social Care Bill, and he will also know that a number of meetings have been arranged between Health Ministers and those in the medical profession to listen to concerns and inform the debate before the Government respond. When that process has been completed, we will have the remaining stages of the Bill. I remind the hon. Gentleman that when his party was in government, its Postal Services Bill disappeared completely off the radar; that is certainly not our intention for the Health and Social Care Bill.

Duncan Hames (Chippenham) (LD): May we have a debate on the hours that the House sits so that Members can determine the full cost, including necessary staff travel, when the House sits, as it did this week, past 4 o'clock in the morning, only to run out of steam early the following day?

Sir George Young: As my hon. Friend will know, the Procedure Committee has started an inquiry on our sitting hours, the sitting week, and indeed the whole Session. I very much hope that he will find time to respond to the questionnaire, if he has not already completed it, and perhaps to give evidence to the Committee chaired by my right hon. Friend the Member for East Yorkshire (Mr Knight). The House did indeed sit late on Wednesday morning, and if my hon. Friend looks at the time taken by Opposition spokesmen he will see that there were two speeches that lasted one hour each; having read them, I think they could usefully have been condensed. My view is that we could have completed half the consideration in Committee on Tuesday by 10 o'clock, and the other half on Wednesday by 7 o'clock, and I am sorry that, for whatever reason, the House was not able to agree a more sensible approach to the remaining stages of the Committee of the whole House on the Finance (No. 3) Bill. That is one of the factors that my right hon. Friend the Chairman of the Procedure Committee, who is in his place, will take on board in his report.

Philip Davies (Shipley) (Con): May we have a statement from the Secretary of State for International Development on the criteria used for giving overseas aid, so that we can tease out why we are still giving money to India despite the fact that it spends $35 billion a year on defence and $750 million a year on a space programme, and has its own overseas aid programme, and why we are giving money to Pakistan, which may well have been harbouring the world's worst terrorist?

Sir George Young: Pakistan would be a perfectly appropriate subject to raise in the debate on Monday week. I remind my hon. Friend that some 17 million children do not go to school in Pakistan, that it has areas of real deprivation and poverty, and that it is in this country's interests to have a strong, democratic, well-resourced Pakistan as an important ally in the fight against terrorism.

Mr Matthew Offord (Hendon) (Con): I hope that you will bear with me for my question, Mr Speaker. There has been much public discussion about the increasing use of super-injunctions and the ability of judges, rather than elected parliamentarians, to decide policy. Is the Leader of the House aware of the anomaly this creates if, as has been rumoured, a Member of this place seeks a super-injunction to prevent discussion of their activities? May we therefore have a debate on the use of super-injunctions, and not leave the issue to the Joint Committee on the Draft Defamation Bill, which cannot address these concerns?

Sir George Young: My hon. Friend raises the very important question of how we balance, on the one hand, an individual's right to privacy, and on the other hand, freedom of expression and transparency. The Master of the Rolls is currently conducting an inquiry into this very subject, particularly the use of super-injunctions and other issues relating to injunctions that bind the press. The Government will await the report from the Master of the Rolls' committee before deciding what the next step should be. It may then be appropriate for the House to debate this important issue.

Bob Blackman (Harrow East) (Con): The Leader of the House will be aware that the issue that I am about to mention was raised at Transport questions but not really clarified. May we have a statement from the appropriate Minister on actions that the Government will take to minimise the disruption in London caused by the RMT tube strikes? Can we then have further measures from the Government at least to raise the bar to prevent small minorities from causing strikes, and if possible to outlaw them, in emergency services?

Sir George Young: I understand the anxiety that my hon. Friend expresses about the disruption to London and the loss of money to London as a result of the strikes called by the RMT, and I very much hope that they can be resolved through the usual channels—through ACAS. The Government are not seeking to pick a fight with the trade unions; we have no plans to introduce fresh legislation on employment laws, but we do keep the matter under review, and I very much hope that trade unions will not resort to strike action until every other opportunity has been examined. In this particular case, I am not convinced that they have done that.

Chris Heaton-Harris (Daventry) (Con): The Leader of the House will be aware that the Special Olympics world games will start in Athens on June 25. I hope to be there for the opening. Is there a way in which we in the House can celebrate the achievements of the learning-disabled athletes whom Special Olympics Great Britain is sending to the games—before the games, so that we can send those athletes off to represent their country in the most appropriate of fashions?

Sir George Young: That is a welcome suggestion. I suggest that my hon. Friend apply to the Backbench Business Committee or Westminster Hall for a debate, before June 25, when he plans to attend that very important event. The pairing Whip has taken notice of his public request to be slipped.

Greg Hands (Chelsea and Fulham) (Con): May we have a debate about the decorum of senior Members of the House participating in other elections? Did my right hon. Friend notice the extraordinary sight of the Leader of the Opposition appearing at a campaign rally with a Labour council candidate sporting a T-shirt in appallingly bad taste, which said:

"A generation of trade unionists will dance on Thatcher's grave"?

Sir George Young: I believe the Leader of the Opposition has recognised that that was an unfortunate conjunction, and has expressed regret and said that in future those T-shirts should not be worn by anyone representing that political party. There is a message there for us all. We should be very careful who we are photographed next to, and take note of what they happen to be wearing at the time.

Backbench Business

[25TH ALLOTTED DAY]

Social Housing in London

12.2 pm

Jeremy Corbyn (Islington North) (Lab): I beg to move,

That this House has considered the matter of social housing in London.

I thank the Backbench Business Committee for making it possible for this debate to be held. Social housing in London is obviously a crucial issue. I appreciate that Members outside London are busy with the elections in their communities and therefore cannot take part in the debate.

The points that I want to make are probably incredibly obvious ones about the desperate situation of many people facing housing issues in London. I imagine that any London MP of any party would confirm that housing is the biggest single issue that we all face. The vast majority of our constituency casework is housing-related in some way, and the wider implications for society in London are often housing-related as well.

Housing issues in London are not new. It is the capital city. It has been a very fast-growing city. It had an unenviable reputation in the 18th and 19th centuries of being the fastest-growing city in the world when huge quantities of very poor-quality buildings were thrown up. A whole industry developed of slum landlords. The great social reformers of this country often started their work in the east end of London. I think of Charles Booth, Angela Burdett-Coutts and so many others, who did so much to try to improve the levels of housing stock. In the 19th century, there were serious reforming moves. Housing charities were set up to improve conditions, but they were always in competition with the viciousness of the private sector market, in which excessive rents were charged, with the potential to make huge profits.

How did London's housing stock ever improve? The answer is a combination of things. There were the campaigns of the great social reformers, there was a growing social consciousness but, above all, there was the development of council housing in the early 20th century. I get very angry when I read in some of the weekend intelligentsia-related newspapers that council housing is a thing of the past, or that council housing models are outdated. Council housing made it possible for millions of people in London and throughout the country to live in decent housing and bring up their children in a safe, secure, affordable environment—something that we all aspire to.

Mr Mark Field (Cities of London and Westminster) (Con): I do not disagree with the hon. Gentleman, but does he recognise—I see it particularly in my constituency and other inner-London areas—the importance of what has been done by many philanthropists, the most obvious of which is the Peabody Trust, whose house building and flat building programmes have stood the test of time? They remain some of the most exciting and sought-after social housing in many of our constituencies, 120 or 130 years after they were first built.

Jeremy Corbyn: The hon. Gentleman is referring to George Peabody and the Peabody Trust, which has a very large number of properties in his constituency, that of my right hon. Friend the Member for Holborn and St Pancras (Frank Dobson) and many others. The Peabody buildings were of very good standard—very high quality—and they have stood the test of time. It pains me to the quick when I see the Peabody Trust and others being forced, because of their financial situation, to rent at commercial rents or sell off properties that were built for people in desperate housing need. That is not what George Peabody or others wanted to do, and we should look at that.

Frank Dobson (Holborn and St Pancras) (Lab): In my constituency there is a block called Parnell house, which was built in 1848, before George Peabody. The Peabody Trust took it over some years ago and has run it fairly well, but recently has started selling into the open market flats that have been social housing since 1848. That does not really help people in desperate housing need.

Jeremy Corbyn: It seems a sad reflection on the great revolutions of 1848 that we should expunge them on the altar of the housing market in 2011. I shall return to council housing in a moment.

There were consistent campaigns and demands for security of tenure for people beyond council housing. Council housing has traditionally provided the most secure form of affordable tenancy and has provided for effective, stable communities. I commend those councils—I choose Camden because my right hon. Friend the Member for Holborn and St Pancras was leader of the council—which did a high level of building when they were able to. They also adopted a planning policy that has ensured that there are stable, mixed communities stretching right into the Camden part of central London—working-class communities alongside the business areas of central London. We should be proud of that record in this city, and I would like to see it reflected in all parts of London. The same does not apply in the case of Kensington and Chelsea and—I hesitate to say it with the hon. Member for Cities of London and Westminster (Mr Field) present—in Westminster where the policies have been different. I think one should commend boroughs such as Camden.

Mr Mark Field *rose—*

Jeremy Corbyn: I see a stirring.

Mr Field: While I accept that the policies are somewhat different, and I suspect that most of my residents in Westminster are rather glad of that, there is a more serious point to be made. The hon. Gentleman rightly refers to stable, mixed communities. Does he not recognise that the London market has become ever more polarised? London is not just a capital city but a global city. That polarisation means that, for want of a better phrase, the squeezed middle is an ever bigger group in London. There are those who simply cannot afford to get on the ladder even if they are earning multiples of the average weekly wage and there are those who are so impoverished that they can qualify for social housing. In my constituency the Peabody Trust is trying to create a mixed community, by ensuring that there are in those communities, for

[Mr Mark Field]

want of a better term, yuppies—relatively well-off people in their 20s—who may only be short-term tenants, for three or five years, until they are in a position to afford their own home.

Jeremy Corbyn: The hon. Gentleman touches on an important point. In my borough, there are 15,000 names on the list of people who have applied for, and need, council housing, but only 5,000 of those are on the list of those who are able to bid—in other words, to make an application. The number of those who are likely to be successful is probably very small indeed. Single people in London cannot, for the most part, even get on a housing list.

Some 30% of people in my constituency are in private rented accommodation. A large number of them are young, single people who pay extraordinarily high rents, although they are not necessarily particularly well paid; they are earning between £18,000 and the low twenty thousands a year. They are probably spending 60% or 70% of their take-home pay on housing. That is an extraordinary figure. I do not have the comparative figures for the rest of Europe, but having talked to friends and colleagues about the issue, London seems to be one of the most expensive places in the world to live, in relation to income levels.

If we do not address the whole problem of the cost and supply of housing, London will become a divided city, and the people who do all the vital jobs in the ambulance service, hospitals, the Post Office, gas, electricity, road maintenance, and street cleaning—the people in all those essential professions—simply will not be able to live in London. It is extraordinary how fast social changes are happening in London. I met a street-sweeper in the borough who commutes in on a 45-minute train journey because he cannot afford to get a place anywhere near the borough. I see Labour colleagues nodding. I suppose that we all support the principle of housing for special grades of workers—priorities for nursing, the police and so on. There is a point to all that, but the real point is the general question of the supply and affordability of housing.

Mr Field *rose—*

Jeremy Corbyn: A stir again!

Mr Field: I thank the hon. Gentleman for being so generous in giving way. I would like to associate myself with what he just said, and I think many other Conservative MPs with London seats would, too; it is a problem that we all feel acutely. For some years, that stark divide in pockets of inner London has been part and parcel of our concerns on housing, but he is right to say that there has been phenomenally rapid demographic and other change. The phenomenon that he identifies now applies virtually throughout London, including in what might in the past have been regarded as the leafier suburbs of outer London.

Jeremy Corbyn: Absolutely. London is a rapidly changing city, and that is, in many ways, part of the joy and attraction of it, but it falls to local government—to boroughs, the Mayor, and the Greater London authority—and central Government to recognise that if we want London to remain a successful, cohesive, coherent city, we have to address the issue of the provision of social housing in London. Otherwise, we will be looking at a city moving into decline, with greater division. It is a very serious issue.

I think about exploitation, the apocryphal stories of what Rachman did in the 1950s and '60s in Notting Hill, and what was done by various other appalling people who used the rapidly rising property prices to winkle out tenants so that they could resell the buildings. I am not saying that the problem has quite come back to those levels yet, but excessively expensive private rented accommodation that becomes unaffordable for poorer people leads to landlords not maintaining, supporting, improving or looking after properties, and virtually forcing people out of them so that they can rent them out at a much higher rent. Later, I shall make some points about the need for intervention in the private rented sector, because in many ways, in London there has always been a conflict between the social desires of many people to ensure good-quality, decent housing on the one hand, and the pernicious effect of the property market and rapidly rising property prices on many people across London on the other hand.

On inequality, my borough of Islington commendably established in May last year a fairness commission, which has been taking evidence at very well-attended public meetings in community centres, schools and so on across the borough over the past year. It had a very effective final meeting last week, in which a whole paper was put forward on how public policy issues can be addressed. I quote a short part of the section on housing:

> "Ensuring that the allocation process for social housing is transparent and effective is essential for addressing fairness in housing. Islington has more than 12,000 people on the housing register but only 5,000 households whose level of need is sufficient for them to qualify for Choice Based Lettings."

The paper goes on to make recommendations on improving efficiency, changing the allocation system and under-occupation. That underlines the point about the need for new house building.

There is also a problem about the number of people living in private rented accommodation who are in receipt of housing benefit in London. As I say, 30% of my constituents are in private rented accommodation, and the number is rising fast. The proportion of owner-occupiers is now below 30% and falling. Nationally, the figure is falling a bit; in London, it is falling faster, and in inner London it is falling very fast indeed. In the next five to 10 years, we will probably get to the point where 25% or even 20% of housing in inner-London constituencies will be owner-occupied. The majority of new tenancies are not social tenancies, but private rented tenancies.

People who receive or are entitled to housing benefit are suffering grievously because of the Government's announcement on how they, in their infinite wisdom, will meet the problem of the increasing costs of housing benefit—and those costs are huge. I do not deny people's right to apply for housing benefit, but there is a public duty to question the cost of that benefit. That duty should fall on the question of how much rent is paid to landlords, rather than result in the punishment of the tenants in the properties.

The London figures show that local housing allowance rates in my borough are £245 a week for one bedroom, £290 a week for two bedrooms, £340 a week for three bedrooms, and £400 a week for four bedrooms. To some

people, that sounds an awful lot of money, and it is, but the reality is that many people in desperate housing need are living in private rented accommodation that is paid for by housing benefit. On the anniversary of their application, all those housing benefit payments will be reviewed and—there is not much discretion available to the local authority—housing benefit will be reduced, which causes a terrible problem for the people in receipt of it.

I shall give the example of a constituent whom I know well, but I will not give their name as that would be invidious and wrong. In November 2010, the local housing allowance for the four-bedroom property that they live in was £700 a week. That is to be reduced to £400 a week under the housing benefit changes. There is no way that that family can find the difference. They have lived in the property for a very long time. They have children in local schools, they are very much part of the local community and they have caring responsibilities and all the things that go with that. They will be forced to move, which is damaging to them, the children, and the local community.

Mike Gapes (Ilford South) (Lab/Co-op): My hon. Friend makes some very important points. The knock-on consequence of those people being forced to move is that they will look to relatively cheaper private rented accommodation in outer-London boroughs, including Redbridge, where we have thousands of people on the housing list and almost no social housing. We have a lot of private rented properties, but in some cases they have appalling landlords and terrible letting agencies. The local authority has stopped using them, but inner-London boroughs will have to use them. They will send people out, and those people will need school places. Hundreds of young children in my borough cannot get a school place at the moment. This is the wrong policy at the wrong time, and it will have terrible consequences.

Jeremy Corbyn: I can only agree. If the problem were limited to housing benefit in the private rented sector, that would be bad enough. However, in parallel with the cut in housing benefit payments, the Government have refused to introduce rent controls or even countenance the idea of controlling private sector rents. I hope that we will deal with that when we return to government in 2015 as a new Labour Government—not "new Labour", but a newly elected Labour Government; I do not want anyone to think that I have changed my ways.

Frank Dobson: Heritage Labour.

Jeremy Corbyn: Possibly, yes. I would like that Government to bite the bullet, just as Harold Wilson's Government bit the bullet in the 1960s and 1970s, and were prepared to introduce rent controls and security of tenure in the private rented sector. That policy area needs to be developed.

Another important issue is the increase in the notional rent levels for local authorities and housing associations to 80% of market rates. That has had absolutely devastating effects on the affordability, or otherwise, of council properties in areas where councils choose to charge 80%. As my hon. Friend the Member for Ilford South (Mike Gapes) intervened on me, I shall cite the case of his borough. The average income in Redbridge of non-housing benefit tenants is £381 a week, and the average weekly rent is £102 a week. The median market rent of 80% of 2010 levels is £160 a week, so tenants in Redbridge are looking at a £60 a week rent increase, which is pretty bad, and I question the affordability of paying £160 a week on an average income of £381 a week.

Other boroughs are in a far worse situation. In Kensington and Chelsea, average income for non-housing benefit tenants is £370 a week, and current average rent is £113 a week, with 80% of market levels at £440 a week—in other words £110 a week more than such a tenant earns, so totally unaffordable. The borough with the lowest average income in London is Barking and Dagenham, where income levels in 2010 for non-HB tenants were £329 a week. Current average rent is £91 a week, and 80% of market rates is £148 a week. Even in Barking and Dagenham, which is regarded as "the most affordable place in London", we are looking at 50% of pay going on rent alone in the public sector, never mind the private sector. The figures are available for every borough, and they make very grim reading indeed. The discretionary payments to London authorities to try to ameliorate the change to housing benefit should be much greater and more permanent, and the Government and the Select Committee on Communities and Local Government should look at rent controls and security of tenure in the private rented sector.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): My hon. Friend is making a powerful case for the social housing policy that Opposition Members strongly support, and I know that some Government Members do, too.

In Tower Hamlets, one of the poorest boroughs in the country, 80% market rents around Canary Wharf, which sits right in the heart of my constituency, are astronomical for ordinary people. If local authorities and housing associations apply the 80% threshold, they will drive local people out of the area where their families have lived for generations. In the case of the Bangladeshi community, for example, that area constitutes their arrival point, so they will no longer be able to stay within the bounds of their own community.

Jeremy Corbyn: Absolutely, and I endorse what my hon. Friend said. The average for Tower Hamlets is £248, but if it is assessed on an extremely local level—housing around Canary Wharf or at the edge of the City of London around Spitalfields—rent will become astronomically expensive and there will be rapid social cleansing.

What happened with Lady Porter in Westminster some years ago was regarded as appalling and disgraceful, and was social cleansing. People are coming to me for advice—and I am sure this is true for all London MPs—in desperation, frightened after what has happened, scared of where they are going to go and worried about the disruption of their children's lives as they are forced out of private rented accommodation. We cannot sit back and watch the private rented sector grow rapidly in London without a greater sense of responsibility and intervening to protect people living in that sector.

What is the solution? Clearly, it ought to be the building of more homes for rent. I remember the halcyon days when my hon. Friend the Member for Edmonton (Mr Love) and I were members of Haringey borough council, and we berated the council leadership—we did a lot of that; they probably deserved it—for not building

[Jeremy Corbyn]

more council housing. However, I take it all back and apologise. In 1979, Haringey council built 1,000 council house dwellings. Other boroughs did broadly the same. A lot of that building was very good; a lot of it was homes with gardens; a lot has become very nice properties which, because of right to buy, have been sold on and have become very desirable properties indeed. I do not have a problem with people living in desirable properties—I am glad that they do—but I want everyone to be able to do so, with some security, and I want children to grow up with enough space, preferably with a garden. The achievements by many London boroughs at that time are something that we should applaud and seek perhaps to repeat, because there is a desperate need in London.

Mr Andrew Love (Edmonton) (Lab/Co-op): My hon. Friend mentioned 1979, which has a resonance for many of us, because it was the year in which Mrs Thatcher was elected. If we look at the history books, we see that in 1980 she made massive cuts to housing investment programme capital funding. Does that have anything to do with the problems suggested by my hon. Friend?

Jeremy Corbyn: The cuts in the Budget are even greater than those made by Margaret Thatcher's Government in the 1980s. I remember very well the points that my hon. Friend made, because at the time, I watched housing demand rise and new build virtually disappear. The only surviving new build for affordable rent was undertaken by housing associations. I was disappointed that the Government who came in in 1997, who invested a great deal in improvements to existing council stock and who did a lot about homelessness and housing rights, did not in the early days do anything like enough to invest in new house building. I hope that that is something that we will not repeat when we return to office in 2015, because I want to see a process of new build.

It is difficult for local authorities to undertake new building at present, but I want to pay tribute to Islington council and James Murray, the executive member for housing, as they have managed, despite all the difficulties, to squeeze £10 million a year out of the council budget to invest in new build for rents at existing levels—not the 80% level. I applaud them for doing so. I want other boroughs to do so, and I want the Mayor of London, whoever it is—this Mayor or, hopefully, Ken Livingstone in future—to use his powers to return to building for social housing need, which has a huge benefit for people across London.

Mr Mark Field: I thank the hon. Gentleman for giving way again. He is making a thoughtful speech, and I hope that he will forgive me if I return to a point that he made earlier and the general thrust of his concern about the private rented sector. Does he share my worry that one of the difficulties in housing policy, going back to the institution of rent Acts in the first world war, is that too often it has just been an Elastoplast in trying to solve the most recent problem, which has been looked at in a small way? Does he have any thoughts about the huge explosion in the buy-to-let market, which is one reason why there has been an enormous increase in the private rented sector in his constituency? As London is a global capital, a huge amount of foreign money is coming in to buy up large blocks of flats and other properties. Do we need to look at that, and what suggestions can he make about the way forward?

Jeremy Corbyn: I thank the right hon. Gentleman for that extremely valuable point. In London, at one end of the scale, somewhere near Hyde park, there is the world's most expensive apartment. I cannot remember the exact figure, but it was around £1.5 million for a very small apartment. I checked my own mortgage capability and I did not seem to get anywhere near to it. At the other end of the scale are former council flats or houses that have been bought under right to buy, sometimes with the assistance of fairly disreputable or dodgy people who offer money to help people undertake that, which are then rented out, on housing benefit, at levels 200% to 300% higher than the neighbouring council rent. That makes me extremely angry every time I come across it, because they were built by the taxpayer for people in housing need and now we are allowing someone to make a great deal of profit out of them.

There are a number of ways to try to deal with that. One, which seems worth considering, is that a sitting tenant who buys a former council property under right to buy should be allowed to rent it out only at council rent plus 10%, taking away the incentive to do that. There are other incentives to consider, but we must be serious about this. The new build that councils and housing associations want to undertake at the moment can be funded under the Government's new regime by doing what Islington is doing, which is scraping around to find what is a modest amount of money compared with the need, but nevertheless welcome, or by raising rents to 80% of market rates and using that for investment in new build, which makes housing association or council places unaffordable for those who desperately need them. As a result, people who are offered a council place will be unable to accept it, particularly if they are in work, which is regrettable. Housing associations are being told to build for sale and for commercial rent, and if they have any money left, to build a bit for social renting.

I seem to remember housing associations being founded on the principle of self-help to provide secure, good-quality accommodation for people in housing need. I am now being told by their chief executives that they are in a bind, which I understand and which is not of their making, and have to go down the road of becoming essentially house-building companies, where there might be the equivalent of a section 106 add-on with a bit of social housing at the end of it. That will not solve London's housing problems.

Mr Mark Field: The issue in London today is: what is housing need? I know it sounds absurd—the hon. Gentleman was one of the first to ridicule the current Mayor of London when he talked about people on £60,000 a year being in housing need—but this is part of the problem. Many people working in our constituencies simply cannot afford to live anywhere near, not even central London, but London as a whole, and have to commute long distances despite earning multiples of the average. They surely also have a housing need, and it is that housing need in the modern day that many of our social housing providers are trying to recognise in

balancing their responsibilities to ensure that we have proper community cohesion within central London.

Jeremy Corbyn: Obviously people on what are seen as relatively high incomes do have housing needs and are paying, as I outlined earlier, incredibly high levels of rent in order to survive, as a result of which they cannot save and therefore, even if they wanted to get into the owner-occupied market, simply could not do so. A young couple or single person in London earning £25,000 a year and paying £500 a week for a flat has only a limited ability to save and so will stay in the private rented sector for a very long time, if not for ever. People who do buy into the owner-occupied market usually rely on modest levels of inheritance to put down the deposit to do so. We are making housing unattainable for people on relatively high incomes, as the hon. Gentleman points out.

Mr Andy Slaughter (Hammersmith) (Lab): The definition of "affordable" in Hammersmith and Fulham now goes up to £80,000 a year, and I am sorry but I do not accept that that is reasonable. Let us put one myth to bed today, and that is that Boris Johnson is in some way committed to affordable housing in London. His own figures show that there will be fewer than 2,000 affordable housing starts this year and none next year.

Jeremy Corbyn: I pay tribute to my hon. Friend for the way in which he has represented his constituency and pointed out what the council in Hammersmith and Fulham is doing, and what he is trying to do to meet the needs of people who are in desperate housing need.

I come back to the issue of people on housing waiting lists. What is the route for a homeless family, or a concealed homeless or about-to-be-evicted homeless family, in an inner-London borough, or probably any other London borough? If they go to the council and present themselves as homeless, they will probably get a hostel place. Hostels are grim places and have a devastating effect on the psychology and well-being of children who go into them. If they are there for a long time, it is an awful experience. If they knew it was for one, two, three weeks or a month, and that at the end of that they would have a secure council flat, that would probably be bearable. But if they are there for six months or longer and are told that the only pathway out is to go into private rented accommodation, and they ask me as their MP whether to accept that, I have to say that they must, because if they do not the council will have absolved itself of its responsibility to them.

A member of that family will say, "But Jeremy, housing benefit will have to pay this huge rent, and that means I can't get a job, otherwise I will lose the housing benefit." They are moving into the most awful bind. Quite often they are placed in flats in the constituency of my hon. Friend the Member for Edmonton—no reflection on him; quite the opposite—and they then come and tell me what the flat is like: slum landlord, inefficient heating, badly maintained, possibly vermin infested. They can get no redress from the landlord because the landlord knows for certain that there will be no problem in renting it again through an agency. We report the matter to the local authority but this can go on for years. They move from one private rented property to another until, perhaps five or 10 years down the line, they achieve the gold medal of a council flat. That is a lifetime for a child. They will move primary schools several times, lose their friends and social contacts, their youth club and their networks. That is what is happening to dozens and dozens of children and families all over the city at this time.

I ask the Government: please think through what is happening. Think of the desire for somewhere safe and secure to live. Think of the housing benefit that is being wasted in excessive rents to private landlords, and allow local authorities to do what the old London county council, the Greater London council, and lots of London boroughs of all political parties did, which was to invest in good-quality bricks and mortar of secure housing for people to live in, which they could call their own home and know is their own home. That is what brings about stability in communities. The alternative leads to underachievement, homelessness, crime and the misery of unsustainable communities.

I do not call such building a waste. I listen with interest when building workers tell me that they are being laid off because there is nothing for them to do. There is a housing crisis out there that can be solved by the building of new properties that can put those people to good work and solve the social problems at the same time. London is crying out for a socially responsible approach to housing. Let us not leave it all to the market; The market is what created the problem in the first place.

12.40 pm

Mary Macleod (Brentford and Isleworth) (Con): I thank the hon. Member for Islington North (Jeremy Corbyn) for securing this debate. As he clearly articulated, there are serious issues in London. Social housing has been one of the most intractable problems facing central and local government. The scale of the problem is staggering, but the Government have robust plans to deliver more homes in London and elsewhere.

Many of the problems that I come across in my weekly surgeries are to do with housing. The hon. Gentleman articulated many of the issues that people come to talk about. Perhaps they need a bigger house because they now have a bigger family. There may be overcrowding. Repairs may be necessary in flats and houses; some of the photographs that I see are absolutely disgraceful. People can be on the council house list for years. They cannot afford a deposit for private rental, and private landlords often do not give accommodation to those on housing benefit. People struggle to get into private rented accommodation.

In the bigger picture, 1.8 million households are on social housing waiting lists across the country and many of the 8 million people currently living in social housing are in properties that do not match their needs. Properties are often under-utilised—when children leave home, for example—but others are overcrowded. Some people are prevented from moving because of the lack of mobility in the system as a whole.

In London, as in many other major cities around the world, the problem is particularly acute. Housing waiting lists have nearly doubled in the past 10 years and about 54,000 households—three quarters of which include children—are living in temporary accommodation there. At the same time, buying a home in the capital is becoming increasingly difficult, as we have already discussed.

[Mary Macleod]

My hon. Friend the Member for Cities of London and Westminster (Mr Field) talked about the squeezed middle. Whether we are talking about central London or my constituency of Brentford and Isleworth, which stretches out towards Hounslow, it is still difficult to buy a home in London.

About 9,500 households are on the housing register in my borough of Hounslow. Last year, only 919 properties were available for rent.

Mr Mark Field: My hon. Friend is coming to the point about the huge scarcity of social housing. I would argue that that resource needs to be much more properly and comprehensively assessed. Does she agree that far too many people in social housing are sub-letting illegally and that there needs to be a national campaign—although probably worked out at local government level—to make sure that those in social housing are properly entitled to it? That would help correct some of the terrible shortfalls and disadvantages experienced by many of her constituents.

Mary Macleod: I thank my hon. Friend for his comments. I agree that that is happening across London and we need to do something constructive to deal with it.

Hounslow council's website advises that

"Most people waiting for housing will never be offered a property because the number of people registered is much higher than the number of properties we have available to let each year."

We need a new housing model that provides a range of opportunities for people's housing needs and that continues to protect the most vulnerable and those with the greatest need.

There is no doubt that there is a need for far-reaching reform of our social housing to meet current and future needs and to modernise the system while protecting provision for the most vulnerable. How can we deliver this better system? There is significant potential for innovation in the social housing sector overall. First, I shall focus on building new homes and bringing empty homes back into use. Secondly, I want to explore the use of new models in the private rented market. Thirdly, I will address the issue of encouraging increased mobility within the social housing sector.

On the first issue, clearly, there is a desperate need to increase the number of new homes being built and of empty homes being brought back into use. The national affordable housing programme and the new homes bonus, put in place by the Government, will both help to support that goal. The Government are investing £6.5 billion in housing, which includes £2 billion to make existing social homes decent and a £4.5 billion investment in new affordable housing to deliver 150,000 more affordable homes.

Housing associations play a critical role in the provision of affordable homes and the national affordable housing programme will provide them with a new model for the building of new homes. They will be allowed to set affordable rents on their new build homes, and some re-lets at up to 80% of the market value, to provide additional capital to reinvest in new property development.

Jim Fitzpatrick: I recognise that the Government are giving housing associations the flexibility to charge up to 80% of the market rent. How does the hon. Lady respond to the point, made by my hon. Friend the Member for Islington North (Jeremy Corbyn), that for many people that is a poverty trap that keeps them out of employment? Many of them—especially those in constituencies such as mine—will not be able to afford 80% of the market rent.

Mary Macleod: The hon. Gentleman states one of the problems in London. There is a range of models from which people can choose, but it is important for us to come up with constructive ideas about how we can make a difference to such issues and find a way that does not allow people to get stuck in that trap. That is to a large extent why we are doing a lot of work on welfare reform, so that we get people into work and make sure that they get the support that they need.

Heidi Alexander (Lewisham East) (Lab): Before the hon. Lady moves on, I want to come back to the national affordable housing programme. She referred to the £4.5 billion that the Government are investing in new build. Will she tell me what percentage reduction that, in effect, represents from the money spent in the previous comprehensive spending review periods between 2008 and 2011?

Mary Macleod: All I know is that there is an incredible shortage of housing in London, so the last Government did not do nearly enough to solve the problem. Look at what Ken Livingstone did not achieve as Mayor; the current Mayor of London is trying to address the issue massively in creating new affordable homes.

The new homes bonus announced by the Minister for Housing and Local Government last month also provides powerful incentives to transform house building by encouraging local communities to support development rather than resist it. Under the scheme, the Government match the council tax raised from new homes for the first six years, and communities themselves can decide how to spend the extra funding—for example, to provide local facilities such as libraries, swimming pools or leisure centres. The scheme will also encourage councils to bring empty properties back into use, as they will receive the cash bonus for that.

Mr Love: Will the hon. Lady confirm that the new homes bonus will not include any new money? It is all being redistributed from existing sources of funding.

Mary Macleod: That question is best directed at the Minister, who will, I think, disagree. I am sure that he will respond to it at the end of the debate.

The new homes bonus shows the concept of localism in practice, with local communities, local government, business and the third sector coming together to make decisions that will bring real benefit to the local area. The Mayor of London has made a commitment to deliver 50,000 new affordable homes by 2011, of which 30,000 will be social rented homes; the remainder will be for low-cost ownership. He is on target to deliver his manifesto by the end of his mayoral term, despite the biggest downturn in the market for many years. By the end of the financial year 2010-11, 40,000 homes will have been completed, with a higher proportion of social rented homes being family sized than in any previous

mayoral term. The Mayor has also fulfilled his manifesto commitment to invest £60 million in bringing 3,142 empty homes back into use.

Secondly, let us consider the increased use of the private rented sector. We have been used to an "Englishman's home is his castle" approach to housing, but it is clear that we need to move more towards a European model, whereby long-term renting is much more the norm. Private companies can play a role in that, and several are now developing models that provide grant-free housing for economically active families who find that they are unable to get social housing or who have no realistic prospect of getting on the housing ladder—the so-called sandwich class. Those companies work in urban areas to develop brownfield sites and provide good-sized family accommodation for under the £340 a week housing benefit threshold.

For example, the London Rental Housing Company intends to build 2,000 private rented units in the next five years, and it is currently searching for 10 sites across London that can accommodate at least 150 three-bedroom apartments. It also intends to build larger units for families and sharers. That is part of a new, emerging build-to-let sector, which is entering the market to build purpose-built mass housing. Perhaps one of the greatest indictments of the Labour years is the previous Government's rigid adherence to political dogma and their ignorance of the private sector's potential to help solve some of the problems.

The Mayor of London believes that, by attracting institutional investment, there is significant scope for the private rented sector to play a bigger role. He is also committed to ensuring value for money in the private rental market and introducing the London rents map, which enables prospective tenants to see the going rental rates for any given postcode area in the capital.

Thirdly, let me deal with increased mobility. The majority of tenancy agreements are currently made on a lifetime basis, with no regard for future needs. Indeed, tenants can leave properties to family members after their death, with no regard to their housing needs. Although I understand that it would be difficult to change the arrangements for existing tenants, and I appreciate why the Government have decided not to do that, the suggested changes for the future represent a much more realistic model for moving forward.

Mr Slaughter: I am listening carefully, and I have heard about no under-occupation for social tenants, so long-standing families will be forced to move out of their homes. I have heard, "Let's rely on the private rented sector", of which, as a west London Member of Parliament, given our heritage from Rachmanism, the hon. Lady should be ashamed. I am now hearing that lack of security is a benefit. I hope that she tells her constituents what she believes about housing policy in London, because, given the size of her majority, I would like to see how they vote next time.

Mary Macleod: I take every single person who comes to my surgery with housing problems extremely seriously, and I deal with them, as I am sure the hon. Gentleman does, too. That is what a Member of Parliament should do.

Lyn Brown (West Ham) (Lab): I like the hon. Lady, who often comes out with some good stuff. However, today, she is not on the best of wickets. How will she deal with constituents who come to her when they are about to be evicted because they somehow fall short of the bedroom standard? How does she think that that standard will be applied? Does she think that neighbours will tell on each other? Will there be a percentage figure for how often the bedroom is used as an indication of whether someone should be evicted? She talks about realistic policies, but she does not seem to have realistically engaged with that policy.

Mary Macleod: When any constituent comes to me in dire need, I work with the council to find a solution. I work to ensure some solution is found for that person. Rather than hon. Members talking purely about all the problems, which we know are vast and need to be tackled, I would like to hear some really good solutions from the Opposition.

As I said, the majority of tenancy agreements are currently made on a lifetime basis, and the Government have decided that the most reasonable approach is to ensure that a two-year minimum tenancy should be available for landlords to offer. However, longer-term tenancies would be expected to be provided to vulnerable households or those with children. All tenants will also have access to a mechanism that will enable them to move if their circumstances change—for example, if they secure work in another part of London or need to move to be closer to other family members.

Earlier, it was asked what the Mayor of London has been doing. I have already mentioned the 50,000 affordable homes that he will deliver by the end of his mayoral term. However, he also made several other promises to help London: to halve severe overcrowding in social housing by delivering larger, better-designed homes and more family-sized homes; to provide major regeneration; and to end rough sleeping. He has taken a range of measures such as providing a record number of affordable starts—a 35% increase in 2009-10 on 2007-08, the last year of Ken Livingstone's administration.

More family-sized, affordable homes have been provided under the current mayoral administration than in the previous 10 years, with around 40% social rented homes with three or more bedrooms to help deliver the goal. Some of the red tape has been removed in the draft replacement for the London plan, including the 50% affordable homes target—that was never going to be achieved in the good times, and it would stifle development in the downturn. There has also been a major programme to unlock stalled regeneration schemes, leading to £200 million investment in more than 10 schemes across London. There is also London's biggest programme to bring empty homes back into use, trebling investment to £60 million, and 1,700 empty homes have been brought back into use so far. Progress has been made. That is not to say that no problems remain, but I stress that some progress has been achieved.

In summary, there is no doubt that the current system of social housing is broken and it was critical for the Government to find ways to improve it. However, there is also room for more innovation. We need to be aware that any provision that simply seeks to allocate supply on a more efficient or compassionate basis will fail unless it is linked to demand-side reforms. Of course, that takes us into the wider issues of transport and infrastructure planning and regional economic policy.

[Mary Macleod]

There is scope for innovation, and I believe that the extended freedoms provided to local authorities in the Localism Bill will help encourage that. In London, the Mayor will play a critical role in outlining the strategy and in driving forward his commitments.

We all agree that an effective housing model is important to London, where more than 8 million people live. I congratulate the Government and the Mayor on their aim to raise aspirations and promote opportunities; improve homes and neighbourhoods; maximise the delivery of new homes and end rough sleeping; strengthen localism and reduce dependency; create a more flexible system; try to find a better use of resources; and make the system fairer.

We are discussing improving people's lives, especially those of the most vulnerable, throughout the city. This is an example of politics making a real difference to people and creating stronger communities.

12.58 pm

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing the debate, his fine speech and his long-term campaign on housing. I apologise for the fact that I have to leave early because I have a long-standing constituency engagement this afternoon, not related to an election.

Having a decent, secure and affordable home should be a fundamental human right, but sadly, it is not. For most of our history in this country, people have been expected to provide for themselves, and the majority have lived in insecure, cold, damp and often insanitary and overcrowded conditions, until, for a relatively short time, as my hon. Friend the Member for Islington North pointed out, slum clearances and mass house building by councils produced safer, spacious, secure and affordable homes.

Then, however, with living standards and aspirations rising, more and more ordinary families moved out of their council homes—they did not have the right to buy at that time—and became home owners, and this nation became divided between home owners and non-home owners. Mrs Thatcher, of course, knew whose side she was on. Council house building was curtailed, and as the years passed, housing stock was sold off or fell into disrepair—nowhere was that more acute than in London and inner-city boroughs such as mine—yet no one seemed to understand that the housing market and private ownership would never offer a solution for all, given that profits had to be made and household incomes varied so widely. The Thatcher Government was a disaster for housing in London, and London has never recovered.

As my hon. Friend the Member for Islington North also suggested, Labour too bears some responsibility. When we entered government in 1997, our priorities were education and health—that was absolutely right—and we succeeded extraordinarily well. However, we failed to connect education and health with housing—although of course, where there is inadequate housing, education and health are severely affected.

Jim Fitzpatrick: My right hon. Friend is making a strong start to what clearly will be an important contribution to this debate. I entirely accept what she and my hon. Friend the Member for North (Jeremy Corbyn) said about the invisibility of house building to the Administrations of whom we were a part. However, the Labour Government inherited 2 million homes below the decency threshold. Does she not give them credit for recognising that that was an absolute priority and for the good work done in that aspect of housing, which was very important, particularly for thousands of homes in Tower Hamlets?

Joan Ruddock: I am most grateful to my hon. Friend. He anticipated what I was about to say—*[Interruption.]* There is no need for an apology, because he is so right, and I am glad to have my point reinforced in advance.

I was about to say that when we turned our minds to the housing crisis in the capital, we made progress. In my constituency a raft of Government policies, including the decent homes programme, led to huge improvements in conditions. Many large council estates were completely demolished and rebuilt, removing the tower blocks and providing modern energy-efficient homes in low-rise blocks and, in some cases, terraces with gardens. No longer did constituents come to me begging to be got off an estate or crying because the cold was so intense—because of crumbling windows, poor insulation and lack of central heating—that they could not endure the winters.

Overcrowding continued, however, and new starts did not keep up with the demand, particularly for the larger family-sized units. Making up for the lack of investment under a decade of Tory policy became impossible, because property and land prices rose by an unprecedented degree. However, the effort continued, and the Labour Government concluded their period in office having made available £5 billion of investment for housing in London between 2008 and 2011. As a consequence of the Labour Administration, new starts in affordable house building peaked in 2009-10 at almost 16,000 units. That Labour programme is nearing its completion, however, and hereafter numbers look certain to collapse, as my hon. Friend the Member for Hammersmith (Mr Slaughter) suggested in an intervention might happen.

In addition, Boris Johnson, the Mayor of London, has abandoned Labour's target of having 50% of all new build as affordable homes. In my borough the number of homeless households in temporary accommodation at the end of March was 924, and at the end of February there were 16,000 on the housing register. Once again we have a growing housing crisis in London.

Jeremy Corbyn: Of the 16,000 on the Lewisham housing register, how many are in a position actively to bid or apply for properties as they become vacant?

Joan Ruddock: Some 50% of those on the list are deemed to have a choice and a need. None the less, the other 50%, who are in the lowest band and so stand no chance of being offered anything, have a housing need too. I can testify to that, having seen hundreds—probably thousands by now—of them in my surgeries. They are on the register because they cannot find an alternative, or because what they have is absolutely unacceptable. They do not, however, have a bedroom deficiency.

I believe that the hon. Member for Brentford and Isleworth (Mary Macleod) genuinely accepts the need in London and seeks to do the best for her constituents,

but in all the schemes that the Government have put in place, or plan to put in place, there is nothing that meets my constituents' need for affordable new units. There is a complete deficiency of supply, and I see no way of it being made up. There is also to be no security for tenants of social housing, and there are to be draconian cuts and changes to housing benefit that will result in thousands, including those at work and renting from private landlords, being thrown out of their homes because rents have become impossible. Those who currently enjoy security and pay substantial housing association rents will find themselves in rent arrears as rents are forced to rise to 80% of the private sector average.

Is no one—Lib Dem or Tory—in this Administration aware of incomes levels in London? How much does the army of workers serving the private sector—business and enterprise—in the capital city earn? In my constituency, people earn as little as £10,000 a year to support a whole family, and the average median wage is £26,500, yet the gross annual income required to afford housing association rents at 80% of market levels ranges from £35,500 for one bedroom to £83,770 for four bedrooms. At 60%, the range is £26,500 to £83,500, and so on. Analysis by Hometrack published in *Inside Housing* suggests that in London a household income of £44,500 per annum would be required to cover the higher rents.

The difficulties with house purchase are obvious. We all know that the price of property in London, even for a one-bedroom flat, let alone family-sized accommodation, is so many times the annual average income that it is impossible for the average worker in London, on whom all our prosperity and welfare depend, to become a home purchaser. It is a cruel deception to suggest that people should just rely on council housing in difficult periods and be able to move on. It just cannot happen, and we will quickly find ourselves with a revolving door to homelessness.

A divorced woman who was caring for her two children, was in work and had not been able to sustain a mortgage, recently came to see me. She had given up and gone into the private sector—she was not deemed eligible for council or social housing—and was paying an enormous amount of her wages to secure the housing, but the landlord had, as he was entitled to do, increased the rent. She came to me in total despair. She said, "What am I to do? I can't pay this, I can't get more housing benefit. Do I have to give up my job? Do I have to take my children into a hostel, after the family breakdown and everything they've gone through?" What could I say? There are no council or social housing units available to that family at this moment, and no prospects of one.

I saw another family—one of the most desperate I have seen—where the man, a bus driver, was supporting his non-working wife, who had two very young children, and his mother and mother-in-law, all living together. The two mothers were in wheelchairs. They lived in a maisonette and one had to stay upstairs, never leaving, while the other had to stay downstairs, but for the housing shortage, and for no other reason. Who could not deem that family to be in desperate need of specialised family accommodation? There was no alternative for that family. From lifting the mothers in their wheelchairs and so on, the husband now had a major back problem and faced the prospect of possibly not being able to continue in his job.

Whether they give a description or not, I know that every Member who speaks in this debate will have had harrowing cases of housing need where families are suffering immensely. It is, of course, the children who suffer. Sometimes there are three children in a bedroom, perhaps with asthma or in unhygienic conditions, or perhaps the oldest child is studying for exams in secondary school, but cannot get any peace and quiet because the whole family is living in two rooms.

In the past year in Lewisham there has been a 30% drop in re-lets being made available for social housing offers. The lettings outcome at the end of the year was reasonably positive, but only because of a high out-turn of new builds. However, the local authority, in giving me some information for this debate, said, "There's a real concern that if re-lets continue to drop—and everything suggests that they will—along with new build decreasing as a result of reduced grant, the available supply to meet need will be dramatically reduced."

The hon. Member for Brentford and Isleworth said that the Opposition had to offer some solutions. One solution, of course, would be for Londoners to elect a Labour Mayor next year. The Labour candidate, Ken Livingstone, has made a whole raft of suggestions. He has suggested, for example, using the Mayor's planning powers to negotiate the maximum reasonable amount of affordable housing in private development schemes and making better use of publicly owned land to provide affordable homes in mixed developments, including through an expanding council house building programme.

Mary Macleod: Does the right hon. Lady accept that Ken Livingstone previously set a target of 50% for affordable homes, yet he only ever achieved 36%?

Joan Ruddock: I do accept that, but the fact is that before Ken Livingstone there was no such requirement—no aim, no goal—so there was no provision. The hon. Lady might want to acknowledge that any politician who aims for 50% and achieves 36% is actually doing rather well. Having had that experience, Ken Livingstone is now clear that a 50% target could and should be achieved. That is why he wants it to be a target once more. He suggests changes to allow public bodies such as the GLA Group and London boroughs to borrow against their assets on the bond markets in order to invest in the development of new affordable housing. He also suggests raising money on the bond markets to build affordable homes, including for rent, to break the back of the housing shortage and create work, and, as I have said, restoring the target that 50% of new housing provision in London should be affordable.

Mr Slaughter: Does my right hon. Friend agree that it ill behoves the Tories to be smug about the achievements of Labour Mayors in London? Any failure to achieve was almost inevitably due to the failure of individual boroughs—particularly boroughs such as Wandsworth and Westminster, which have had a disgraceful record on this over many years—to build any affordable housing, even in single figures. The former Mayor's achievements over that time working with Labour boroughs were actually extremely significant, which is of course why the targets were abolished.

Joan Ruddock: My hon. Friend is absolutely right. Indeed, I pay tribute to the Labour administration in Lewisham for working so hard with the Mayor of

[Joan Ruddock]

London and social housing landlords in the borough to achieve considerable levels of new build, an effort that was defeated at times only by the price of land, which was often difficult to acquire.

Let me conclude. My greatest fear is that by the time I leave this House, we might have come full circle. We might be back to the kind of housing conditions that I saw and experienced through my constituents when I entered this House in the 1980s. At that time, Londoners and visitors to London were used to seeing those cardboard boxes under the arches on the south bank. There are some people here who will not have those memories, but they are so powerful for those of us who lived in London at the time. I have a terrible fear that instead of getting people into work and making London a better and more prosperous place, where people are properly housed, all the Government's changes, along with the cuts and everything that goes with them, will return us to those terrible times.

Jeremy Corbyn: Every borough has a duty to deal with homelessness, but is my right hon. Friend aware that although there are usually charities that deal with people who are sleeping rough, the number of rough sleepers and people sleeping in parks or on park benches in London is increasing dramatically? I fear that we are looking again at the misery of the 1980s, when there were all those cardboard boxes.

Joan Ruddock: I agree with my hon. Friend. He uses the term "rough sleepers", but we should bear in mind that those are often people with a multiplicity of problems in addition to their housing need. They need special programmes, special treatment and special care—provision that the Labour Government made available, reducing the number of people on the streets with additional problems so dramatically.

My greatest fear is not just that those numbers will increase, but that ordinary families and single people who do not have additional problems will be affected. Their only problem will be that they have become homeless because of Government policies, and that there will ultimately be no means for local authorities to cope with the strains and stresses of trying to house homeless people. What will happen is that the acceptance criteria will become more stringent, and many people who do not meet them will end up on the street.

However, I also have some hope that the people of London will not allow that to happen, but will apply sufficient pressure—through their local authorities and representatives, including Members of this House—to persuade this Government that however they thought up these policies, they must meet the test of practical experience, and that test shows that the market will not provide for the people of London. That is not to the shame of the people of London. It is not that they cannot earn their own living and pay their way—they can do all that—but they must have sufficient social housing provision in which to conduct their lives.

1.20 pm

Tom Brake (Carshalton and Wallington) (LD): I must also start by apologising for having to leave before the end of the debate; I have a pressing engagement with an AV referendum in my constituency.

I should like to congratulate all the speakers who have taken part in the debate so far. They have made some heartfelt contributions. I particularly want to congratulate the hon. Member for Islington North (Jeremy Corbyn), who has an admiral record of consistency in campaigning on this issue. Come rain or shine, come Labour or coalition Government, he is there, trenchant in his criticism and committed to his solution. I do not want to simplify his solution, but I would describe it as a heritage Labour solution involving more public spending on building social housing.

I also commend my hon. Friend the Member for Brentford and Isleworth (Mary Macleod), who has not yet had time to build up an admirable record of consistency on these issues, but is clearly making a very good start in defending her constituents. I am sure that, in the years to come, she will build up a record similar to that of the hon. Member for Islington North.

The right hon. Member for Lewisham, Deptford (Joan Ruddock) set out the problems in her constituency. I would like to point out, in regard to those problems and those in my own area—there are about 4,000 households on the housing waiting list in the London borough of Sutton—that many of those families have been there for many years. The problems have not arisen in the past 12 months; they have been a long-standing challenge that successive Governments have failed to address. The right hon. Lady put forward certain solutions—I think that they were actually Ken Livingstone's solutions—including one involving bonds. Those solutions could have been implemented by the previous Government, and it is regrettable that that did not happen when her party had the opportunity, because there were some good ideas there.

I want to thank Centrepoint, which I am sure has sent briefings for the debate to other Members as well. I want to thank it in particular because, a couple of weeks ago, it took me round a couple of its schemes in the London borough of Sutton that focus on supporting young people. The first scheme that I visited comprised a number of bed-sits in a large house. There was a small Centrepoint office in the same residential property, so that the residents—typically 16 and 17-year-olds—can get help and advice on a range of issues from managing their bills to employment issues, whenever they need it.

I met a young man of 17 there who was just beginning to come to terms with living by himself. He was looking for employment and was hoping to start work with a firm of scaffolders when he turned 18. I thank him for explaining to me how the scheme was helping him to build up his confidence. We then went on to another scheme close by, which was made up of independent houses and flats for young people starting out in their own first full property by themselves. The Centrepoint schemes in my constituency and elsewhere are clearly making a significant contribution to supporting young people.

In return for Centrepoint helping me by showing me its local schemes, I should like to mention some of the points that it has raised in the briefing that it sent out to Members for today's debate. I recognise that the coalition Government are, of necessity, having to take steps to address the budgetary problems that we face. I am afraid that Labour Members still do not recognise that, while the coalition Government are talking about saving £16 billion in the coming year, Labour had plans to save £14 billion. The ratio is, therefore, that for every £8 that

we plan to save, Labour intended to save £7. There has to be some recognition of the need to tackle the financial deficit, but there has not been much evidence of that from Labour Members' contributions today. When the hon. Member for Westminster North (Ms Buck) responds on behalf of the Opposition, perhaps she will not only set out Labour's genuine concerns about the state of social housing in the UK—and particularly in London—but outline to us her solutions, so that we can assess their effectiveness or otherwise.

Ms Karen Buck (Westminster North) (Lab): One of the issues that I will set out later is the absurdity of cutting—indeed, slashing—spending on social housing construction and consequentially driving up the housing benefit bill by pushing more people either into the private rented sector or into properties whose rent is set at 80% of the market rent. Would the hon. Gentleman like to comment on the logic of trying to reduce the deficit by increasing it?

Tom Brake: I understand the point that the hon. Lady is making, but that does not really address the budgetary situation that we face. Unfortunately, I will not be able to listen to her speech later, but I will read carefully the full range of solutions that she sets out to see whether her party is now in a position to deploy effective solutions. I think that the hon. Member for Islington North would accept that Labour did not tackle the housing crisis very successfully when it was in government.

Mr Love: One of the arguments that has been deployed in the Finance Bill debates this week—which will be continued upstairs—was the need for a bank bonus tax. One of the benefits of such a tax would be to create the opportunity to build 25,000 additional units of accommodation over the next few years.

Tom Brake: That might well be among the solutions that the hon. Member for Westminster North will list later. I should point out, however, that over the course of this Parliament, we will raise at least an extra £10 billion from the banks through the taxation measures that we have already introduced, and that there might be a limit to how much one can draw on that source of funding.

I want to move on to the specific points that Centrepoint raised in its briefing. I am sure that the coalition Government will want to monitor those issues, and to assess whether our proposals have had any unintended consequences. If that is the case, there might be a need to show flexibility further down the line. On social housing tenancies, there are clearly different views in different organisations on the idea of minimum fixed terms. I know that some Conservative and Liberal Democrat local authorities are reluctant to introduce them. Centrepoint says that, while it does not oppose them, it is crucial to have a degree of flexibility in the system, in particular for young people who might need more stability as they start out, and that tenancies should reflect people's individual circumstances rather than acting as a straitjacket that constrains everyone in the same way.

Centrepoint also raised concerns, as have Members in previous debates, about the shared room rate, particularly the risk that as this applies to people up to 35, even more pressure might be put on properties currently going to younger people. There might be a tendency to give priority to the older person seeking a shared room, perhaps because they are more settled, which might have a displacement effect on younger people seeking shared accommodation. I hope the Minister will respond to that particular point.

Mr Slaughter: Moving on from the Centrepoint briefing, does the hon. Gentleman support the removal of security of tenure for social tenants or only for some types of social tenants? If so, what types—older people or families, for example? He mentions young people, who might have insecure lifestyles, but what advantages does the hon. Gentleman see in taking away the security that social tenants have been used to for the past 50 years?

Tom Brake: I am happy to give local authorities and others the powers to change the terms of tenure and I hope the hon. Gentleman would agree with me that there is an issue with some people having security of tenure who, from a financial point of view, could afford to live in their own accommodation or in the private sector. Perhaps Bob Crow springs to mind as one such example. By continuing to occupy council or social housing, those people are not making that accommodation available to others in greater need. The hon. Gentleman might not want to draw the line in the same place as me, but I hope he will acknowledge that it could be argued with considerable justification that people at the extremes should not have security of tenure in premises that could be more appropriately given to people in far greater need.

A further point raised in the Centrepoint briefing was the issue of the uprating of the local housing allowance and the move towards basing it on the consumer prices index. It is argued that using the CPI figure could cost the Government money if there has been a drop in the rental markets locally. The Minister might want to look at that from a Government spending point of view.

The final point in the briefing is the issue of direct payments. I fully support the concept that people should take more responsibility for their expenditure, so I have some reservations about paying money directly to landlords. Centrepoint's view is that there are circumstances—this might be particularly true for young people—where people might prefer to have the money paid directly to their landlord because they do not feel they are ready to take on that financial responsibility. Some flexibility there might help.

My final point is not one that Centrepoint raised; it is about arm's length management organisations and I would like the Minister to update us on his view of them. Other Members in their places may well, like me, be members of the all-party ALMOs group. Members will recall that when tenants were given an option to transfer to an ALMO, a consultation process had to be gone through. The concern of the all-party group is that the travel nowadays is in the opposite direction and that some local authorities are seeking, perhaps precipitately, to bring ALMOs or social housing back under their control without going through the anticipated process of consultation. I hope that when the Minister responds—or, if necessary, in writing—he will pick up on that point and let us know whether he has heard those concerns and raised them with local authorities, as it is

[Tom Brake]

important to ensure that tenants are given a fair outline of their options and are fully consulted about the process. They can then make a decision with the full facts in hand on whether they want the responsibility for the management of their properties brought back in house or to retain the ALMO.

This is an important debate. I have been a Member for 14 years and I have spoken in about 25 debates on this subject during that time. It is a particularly critical issue in London. I do not believe that there is much difference between us about the need to tackle the problem, although there are big differences in approach. I hope that in the months and years to come, my Government will demonstrate by the measures we are introducing that we are tackling the problem, growing the amount of social housing available and starting to address what has proved to be a real dilemma for Londoners for the last 30 or 40 years.

1.36 pm

John McDonnell (Hayes and Harlington) (Lab): I also want to apologise for having to leave the Chamber for a period—not because of an appointment with the referendum, but because I have a debate in Westminster Hall, which might be more important. I congratulate my hon. and good Friend the Member for Islington North (Jeremy Corbyn), who I think has become the conscience of the House on this issue over recent decades. He continually reminds us of the plight of many of our constituents. I also thank him for raising this matter because it provides us with an opportunity to get some of the issues associated with it off our chests.

My constituency faces the worst housing crisis since the second world war—perhaps even worse, given the level of demand. To be frank, I cannot cope much longer with my constituency advice surgeries, which I find so distressing. I have mentioned this before, but I find it difficult when I see how my staff are having to cope with it. We have even talked about whether we should be trying to get some counselling for the people concerned. So far as the role of being a local MP is concerned, I find the surgeries to be just about the most distressing experience of my life. I cannot cope with any more families coming in with their children at their ankles, in tears and desperate for a roof over their heads. I simply cannot understand why the sixth wealthiest country in the world cannot solve the problem.

I was born in Liverpool. My dad was a docker and my mum a cleaner. We lived off Scotland road. I have read from sociological studies that it was one of the worst slums in Europe, but we just called it home. I remember the day when we moved out into a council house prefab and I also remember the day when we moved from the prefab into a brick-built council house of Parker Morris standards, with a garden and all the rest of it. We celebrated as a family. I can remember us celebrating getting a decent roof over our heads in a decent environment. When people come to my surgery nowadays, however, I cannot offer them anything. I cannot even offer them a crumb of comfort; it is so distressing.

We are all going to quote our constituency figures. I now have 900 families homeless and 7,600 on the waiting lists. On average, it takes seven to 10 years before they have any real prospect of getting a council house or social housing. In my constituency, people have to be earning £51,320 a year just to afford any prospect of living in an average house—and that is well beyond the means of most of my constituents. The reasons have already been stated. The bulk of council housing in my area was sold off after the Thatcher policies and there has been no replacement. The money was not reinvested; often for political reasons under certain administrations, it was used for other purposes such as reducing the rates in order to get re-elected.

I am equally critical of the last Administration. It must be admitted that one of the most significant failures of the last 14 years under new Labour was the failure to provide adequate housing, although we did many good things, such as refurbishment. As was pointed out by my right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), that has had consequences for health, education, social well-being, and community life in general.

We had three referendums on the establishment of an ALMO in my area. In two of them, the tenants voted against it. They were invited to a number of parties and receptions. I have never seen so much glossy information material as that with which they were provided. Eventually they succumbed and voted for the ALMO, and they were then transferred to Hillingdon Homes. There was a wonderful new logo and most of the chief officers received salary increases, but the arrangement was a failure, and the housing was returned to council control. There was virtually no new build, although the decent homes programme went ahead and there was some refurbishment, which I welcomed.

In my area, the ALMO was not particularly well managed. Rip-off companies made extremely high profits in return for very poor delivery. Some months ago I raised the matter in an Adjournment debate. The Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), met tenants and me, and we are still calling for a public inquiry. The poor management in my area let down many people who were expecting their properties to be refurbished.

We also have a so-called "choice" bidding scheme called Locator. Desperate families bid every week for properties to which they have no hope of ever gaining access. I agree with my hon. Friend the Member for Islington North that the problem is not simply the fact that local people with local jobs cannot afford a roof over their heads; I have known firefighters at Hayes fire station to commute from Cornwall and Devon, sleeping at the station and returning home after their shifts. There is also the problem of family breakdown, when people's kids cannot live in their local area and have to move miles away. The whole family network breaks down, as does the social caring network. The system is completely counter-productive and it is not cost-effective, because the burden of care must fall on the state rather than on local families.

Of course housing associations play a key role in providing social housing in my constituency, but they are not as they used to be. I was involved in the development of the early housing associations, which were small and more like co-operatives. They had specialist roles, particularly in relation to the elderly and people with disabilities. No one ever envisaged their becoming

the large corporations that they are now. There has been merger after merger, and takeover after takeover. Many of the tenants cannot distinguish them from private landlords. Some of the management is extremely poor. There is a slow response to requests for repairs. Within four years new buildings provided through housing associations in my area have developed damp and other construction problems because of poor standards and poor management of the construction process.

I must also put on record, because I am so angry about it, the consistently poor management by a number of housing associations in my area, and their failure to deal with antisocial behaviour. There are some extreme examples which I have raised with Ministers in the past. That problem continues, and has not been remedied.

Jeremy Corbyn: I would be grateful if my hon. Friend commented on the lack of democracy in the running of housing associations and the problems that that has created. When they were small, semi-co-operative organisations, there was a clear line of responsibility and accountability, but I do not perceive any accountability in the majority of housing associations now.

John McDonnell: Some of the smaller ones in the Irish community with which I have been involved, such as Innisfree and Casra, have done a very good job. They have remained relatively small, and have therefore managed to engage their tenants. In that sense, they are manageable. As I have said, however, most of the housing associations with which I deal now are mega-corporations. There is only tokenistic tenant involvement, with no element of real tenant control. When I, along with tenants, attend meetings with housing associations, we become supplicants, as if we were dealing with any private corporation or landlord.

Frank Dobson: I had a hand in the setting up of Community Housing in Camden. At one point, it announced that in future it would not allow tenants to vote to choose their representatives on the board; the board would do that. In a leaflet that it put out, it made clear that anyone who had ever taken it to the housing ombudsman or to court need not bother to apply. It took me a long time to persuade the Housing Corporation and the ombudsman to make it withdraw at least that small element of its anti-democratic approach.

John McDonnell: I was head of the Camden council's policy unit during the 1980s. I remember with pride the engagement and investment in developing tenants' associations. They gave us a hard time—they were in your face—but they played an important democratic role in the raising of standards. In the case of the larger housing associations, that whole ethos has completely gone.

Mr Slaughter: My hon. Friend has hit a rich seam, which I shall develop when I have an opportunity to speak in the debate. Not all housing associations are bad, even in terms of tenant involvement. The tenant chair of the Shepherd's Bush housing association in my west London constituency does a good job. However, I am afraid that most of them, particularly the large ones—the Notting Hills of this world—are, as my hon. Friend says, corporations in all but name. The trouble is that, while they would like to think that they are out there wheeling and dealing in the business world, they are very poorly run and are doing a very poor job for our tenants. It is a disgrace. They are worse than the Tory councils in many respects, because their actions are not politically motivated. These are people whose only job is to provide affordable housing for people, and they simply are not doing it. That is a scandal which should be exposed.

John McDonnell: I entirely agree.

I want to be able to attend my other debate so that I can say wonderful things about the British Airports Authority, so I shall move on to the subject of the second source of housing supply in my constituency. There have been a number of new private developments there in recent years. Thanks to Ken Livingstone's policy of trying to create a social mix, we have gained a combination of private and social housing on individual sites. The problem is that the area is infested with a number of developers who are seeking to impose the highest possible housing density. In reality, they are building the slums of the future. I will name one company, Inland Homes, which is developing properties that not only fail to meet existing need but undermine the quality of housing in the area.

Let me give two examples. One is West Drayton in Porters Way. The Government have a role in that development, because it is a former Government site. It was the air traffic control centre for Heathrow and an RAF camp before it was handed over to the private sector for development. High-density, barrack-like accommodation was constructed, with inadequate parking facilities so that the parking spills on to the rest of the estate. It consists of flats which do not blend in with the houses with gardens on the rest of the estate. There is inadequate provision of social facilities—there are none at all for young people—and the local schools and medical facilities have become overloaded. The amount of traffic has increased, and even the drainage system cannot cope with the new development. The section 106 planning agreements have failed to deal with the costs and burdens placed on the local infrastructure.

The other development is on the old railway estate in Hayes, which was built for employers of British Rail and was sold off after its privatisation. The Glenister hall site—the former site of Hayes working men's club—was sold to Inland Homes. Glenister hall was a community hall with playing fields and a football pitch on which the local team played, as did local kids, but the site has now been allowed to deteriorate. Inland Homes has made two planning applications for an intensive development. It lost the first, but Hillingdon council has approved the second. No alternative place has yet been provided for the kids to play football on. The company has offered to improve one site, which is already a football pitch, but it is literally a mile away, across busy roads. So we are now to have another intensive development. The local residents campaigned against it but were overridden by the council, and we are now hoping that the Secretary of State will call this in. One leaflet was put out anonymously by a local resident and the company is threatening legal action against the chair of the residents association, Peter Robinson, an elderly gentleman who is not in good health. He is being threatened with libel action, even

[John McDonnell]

though he did not put out the leaflet. This sort of ruthless developer is taking over entire sites in my area to build the slums of the future.

Under the previous Government—I hope it will not happen under this Government, but I think it will go on—the buy-to-let landlordism in my area grew massively. Individuals—this mainly involved individuals, rather than companies—bought up small property empires. They offer these places at high rents, often to families on housing benefit. Some of the properties have been developed into illegal houses in multiple occupation—they are not registered. These places are not maintained and people are living in appalling slum conditions. We are talking about Rachmanite landlords who threaten and abuse tenants whenever they make any complaint, and then evict them illegally. In many cases, these landlords fail to abide by even basic housing legislation, in respect of providing rent books and so on. People are evicted when they complain and if they seek to take legal action, they have neither the resources, nor the ability to do so—now that there are restrictions on legal aid, they will have even less ability to do so.

Hillingdon council uses local estate agents to push people into the private sector. We have discovered that the estate agents it has been using have often used these buy-to-let slum landlords. There is a belief that in Hillingdon an informal agreement exists whereby the estate agent will seek properties in the south of the borough, in my constituency—the working-class, multicultural area—and not look for them in the rich north of the borough. So an apartheid regime is developing with regard to housing homeless people in the borough—of course it is not that the north of the borough is represented by Conservatives who are protecting their own patches. This has resulted in families living in appalling conditions and overcrowding on a scale not seen in my area since the second world war. Some families are living in almost developing world conditions because some of the properties are so poor.

The housing shortage has also resulted almost in a planning free-for-all. There has almost been a breakdown in local planning controls, enforcement and monitoring in my area: extensions are put on properties; new units are put up in gardens; and new buildings are created with no control whatever. The council fails even to acknowledge a number of the developments and does not seem to be aware of the developments that have gone on. When these things are reported, the council gives retrospective planning permission.

A resident in my constituency, Brian Duffy, has led a campaign on the issue, working with Councillor Jaz Dhillon and others. They have looked on Google Earth to see what properties have been developed. We have seen a new phenomenon in my area: leisure rooms. These are, in effect, sheds built in gardens. They are given retrospective planning permission and are supposed to be used for leisure purposes, but on inspection—like many of my colleagues, I carry out walkabout inspections—we find that curtains have gone up, bathrooms and toilets have been installed and whole families are living in these "leisure rooms". I understand that a large family might be desperate and might feel that this is the only way in which they can put a roof over their heads, but that is not what is happening in most cases. What is happening is that landlords are constructing these leisure rooms and getting families to live in what are, in effect, garages. In some instances we have discovered these places only when the family have turned up to register for council tax and we have found out that they are living in a shed or a garage as a result of these illegal developments.

There has also been an increase in people sleeping rough in my area. A large number of people sleep rough by the Grand Union canal and I tell the police that I do not want them moved on, because I do not know where else they could go. If they are seeking warmth and security under the bridge by the canal and that is the only place they can find, I cannot see what other option there is, because my area has no rough sleeping provision. The only option would be to send them to central London but there is barely any provision for them there either.

An element of squatting is breaking out in London again. That is understandable, because people have nowhere else to go. I am anxious about the Government's proposals to introduce tighter legislation on squatting—I would certainly be anxious if they are cutting back on housing investment alongside that. I believe that their policies will make things dramatically worse. I do not wish to rehearse all the arguments I have put forward so far, but the benefit cuts, the increase in social housing rents and the cuts in the capital programme spell absolute housing disaster for my area. There will be an increase in problems such as homelessness, housing need and overcrowding. The tragedy of all this is that homeless people and the people living in these conditions have no political clout; they are largely voiceless. Therefore, it is our responsibility to use every platform we can to speak up for them, which is why I congratulate my hon. Friend the Member for Islington North.

What is needed in this area? It is blindingly obvious that we need an emergency housing programme on a scale not seen since the second world war. We have to treat this situation as a crisis and put all the resources into it, and that means an emergency housing purchase programme. I want councils to be given the powers and the resources to buy vacant properties in my area that are on the open market and use them to house families—that is how critical the situation is. They must buy the properties and manage them directly. We can then develop for those properties schemes of small co-operatives, perhaps see a return of the housing association movement and break up the overly large, bureaucratic corporations. Perhaps we could see a return of that movement to its origins, but in the meantime we need an emergency housing purchase programme.

On new builds, I would like councils, particularly those in my area, to be given the opportunity of compulsory purchase and be allowed almost to commandeer sites for building. We should of course protect the green belt and the open spaces—I am worried about the Government's threats to allotments—but to establish a new building programme we need to give the councils the powers to sequestrate sites to bring them into use, particularly industrial and commercial units, and the empty shops and properties above shops in town centres. Of course we can use creative design and creative construction techniques but, above all else, we just need to start building council homes again.

I also want an emergency programme of refurbishment. I want the decent homes programme to be not only maintained, but extended and intensified. I want higher

standards and I want to ensure that these are green homes. I want them to be insulated and warm. I want renewable energy to be used and I want us to minimise the waste. In that way, we can find the funding—we could also end the tax breaks to the buy-to-let landlords, which they have used so extensively to profiteer over the past 14 years.

I was the Greater London council's chair of finance and we had a capital pool. We had the most efficient borrowing scheme in local government in this country and possibly in western Europe. It had cross-party support and I believe it was started by a Tory administration and then maintained through a cross-party agreement throughout the life of the GLC. It enabled us not only to build, but to give mortgages.

I would like to see local authority mortgages brought back again. The London county council started them and because of the scale of London and of our resources, and therefore of our capacity to borrow and lend cheaply, the LCC and GLC mortgage was often the first mortgage that people took. It was an affordable mortgage that enabled people to get on the first rung of the housing ladder. People may recall that we developed, at that stage, our own part buy, part rent schemes, but they were affordable. Some hon. Members may also recall that we freed up properties through the seaside homes programme, whereby we bought and built properties in seaside resorts outside London where people wanted to retire to. Those people gave up their council properties and we were able to put families back into them.

We should be looking at creative incentive schemes such as those, rather than penalising people or limiting their ability to maintain their council house based on their wage or a particular time period. I agree that part of that proposal concerns the self-build projects that we launched and they should be built on. We need to use all those inventive and creative ways to tackle the housing crisis.

The most important thing to recognise—for everybody, but for this Government in particular—is that there is a crisis that cannot be ignored. In past debates and under past Governments, the whole point of housing policy has been not merely to paternalistically hand down housing from Government to people in need, but to be one of the most effective stimuli to the economy to get us out of recession. My hon. Friend the Member for Islington North mentioned unemployed workers in the construction industry and that industry is one of the sectors of our economy that are faring worst at the moment. Whenever we have seen any lift or recent growth in the economy, the construction sector has held us back. If we could launch an emergency house-building programme on some scale, it would put people back to work, and a housing purchase programme would lift asset values. In that way, an emergency housing programme could help this country to tackle the recession. We could be lifted out of the recession on the basis of investment for social need rather than investment for greed and profit.

2.1 pm

Mr Matthew Offord (Hendon) (Con): Today's debate is very valuable and I congratulate the hon. Member for Islington North (Jeremy Corbyn) on securing it. I do not always agree with everything he says, but on this point there is a lot of common ground between his party, mine and that of my colleagues in the coalition Government.

Labour Members speak about housing as though it is an issue that affects only them and their constituents. We are demonstrating today that there is a housing problem across London that is experienced by all Members, particularly in their surgeries and postbags. People regularly come to see me about this in my surgery and I feel a fraud in many ways because they are concerned and upset about their housing or lack of housing and I know that we will not be able to do anything to help. I feel greatly sorry for them and we recommend that they go to the private sector in the knowledge that we have nothing in the public or social rented sectors.

I want to cover a few points that the Government are addressing as well as to speak about my experience. Some people seem to think that all London is completely the same, but it is not. We have diverse areas and different experiences, which is exemplified in the housing crisis across the city. It is a crisis; we have a problem. Many people are not only unable to afford their own homes but have a problem housing themselves in the type of quality accommodation we would expect all our families to live in.

That is why it is vital that the Government and local authorities continue to promote the development of attractive mixed-tenure communities in our local areas instead of the monolithic estates about which many of us have been concerned. We have seen not a rush but an agenda to knock those estates down, and they are crime-ridden in many parts of London. Promoting such a development is the only way we will help people into home ownership. At the very least we should change their tenancies so they are better suited to individual needs. That is how we will stop people being trapped in that vicious dependency cycle.

I shall not reel off a lot of statistics, but one thing that I am very keen on—I spoke about it in my maiden speech—is social aspiration. I do not believe that people who go into the social rented sector lack social aspiration, but I do think that they have it hammered out of them. In 2008-09, only 49% of tenants of working age in the social rented sector were in work, down from 71% in 1981. I have heard the comments about cardboard boxes under Blackfriars bridge, but they do not stack up with the statistics. In comparison, in that same year, 89% of home owners, and 75% of private renters, of working age were in work. About 60% of social rented households report that they are in receipt of housing benefit compared with just 20% in the private rented sector. I would not say that people in the social rented sector were failures, but I believe that they certainly end up feeling that they are at a disadvantage in comparison with other people who are perhaps attracted to, or able to afford, the private rented sector.

Mr Slaughter: I am just glancing through a report from Family Mosaic, a large housing association that is very good, on the whole. It states that

"setting rents at 80% of market rent would increase our clients' requirement for housing benefit by 151%".

What does the hon. Gentleman think of that policy?

Mr Offord: We should allow the social rented sector to help the people who really need that help. The hon. Gentleman asked the hon. Member for Carshalton and

[Mr Offord]

Wallington (Tom Brake) who should be thrown out of their homes, and it is quite clear that no demographic section of the community should be thrown out, whether that is the elderly or people with children. It should be done on a financial basis to people such as Lee Jasper and Bob Crow, whom I read about in the paper today and who earns £145,000. If we removed people such as him, we would open up the social rented market to the people who really need it. That is what I think of that policy.

The point I want to make, which helpfully illustrates that answer, is that social landlords are required by inflexible and centrally determined rules to grant lifetime tenancies in the vast majority of cases, and I presume that someone like Mr Crow would have that sort of tenancy. There is no account of how their individual and household circumstances have changed and they cannot be removed. I spoke to my office today and I have received a telephone call from a lady in my constituency who said that she urgently needs to move house as her husband has become disabled, but she is unable to do so because of the rigid rules and structures that I have just described. In shocking contrast, other people's tenancies can be inherited by family members who might no longer be in need of the housing that they have been allocated. That is clearly not a system that helps to serve the people we represent.

Labour Members have spoken about the development proposals in their local areas and how they feel that the local authority alone should be allowed to develop. That has not been the experience in my constituency.

Mr Slaughter *rose—*

Mr Offord: I have given way to the hon. Gentleman once, so I am going to continue with my speech.

My experience has been very good. Large elements of the constituency certainly need development—I am thinking of the West Hendon estate and Perryfields, as well as areas of Burnt Oak and, significantly, the Grahame Park estate, of which some hon. Members might be aware. It was the site of the old RAF Hendon base and it is a location that has now changed to allow development from the private sector. That has been a great success and many of my friends live in that area, which is proving to be a real boon to the local economy.

I was pleased a couple of weeks ago to attend the first phase of Choices for Grahame Park, which is a separate phase of development in Colindale, with the mayor of Barnet, Councillor Anthony Finn. When that is completed, it will form a central part of the Colindale area action plan and will create a new community in my constituency, providing greater transport links on the tube, greater community health facilities and a radical rebuilding programme that will transform the estate, which has been a blight for many years. This will happen in the next 15 years and we expect to see about 3,000 new homes as part of this new heart of my constituency.

The regeneration of the area will also provide retail facilities and 25% of the existing homes are built in a traditional layout, instead of like the cardboard boxes and rabbit hutches that some hon. Members have described. In total, we will demolish 1,314 outdated and overused homes and replace them with 2,977 brand-new, purpose-built family homes that will revolutionise life in the Grahame Park area and in my constituency as a whole.

Angie Bray (Ealing Central and Acton) (Con): Does my hon. Friend agree that too often the special circumstances in London seem to get missed out in policy making? For example, I think we all want to see more family-sized homes built in the affordable sector rather than the small boxes that typified the affordable houses built under the previous Mayor, Ken Livingstone. Many people got very agitated about that because London wants family-sized homes. Here is the problem: a couple of London housing associations came to me and said that they would like to build more family-sized homes but in order to be able to afford to do that under the current circumstances they will have to charge 80% of market value, which many of their tenants will find difficult to afford. Is it not very important that—

Madam Deputy Speaker (Dawn Primarolo): Order. All afternoon, we have been drifting into longer and longer interventions. Interventions are supposed to be short, not an excuse for a speech, and the hon. Lady has now finished.

Mr Offord: I was enjoying my colleague's contribution. She certainly has some relevant experience in her constituency, but I want to continue by talking about the current system's inflexibility in providing social tenants with heavily subsidised rents for the duration of their time in the sector regardless of their changing needs and ability to pay. Perhaps, again, Mr Crow is one of those people.

Inflexible lifetime tenancies contribute to significant imbalances between the size of the households and the property that they live in. A one-size-fits-all model for rents and tenancies is not the best answer to the wide-ranging needs and circumstances of those who access the social rented sector.

I understand—I hope to hear from the Minister about this later—that the Government believe that we must make far better use of existing social housing, by ensuring that we target our support where it is needed most. Given the huge pressures on the public finances, we must ensure that we get more for the money that we invest in new social homes. My colleague's point about investing in family homes is a serious and important one, particularly for people in my constituency.

I hope and believe that the Government will create a more flexible system of social housing—a system that recognises that everyone's needs are not the same, that offers stability when needed, that helps people to move when they start to work, for example, and that protects the most vulnerable people in society.

Ms Buck: The hon. Gentleman makes quite a lot of an anecdote about Mr Crow—we could all make policy by anecdote—but does he recognise that the average income of social tenants is dramatically lower than that of private owners and tenants and therefore that Mr Crow's house and those of a handful of others like him will not house the 1 million people who are on social housing waiting lists?

Mr Offord: I thank the shadow Minister for making that interesting point, but a principle could be set that someone such as Mr Crow should not espouse certain values on the one hand and live in a different fashion on the other. She also makes the important point—I am sure that she is very keen to hear this—that the Government's plan to make work pay for people will be a valuable incentive to encourage people towards home ownership rather than the culture of dependency that I spoke about earlier.

Currently, the rules to allocate social homes are unfair. Despite the previous Government spending £17 billion on social housing in the past 13 years, more than twice as many people were left on the waiting lists. Again, I welcome the Government's recent consultation, and I notice that the local authorities that responded welcome the plans to give them extra freedoms to manage their waiting lists in particular and that two thirds of social landlords said that they plan to use the new flexibility to offer fixed tenancies—something that will reinvigorate the market. Indeed, the Localism Bill, which is currently before Parliament, will give landlords the option to offer flexible tenancies and give councils greater control over allocating their social homes. The valuable resource that we all have in our constituencies will be available to all those who need it, when they need it.

Clive Efford (Eltham) (Lab): My local authority has foolishly considered the possibility of fixed tenancies, but its objective is to provide housing for people in employment. Does the hon. Gentleman think that it would house Bob Crow?

Mr Offord: Bob Crow earns enough—if we can call it earning—to house himself, so I do not think that he will need such assistance from any local authority.

I hope that the Minister mentions some of the reforms that the Government are promoting. I am certainly aware of flexible tenures, which I have mentioned, and fair allocations, but I should like the Government also to focus on greater social mobility. Again, I return to making work pay and to fixed tenancies that allow people to consider their housing needs and, as they change, to change where they live.

I want the Government to consider fairer provision for homeless people. I should like local authorities to have greater flexibility to make decisions on how best to stop people becoming at risk of homelessness. Currently, some homeless families turn down the decent private rented accommodation that they have been offered as settled homes and demand to be provided with more expensive temporary accommodation at greater cost to the taxpayer until a social home becomes available. Surely—I hope the Minister agrees—that cannot be right for the taxpayer, and it cannot be right for those individuals.

I shall leave my comments there, but as I said, I certainly welcome the debate. It is important; we have heard some good contributions; and I look forward to the Minister's response.

2.15 pm

Clive Efford (Eltham) (Lab): The hon. Member for Brentford and Isleworth (Mary Macleod) referred to 1.8 million people being on the housing waiting list. That is a staggering figure. I recollect that a petition on the No. 10 website against speed cameras once attracted 1.2 million signatories and received headlines in newspapers throughout the country. So speed cameras generate comments in the national newspapers, but the fact that 1.8 million people are on the list does not. I wonder when those people will get angry. We all marched against cuts a few weeks ago—500,000 people marched through London. When will people start to get angry about this issue?

We could all write the Minister's speech. He will go on about the fact that Margaret Thatcher built more council houses than Labour did in the last 13 years. He will say that Ken Livingstone was a failure because he had a 50% target but only achieved 36%. We have heard all that before, and quite frankly, it is just not good enough. For the past 30 years, Government Members—Labour and Conservative—have, quite frankly, failed on the issue.

Jane Ellison (Battersea) (Con): Will the hon. Gentleman give way?

Clive Efford: Hang on a minute; I have hardly started.

We can make excuses—they are good ones—about the amount of money that we invested in social housing over the last 13 years. We should be proud of that investment. Many of my constituents live in far better quality housing as a result of the commitment and money that we invested in social housing, but we lost sight of a growing crisis in the provision of affordable rented accommodation for our constituents right across the capital and the country.

I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing the debate. He referred to articles about how unattractive social housing is, how the failed experiment of building huge monolithic estates of rented accommodation became microcosms of all social ills, and how people with social problems became concentrated in those communities, which were unattractive and difficult for people to leave, but that is not my recollection of growing up in communities full of rented council and housing association accommodation. Back in those days, the Church Commissioners provided social rented accommodation where I lived.

Jane Ellison: Will the hon. Gentleman give way?

Clive Efford: I will in a moment. Calm down. *[Interruption.]* Hon. Members will notice that I was more restrained in my comment.

Those people did not lack aspiration or exhibit all the problems that people have given as reasons for not investing in building social rented accommodation. We have lost sight of the issue. It has been suggested that such people lack aspiration and that such areas become concentrations of high unemployment, low educational attainment and high levels of crime, particularly antisocial behaviour among young people. Such circumstances become self-fulfilling prophecies as a result of people having to be housed according to priority need.

Over the years, the housing supply has been constantly reducing. Because of the right to buy, the amount of social housing for rent went down consistently, in spite of the new building that was taking place, until only a couple of years before the previous Labour Government

[Clive Efford]

left office. The only time there was an increase was from about 2008 onwards as a result of the investment of the previous Labour Government. Just as we got to the end of our last term in office, we actually got it and finally started to invest in building again, and so the building of council housing began again. There were projects in my constituency and my local authority was successful in bidding for money to start to build council housing again. That is what we have to get back to. It will be no good the Minister's coming to the Dispatch Box and saying that it has all been bad under both Tory and Labour Governments. We have to get this right for future generations.

We have heard about the flexibility of having 80% of market rents. To give them credit, many registered social landlords and housing associations are saying that going for 80% of market rents would fundamentally change their ethos. It would mean that they were no longer providers of social housing and they believe that they would be wrong to go down that route. To accept rents of 80% of market rents would be to accept the principle that people who live in social housing should subsidise the future development of social housing—that they should pay for it rather than the general taxpayer or anyone else. For many years, people buying private housing got enormous subsidies. A myth has built up that there are huge subsidies for council housing, but the housing revenue account has paid its own way for decades. Even my local authority, in its response to the consultation on social housing rents, made the mistake of believing that there was a cost to the taxpayer of providing social housing.

It cannot be right, at a time when the Government have stated that they want to cut the housing benefit budget, to introduce a policy of moving social housing rents towards market levels. That has to be counter-intuitive. The people who cannot afford to find rented housing in the private sector or to buy will, by the very nature of the problems they are facing in their lives at times of crisis when they search for social housing, be likely to get priority and be on lower incomes, so that policy is likely to have an impact on housing benefit if rents of 80% of market rents are encouraged. At the same time, the changes in housing allowances and the new 30th percentile rate will increase the amount that people will have to contribute to their rent if they are in the private rented sector. That will force many people who live in central London to move to areas such as mine where rents are lower, relatively. That is bound to increase the demand for housing there, which could have an impact on the private rented sector and, again, have a negative impact on rent levels if demand goes up. If the private rented sector refuses to rent to people on housing benefit, what will happen to those people and what will be the consequences for local social housing and the level of demand? How will the council deal with that?

What the Government propose in their social housing strategy does not add up or make sense and will have very contradictory outcomes in many areas. The fundamental problem behind what we are dealing with is supply. Some hon. Members have argued that we should have flexible rents that change as people move through social housing and that people should move into the private sector as they gain employment and increase their income. I do not agree that people should be in social housing only at times when they have a low income and that they should be encouraged to move through the system. Such arguments about the management of social housing are to do with the fact that we are managing a limited supply of housing. That is the fundamental problem and we have to increase that supply.

One issue with which we have faced problems in the past—successive Governments have been at fault in this regard as well—is the supply of land. We have put too many obstacles in the way of local authorities' supplying land to build social housing. In fact, we have often put incentives in their way to dispose of it. We end up in the curious situation whereby local authority land is sold to a private developer for it to build a housing estate, so that we can try to get a residual amount of properties through that development for social housing under planning gain—usually through a housing association whose rents are higher than the local authority's target rents. That is certainly the case in my area. That approach has failed to deliver the number of properties that we needed over the past two decades, and is a major contributory factor to the huge shortage of social housing in London.

I do not blame private developers. They do what private developers do. They swim in the sea of regulations that we create for them. The profits that they can make from private developments—buying the land, developing it and selling it on—are absolutely huge. We have failed to tap into those profits to recycle resources and invest in future social housing. As a consequence of that policy, until only a few years ago we saw, effectively, a year-on-year reduction in the units of social housing available for rent. So we need to ensure that the land is made available, and that local authorities are encouraged and given incentives to make that land available for future developments.

Where there have been developments they have often been of the wrong type, in which the properties are not available to local communities. Shelter did a study of eight local authority areas. One was Tower Hamlets, and although that is not my local authority the report makes very interesting reading. Between 2006 and 2010, 10,430 properties were built in Tower Hamlets. Barclays bank, whose headquarters is in Canary Wharf in Tower Hamlets, has just paid out over £1 billion in bonuses to its staff. I wonder what that £1 billion could have done for the 21,000 local people on the housing waiting list in Tower Hamlets if it had been invested in local housing.

Of the houses that were built in the four years between 2006 and 2010, 8,500 were in the private sector and just under 2,000 were built by housing associations. None were local authority builds. Fifty-four per cent. of the properties in Tower Hamlets have been built since 1966, and yet there are 21,000 on the waiting list. There is a very high vacancy rate in the new-build properties in private ownership. So we have been building houses at a heck of a rate in Tower Hamlets, but we have not been building them to meet the housing crisis there. I am not attacking the local authority; I am not attacking anyone. As I have said, it simply highlights the fact that the policy is completely and utterly wrong.

I have a development in my constituency, the Kidbrooke Regeneration. I visited some of the brand-new properties that had been built as the first phase of that development—

beautiful properties. The price is £300,000 for a two-bedroom property overlooking one of my local parks. I asked who the target market was for those properties—who was expected to buy them. Was it local people living in big three or four-bedroom houses who were nearing retirement, whose children had moved on and who wanted to downsize to a comfortable flat? I was told "There may be one or two of those, but mainly we're advertising abroad." In that regeneration we have knocked down 1,900 local council properties. About 30% or 35% of the 4,400 properties will be social housing, provided through a housing association. Most of the private properties will be targeted at people who are not local.

I am not attacking the developer; it works in the market that is out there, and is trying to maximise its profits, as any company would. However, clearly we need to look at how we encourage development, and who we encourage it for, if we are ever to deal with the lack of supply that is at the root of all the problems that we are debating today.

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I do not intend to intervene very much. The hon. Gentleman raises an interesting point, but how does he reconcile his proposition with the commitment of the previous Government, the current Government and the Mayor of Newham to the desirability of encouraging mixed communities, so that there is a range of tenures, occupations and populations in an area, which benefits the economy of the area?

Clive Efford: I am grateful to the Minister for that point, but I am slightly confused because I saw him nodding encouragingly to the hon. Member for Hendon (Mr Offord) when he said that Bob Crow should be evicted. I thought Bob Crow was doing his part to create mixed communities.

Robert Neill: Not on a public subsidy.

Clive Efford: I would like to know what public subsidy the Minister is referring to; perhaps he will elaborate when he makes his speech. One of the myths frequently peddled about social housing is that it is publicly subsidised.

Stephen Pound (Ealing North) (Lab): The Joseph Rowntree Foundation produced a report on the desirability of mixed tenure back in 1990. We have had that argument, and we have moved on a bit. With regard to my hon. Friend's point about the development in Kidbrooke, does he agree that one of the real problems, referred to earlier, is the people who buy to let? Does he agree that it might not be too fanciful to suggest returning to the days when a person could have only one mortgage, rather than having 10, 15 or 20, in a way that rips the heart out of any housing development?

Clive Efford: I agree. Buy to let has not been the success that some thought it would be in providing rented accommodation and encouraging people to enter the private rented market; that idea has been consigned to the history books. I hope that we do not go back down that route again.

We need to deal with the problem of the supply of social rented accommodation. I point out to the Minister, before he attacks the previous Mayor of London's record, that thanks to the last Government's subsidy, the number of affordable house-building starts in 2009-10 was 16,000. Last year that was down to just over 2,000. This year, 2011-12, the figure is 2,000. From 2012-13 it is zero. I do not know how the Minister will explain at the Dispatch Box how the Mayor of London will hit his 50,000 homes target without building a single home in 2012-13 or 2013-14—unless, that is, the Mayor moves a whole host of Bob Crows. */Interruption./* The shadow Minister, my hon. Friend the Member for Westminster North (Ms Buck), is waving an informative graph at me; coincidentally, I happen to have a copy. It is from the Homes and Communities Agency, and she will no doubt refer to it in her speech. It officially confirms the figures that I gave; they come not from a Labour party press release, but from the Homes and Communities Agency. Boris has clearly failed in his objective and his promise to provide affordable housing for people in London.

Another policy that we must confront is the one that Boris described as "Kosovo-style social cleansing" when it was announced. I have never agreed with him more—but unfortunately, the following week he went on to say:

> "My consistent position has been that the government is absolutely right to reform the housing benefit system which has become completely unsustainable. I do not agree with the wild accusations from defenders of the current system that reform will lead to social cleansing."

Boris says one thing in front of a microphone when the policy is first announced, but he secretly makes those comments at a later date. When the matter is in the media and it is discussed on the 6 o'clock news he appears to stand up to the Government, but after he has been sat on by the Minister and everyone else, he sneaks out a press release a week later saying that he absolutely agrees with their policy—a policy that will result in people on low incomes being moved from large areas of inner London to places outside London where private sector rents are lower.

There have been huge clearances of estates, to which my hon. Friend the Member for Hammersmith (Mr Slaughter) will doubtless refer, as perfectly good council housing, in which millions of pounds has been invested under the decent homes programme, will be knocked down to make way for private luxury developments. The Conservatives just do not get it when it comes to housing. Surprisingly, the Liberal Democrats do not get it either. My hon. Friend the Member for Hayes and Harlington (John McDonnell) made a point about how essential it is that people on low incomes should be able to live in mixed communities across the capital. During the earlier spell of cold weather, my local authority kept the roads clear so that people could get to work. I am sure that that was true, too, of Hammersmith and Fulham, Kensington and Chelsea and other areas.

There is affordable housing in those areas for people who do all sorts of jobs in the local economy, from driving refuse lorries to sweeping the roads and pushing trolleys in local hospitals or even cleaning floors in posh houses in the leafier parts of central London, but those people will have nowhere to live in those communities if

[Clive Efford]

the Government continue to pursue their policies. Those people will not be there to do jobs such as stacking shelves in supermarkets. They are an essential part of our local economy, but they will disappear from many of our communities. The biggest effect on the Tories will perhaps be that their cleaning costs will go up, because of the shortage of cleaners, pushing up the hourly rate.

During the crisis in the freezing cold weather, many of us could get to work only because fairly low-paid people in local authorities across the capital got into work early in the morning, driving gritting lorries, clearing roads and so on, so that buses could run and other people could keep the economy moving. Those people are an essential part of our economy. I suspect that they will not qualify, even if they can afford it, for key worker schemes, to buy properties in those areas. They will be forced out by higher rents and the lack of housing benefit designed to support part-time workers who provide essential jobs such as child minding and caring and other roles. Under the policy, they just will not be there.

Social housing is not just a benefit that is means-tested and provided by a welfare cheque. It is an essential part of our communities and economy. To get rid of it in large parts of the capital is a hugely retrograde step that we will all come to regret. Social housing is also essential not just for people on low incomes, but for those who aspire to buy their own homes. We know now that the house lending market has changed—probably for ever, but certainly for a long time. It will no longer be possible to gamble on the future value of a house, to borrow 100% of its cost on the understanding that we know that it will be worth more in the future; 100% mortgages are a thing of the past. Any bank or building society will make it clear that no one is lending 100% mortgages any more, and they do not foresee that happening. That means that people will have to be savers for a long time before they can become home buyers. Even people in social housing who aspire to buy their own home will have to save for a long time.

In a study published in October 2010, the Home Builders Federation came to the conclusion that

> "In London, first time buyers aged between 22 and 29 cannot pay their rent and save for a deposit—this would cost 10% more than their net monthly income."

It goes on to state:

> "The average deposit across the UK is 230% that of average salaries—almost 300% in London."

Even if people wanted to become home owners, if they are forced into the private rented sector they can never save enough money to do so. That tells us that affordable rented accommodation is not just about people on benefits or on low incomes, people who lack aspiration or are in a crisis in their lives, but is essential to the future of the housing market, particularly in London where deposits will be high. If we do not provide affordable housing at levels at which people who may aspire to become future home owners can reasonably be expected to save at a decent rate, we are undermining the future of our own housing market. To have a home construction industry in the future, we will be relying on developers of schemes, such as mine in Kidbrooke, where they sell to people not from the local community, not even from the UK, but to business people from abroad. That cannot be right. That is not right for the future of our city, and we should not encourage it.

My final point concerns the social management of council rents and registered social landlord rents in order to create mixed communities. As my hon. Friend the Member for Ealing North (Stephen Pound) said, we have debated that for many years and it has never worked. When I grew up in rented accommodation in Southwark, surrounded by friends who all lived in rented accommodation, we had mixed communities. In those days, under a Labour Government, unemployment was not prevalent. Under the most recent Labour Government we increased employment enormously, and that is the policy that we need to return to, rather than the huge cuts that we see from this coalition Government.

The idea that we cannot create mixed communities because we have social rented properties is something that we should put behind us and never return to. It is not a matter of the tenure, but the people who live there. If we provide employment, we provide mixed communities, whether Bob Crow lives there, the local GP or shop owner, or someone experiencing a temporary period of unemployment. We need a Government who are prepared to stand by people and help to create jobs in those communities and invest in them in order to ensure that we do have mixed communities. They will not be created by flexible rents and social engineering.

Mr Slaughter: My hon. Friend has made an important point. I do not believe that the Government now believe their own rhetoric on mixed communities. The estates that Conservative councils are demolishing are mixed communities; mixed communities are made up of rented, owned, freehold and leasehold properties, with mixed income levels. Those estates are being replaced not with mixed communities, but with exactly what my hon. Friend described—ghettoes of the rich. They are properties that are advertised abroad or go for prices far above what ordinary families can afford. That is the future for housing in London. "Mixed communities"—

Madam Deputy Speaker (Dawn Primarolo): Briefly.

Mr Slaughter: "Mixed communities" is now a euphemism for building the poor out of London.

Clive Efford: I could not agree more with my hon. Friend.

It is a fool's paradise to suggest that we can continue with the policies of the last 20 years or more and just build social housing as a fag end of private sector development. We need to make local authority land available for development, build social housing and create mixed communities by encouraging employment within communities, without messing around with flexible, temporary or probationary tenancies.

That is the way forward for housing in London; it is essential for future generations, whether they aspire to be homeowners or not. Affordable rented accommodation, even in communities where property values are extremely high, are absolutely essential if we are to have a thriving economy and thriving communities in those areas. We need to return to that situation, and I hope that the Government will reconsider their policies on the cuts in housing investment under the Mayor and the cuts to

support to new council housing building programmes. I hope that we can start to build the houses that future generations need.

2.46 pm

Angie Bray (Ealing Central and Acton) (Con): Thank you, Madam Deputy Speaker. Having rightly been chastised by you for allowing my intervention to run a little long, I thought that I would expand it into a very brief contribution in the form of a speech.

I want to reiterate the point that I was trying to raise with my hon. Friend the Member for Hendon (Mr Offord). In a number of areas, London has a particular set of circumstances that are not shared by the rest of the country. I sometimes feel that London does not get fully considered in the general policy making of Governments of all persuasions. That is why it is so important that we London MPs should sometimes get together and have an opportunity to raise some of the specific issues affecting our constituencies. What we are debating is a particularly important example.

I want to draw the Minister's attention to something brought to my attention by representatives of a couple of London housing associations, who came to see me to express concerns. They are very keen to build more family-sized houses, which is what we all want. As I said before, it is fine to have large numbers of the sort of very small affordable flats that the previous Mayor of London was famous for building, but there are not the family-sized homes that we all want.

The issue is that the housing associations would very much like to build family-sized homes, but to be able to—in London, particularly—they will probably have to go to the 80% of market value to generate the kind of funds that will make such building possible. There is concern that they may find it difficult to charge that rate to a number of their tenants, but without that 80% they will find it difficult to deliver the kind of homes that we all want so badly. A bit of a problem has been thrown up through the particular circumstances that pertain in London.

I hope that the Government, particularly the Homes and Communities Agency, will bear those circumstances in mind when making the assessments. I am delighted that the HCA is going to be taken into City Hall, because that will make it a great deal more sensitive to the needs of Londoners. It is important that the gap should be considered properly to ensure that there are family-sized homes in the affordable sector. They need to be built, because they are such an important part of building our communities.

Stephen Pound: I am grateful to the hon. Lady, my neighbour, for giving way. She says that family-sized homes are the homes that "we all want". May I urge her to accept the fact that not everybody wants to live in a family home? A great many people with disabilities, or widows, widowers or people on their own quite enjoy the small properties that she rather put down and implied were some creation of Ken Livingstone that nobody wanted to live in. Actually, a great many people do.

Angie Bray: I thank the hon. Gentleman for that important contribution. Of course it is true that not everybody wants to live in family-sized homes, but the problem in the past was that small properties were the only affordable housing on offer. A large number of families in our communities need affordable houses, and one or two-bedroom, even three-bedroom, flats simply do not accommodate them properly. It would also be nice to think that families might have a bit of green space outside and not always be housed in large blocks of flats.

Of course there has to be a balance, but in the past family-sized houses were neglected; it was too easy to tick boxes, as the previous Mayor did, to say, "I've delivered X affordable homes," but they were flats rather than the family-sized houses that many of us think of when we hear the word "homes". My request to the Minister is that he ensures the Government are fully aware that London's special circumstances make it important to recognise the particular problems of housing associations when they are providing housing in areas where market rents are high.

2.51 pm

Frank Dobson (Holborn and St Pancras) (Lab): Research by the school of medicine at University College in my constituency suggests that apart from smoking, the principal sources of avoidable illness and premature death are overcrowding, homelessness, a poor standard of housing and insecurity of housing. We need to bear that in mind when discussing anything to do with housing.

The previous Government achieved quite a lot in improving the existing stock, but were carried away by the fashionable idea that the first step on the housing ladder is the cheapest place that people can buy. It seems to me that the first step on the housing ladder is somewhere decent to live that meets the needs of the people concerned, whatever the form of tenure. There is no excuse for the state of housing and the massive pressure for further social housing in London, including my area of Holborn and St Pancras, and Camden in general, because we should have a big drive to start building more houses.

It is very simple. We do not need a degree in some fantastical form of economics to conclude that if there are not enough houses, one of the things we do is build more of them. It has been done in the past—admittedly when I was leader of Camden council. I do not say that vaingloriously, but because it demonstrates that things can be done and problems addressed. During the 1970s, Camden council built no fewer than 500 new homes a year, and sometimes started as many as 1,000 a year. We were much mocked when we bought between 5,000 and 6,000 flats from the private sector, largely at the behest of the people living in them, sometimes in real slums but sometimes in mansion flats overlooking Parliament Hill Fields. Those people wanted to become council tenants because they wanted security of tenure and to get away from Rachmanite private landlords. The arrangement had the benefit of giving them security but it also meant that when anywhere fell vacant the council could let the property to people on the housing waiting list.

One of the consequences, which strikes me almost violently, is the difference between what happens at my advice surgeries now and what happened when I was first elected in 1979, at the end of the period of building

[Frank Dobson]

and of the municipalisation of housing in Camden. When I was first a Member of Parliament, if people came to me and said, "We need somewhere decent for our family", I would write to the council, which would write back. I used to tell people, "If you haven't got a new flat in six or nine months, come back and see me." Hardly any of them had to do that because they were rehoused. If I said that now, they would all be back because hardly anybody is rehoused any more. The problem has been that all those who form the leadership in our politics have not given sufficiently high priority to building and providing social housing for people who cannot afford to purchase a home.

Instead of buying and building property, there has been a lot of selling. Some councils, including Camden under the Lib Dem-Tory coalition—we had some experience of that between 2006 and 2010—sold off valuable street properties to the private sector. The housing associations in Camden, two of which were established as niche organisations to help solve problems, started selling off properties. Circle 33, which was founded in Primrose Hill in the 1970s, grew and grew, became Circle Anglia and started selling off much-needed property in my constituency so that it could use the funds to build social housing in Cambridge. That was not its purpose, in my opinion and that of most of the people I try to represent.

Even under Mrs Thatcher—I must give her credit for this—when public land became surplus, be it from the railways or the hospitals, the local authority was given first choice of whether it wanted to buy it for socially useful purposes. That prevailed for a long time when Mrs Thatcher was Prime Minister. Subsequently, doubtless at the Treasury's behest, things were sold to the highest bidder. It is about time we went back to giving first go to using surplus public land for public social purposes.

In my area, it is as if someone has declared war on the prospect of providing more social housing. There is a proposal, which I support, for the biggest laboratory and research centre in the country to be located behind the British Library in Somers Town in my constituency. It is a combined effort by the Medical Research Council, Cancer Research UK, the Wellcome Trust and University College. It will undoubtedly make a major contribution to medical research worldwide, but it is located on a site, a substantial part of which was originally designated for housing. All the time that the talks were going on, I argued that some land that the Medical Research Council owns at the National Temperance hospital should be made available for the housing that would be displaced from the laboratory site. However, the Government have decided, "Oh, no. It should be sold on from the public sector."

Similarly, when properties became surplus after the new University College hospital was built, a proposal, which local people and the council overwhelmingly supported, was made to knock down buildings and build decent housing on what was known as the Middlesex hospital annexe site. Two and a half years ago, a proposition by English Heritage to list the building was duly turned down. The law states that if a Minister wants to reverse that decision, they cannot do it within five years unless something new comes up. Someone managed to cobble together a connection between this ex-workhouse and Charles Dickens and claimed, at one point, that it was the workhouse described in "Oliver Twist". Well, they had obviously not read even the first page of that book, because Oliver had to leg it to London from the workhouse in a country town often believed to be Kettering.

Stephen Pound: I am reluctant to intervene on my right hon. Friend, but as one who spent 10 years as a hospital porter at the Middlesex hospital, I can assure hon. Members that the connection is that Charles Dickens frequently gave public readings that funded the hospital's building. That is the connection, although on Kettering my right hon. Friend is spot on.

Frank Dobson: But no one claimed that famous connection. Indeed, English Heritage was quite happy to nod through the demolition of the whole of the Middlesex hospital—we are talking about the annexe that was left. Anyway, that programme for a large number of new flats has been set back for God knows how long.

Similarly, there is meant to be the building of a lot of social housing on the King's Cross railway lands behind King's Cross station, but I understand that the project has been set back because Ministers are not prepared to help the private developer comply with the section 106 agreement that the developer entered into in order to get on and build some new flats. As a final encore from the Government, they are proposing not just to prevent the building of new social housing, but to knock down social housing for 360 people who live in the blocks of flats that will have to be knocked down if High Speed 2 is going to come into Euston, which is itself a ridiculous proposition.

We feel a trifle beleaguered in Camden. We are massively affected by the ludicrous increase in property prices in our area and the ludicrous increases in commercial rents. However, at the same time as rents are soaring out of sight, the Government, including those caring Liberal Democrats, have proposed the slashing of housing benefits. To demonstrate just how out of touch they are in setting the new housing benefit maximum levels, I will provide a simple illustration. A Member who lives outside London and needs to rent a single-bedroom flat in London is given the money—rightly—by the Independent Parliamentary Standards Authority. IPSA has decided that the going rent in London for a single-bedroom flat is £340. That is the most it will pay. However, £340 appears to be a magic figure among public bosses these days, because the Government have decided that £340 is also the maximum housing benefit that can be paid to anybody in London for a three-bedroom flat. So officialdom now says, "One-bedroom flat for an MP: £340. Three-bedroom flat for a family: £340". The fact is that the going rate for a one-bedroom flat probably is £340, but for a decent privately rented flat in London, £340 goes nowhere near towards meeting the costs of family accommodation.

There are all sorts of arguments about what we should do about this problem. My point is this: If in that great centre of capitalism, New York—so that includes Wall street—they still have rent controls in the private sector, I see no reason why we should not reintroduce rent controls in this country. If that upsets a few property developers or if the Gaddafi family's property portfolio suffers from a cut in rental income,

I do not really mind. I want rents to come down and there to be a massive increase in housing for those most in need, because as my hon. Friend the Member for Eltham (Clive Efford) pointed out, there are legions of people whose daily contribution to the life of this city makes it a tolerable place to live.

Stephen Pound: Will my right hon. Friend give way?

Frank Dobson: I would rather not. I will just get on, because other people want to speak.

There is no chance now of a tube driver, an ambulance driver, an ordinary police constable, a nurse, a midwife or, in some cases, a junior doctor meeting anything like the going rate for a private sector home. They are out of that market altogether. If we want such vital people to contribute to making living in London tolerable, we have to go much further than we have in the past, under Governments of all persuasions, because otherwise the place will be torn apart. I know that the leader—at least for the time being—of the Liberal Democrats, the Deputy Prime Minister, objects to the term "social cleansing" in relation to driving up rents and removing security of tenure, but as the inventor of the phrase, I make no apologies for it, because that is what will happen. If people's security of tenure is removed, and if rents are driven up and subsidies for them are also removed, they will be driven out.

People say that we are spending far too much on housing benefit—and indeed, one could not make a more truthful statement. I think the figure is £22 billion, and it is that high because the rents are too high. If we want to cut the amount of money going into housing benefit, the best thing would be to cut the rents. Rather than trying to cut housing benefit, we should cut the entitlement by ensuring that we reduce the rents.

Jeremy Corbyn: Will my right hon. Friend give way?

Frank Dobson: I will certainly give way to my hon. Friend, and then I will finish.

Jeremy Corbyn: Is my right hon. Friend aware that the Government's claim is that when the housing benefit allowance is cut, the tenant can negotiate with the landlord, who will understand the situation and therefore reduce the rent? The Minister himself told me that in his office. I expressed some astonishment and decided to check up with Islington council, which has tried to negotiate rent reductions with landlords. The council tells me that, sadly, it is very difficult to do that, if not well nigh impossible, even for the most well-meaning and determined people. Surely the answer is not only controls, but investing £10 billion in housing, rather than £22 billion in housing benefit. That way we would all be a lot better off.

Frank Dobson: I entirely agree. Even if we transferred the money from the housing benefit account into the account of, at least, the public sector landlords who are charging high rents, that would bring rents down and be to everyone's benefit.

My final point is this. Large numbers of places have been sold under the right to buy—certainly in my area—that have then been sold on by those who bought them or their children, following which the buy-to-let people have moved in. Therefore, somebody will have bought the flat with a massive subsidy from the taxpayer, then someone else will have bought it with a tax incentive and now they will be charging a rent that is two, three, four or five times higher than it would have been had the property never been transferred from the council's ownership in the first place. So when people talk about public subsidy for housing, they should remember that the biggest imaginable public subsidy involves those who own or are buying a buy-to-let property that was formerly a council flat. That is the sort of thing that we need to stop, rather than rabbiting on about taking away security of tenure from all sorts of other people.

I hope that the Government will eventually take this matter seriously. One of the biggest housing programmes in my constituency was carried out by Neville Chamberlain when he was Minister of Health. Indeed, one of the buildings is called Chamberlain house. Tories should not be ashamed of their distant past record on social housing; all they need to do is revert to type and stop being mad marketeers.

3.11 pm

Heidi Alexander (Lewisham East) (Lab): I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing this debate. I know that he has been a fearsome campaigner for social housing and all manner of other housing issues in London, and I am pleased to be able to make a contribution today.

I would also like to pick up on the comments made by the hon. Member for Ealing Central and Acton (Angie Bray), just before she leaves the Chamber. She said that London faces specific and often unique circumstances in relation to housing. Many people across the country might not understand that. When I tell my parents, who live in Swindon, that I spend a lot of my time doing work on housing, they look at me slightly quizzically, as if to say, "Why is that?", but anyone listening to this debate must realise that London faces quite extraordinary circumstances.

According to an estimate by the Greater London authority, the cost of renting in London is 51% higher than anywhere else in the country, and the National Housing Federation has recently estimated that, in order to buy an average-price house in London, a first-time buyer would need a salary of almost £100,000. Social housing, whether it is owned by a local authority, an arm's length management organisation or a housing association, therefore fulfils a large number of needs for people across the spectrum, including those on benefits and all the others we have heard about today: the construction workers, the public sector workers, the nurses and the doctors. Sometimes, when people outside the capital think about housing, they do not really understand the true nature of the housing market here.

I also want to reflect on the fact that we are having this debate on the day when people are going to the polls to vote on changing the voting system. A couple of weeks ago, I did my street surgery. I write to 2,000 residents once a month and say, "If you want to see me on a Saturday morning, please put this poster up in your window. I will come and sit in your front room and talk about whatever you want to talk to me about." A couple of weeks ago, when the Westminster village and the media were getting very excited about today's referendum on changing the voting system, all my

[Heidi Alexander]

constituents wanted, without fail, to talk to me about social housing. One elderly gentleman lived in a block of flats, and his wife had just broken her leg. They had lived there for 25 years. He said, "I just need the housing association to move us to the vacant flat downstairs."

Jeremy Corbyn: That sounds very complicated!

Heidi Alexander: Well, I am really pleased to be able to tell my hon. Friend that the housing association—it is quite a large one, London and Quadrant—responded superbly when I contacted it. I am pleased to say that that gentleman has been moved to the flat that he wanted. So there are cases where housing associations respond and provide the sort of services people need, but that is not to say that there are not other circumstances in which couples desperately need to live in a more suitable home but cannot achieve that. There are hundreds of people whom I have seen in my surgeries and out on the doorstep since I became an MP whose families are living in desperately overcrowded situations—and it is mainly for those people that I make my remarks in today's debate.

I shall speak on three main themes. The first is the massive need, as others have mentioned, for more homes that people can afford to rent. The second is the Government's proposals on housing and how they relate to the wider welfare reform changes. I have a number of concerns about how they interrelate. Thirdly, I shall speak briefly on a topic that has not been mentioned so far—the proposed changes to the planning system and how some of them might result in fewer homes, particularly affordable homes, being built. I shall reflect on how proposals in the Localism Bill might make it harder to build the affordable homes that London needs.

Let me deal with the supply side first. We know that 350,000 people are on the social housing waiting list in London, and that one in 10 households are living in overcrowded conditions. As others have said, there is undoubtedly a massive need for more homes in London that people can afford to rent. Tackling the problem of under-occupation has been mentioned, and some argue that people are living in properties that are too big for the number of people living in them. I have seen research that shows that even if we tackled the problem of under-occupation in London completely, it would come nowhere near to solving the housing crisis.

Jeremy Corbyn: My hon. Friend makes an important point in that under-occupation is only a slight issue and tackling it would not solve the problem. If children move away from home and grandchildren are born, is there not something quite reasonable, normal and acceptable in the idea of those grandchildren going to stay with their grandparents in the house's bedroom? Why should it be that those in social housing cannot lead the kind of lives that anyone living in an owner-occupied place would assume to be perfectly normal and sufficient for them and the entire family's needs? Why cannot we be a bit more human about it?

Heidi Alexander: I entirely agree. Many people look forward to that sort of thing in later life. We need to ensure that, whatever policies are in place in future, we recognise that issue. I would say, however, that I sometimes meet constituents who are living in a large three-bedroom house and find it too hard to manage and cope with. Lewisham has a positive record as a local authority in providing the assistance needed to make a move easier. More can be done about under-occupation, but it will not solve the problems in London, as I said. In the rest of the country, it could make a significant difference, but not in London because of the scale of the challenge we face.

Frank Dobson: In my area, those who, like my hon. Friend's constituents, want to move out of a large place—perhaps a widow or an elderly couple—are often reluctant to do so because the front room of the one-bedroom place they are offered is simply too small. One of the practicalities of dealing with the issue, then, would be to provide a bigger front room in those properties, as people are often reluctant to get rid of the nice furniture that they have had with them for a long time.

Heidi Alexander: My right hon. Friend makes a very good point, with which I entirely agree. Interestingly, I spoke a few months ago at the launch of the National Housing Federation's "Breaking the mould" report, which looked at the housing needs of older people or those moving into later life. Given that one in five children born today will live to the age of 100, it is important for us to ensure that, as more people move into later life, we provide housing that meets the specific needs of our population.

Campaigns are sometimes mounted against the building of extra care housing. When I spoke at the launch of that report a few months ago, I encountered a gentleman who had been trying to build such housing through a church-sponsored scheme in north London. He was amazed at the degree of opposition that the scheme had generated in the local population, who said that the development was too big, too ugly and too wide. I could not help thinking that their concerns might be genuine. There is a desperate need for new forms of extra care housing, but we must give thought to the specific type of housing that is required, whether it is social or private sector housing. I shall say more about that later.

The hon. Member for Brentford and Isleworth (Mary Macleod), who is no longer in the Chamber, referred to the amount being invested in the national affordable house building programme. I asked her how that compared with the level of investment over the past three years. She declined to give me the answer, but I can give it to the House now. The national affordable house building programme has been cut by 63%. Between 2008 and 2011, £8.5 billion was invested in it, with a target of building 155,000 affordable homes. In the current comprehensive spending review period, between 2011 and 2015, £4.5 billion is being invested, and the Government have a similar target, namely the building of 150,000 affordable homes. That represents a halving of the programme. The budget has been slashed, and, whatever Boris Johnson or Government Members may say, that has dealt a devastating blow to the future of house building.

I mentioned Boris Johnson, the Mayor of London. I want to say a little more about some of his pronouncements about his record of building affordable homes. We have

seen him on television recently, standing in front of new flats. I often scream at the television—I do not know whether other Members do as well—

Jeremy Corbyn: It does not solve anything.

Heidi Alexander: It does not, which is partly why I am making this speech in the House.

When Boris Johnson stands there and looks proudly at new homes, I feel like saying to him, and to the public, "Those new homes are a result of the Labour Government's investment in housing. They are a direct result of the national affordable house building programme."

I have been involved in regeneration and attempts to build new homes in Lewisham for a number of years, and I know how long it takes to get new developments off the ground. Any homes that are being built at the moment probably went through the planning process three or four years ago, and the commercial viability of the scheme was probably assessed and agreed three or four years ago. For Boris Johnson to stand there and claim this as his victory is entirely wrong. His record will relate to what happens in the years to come. As we have heard, the Homes and Communities Agency predicts that in a couple of years no new affordable housing will be being built in London. It will fall off a cliff face. Boris Johnson should bear in mind that that will be his legacy for London, not the legacy left by the last Labour Government.

Another thing that I wish to say about my experience of trying to deliver regeneration in Lewisham is that no thanks are due to the Liberal and Tory councillors in this regard. As soon as there was the faintest whiff of local opposition to a new housing scheme, whether it was a private sector development or affordable housing, they generally chose to vote against it. Some of the plans in the Localism Bill will make it easier for some of those nimbys to block development. If we really are going to build more homes, we need to be thinking about how the planning system works.

I have talked a little about the fact that the capital grant programme has been slashed and the Government seem to be moving to a way of funding new homes that relies on the future rents that they will get in from properties. The approach of allowing housing associations to build and charge 80% of market rents seems to relate to an argument about why capital grants are being reduced. My big problem with that approach is that I fear we are simply not going to build the type of housing that Londoners, including my constituents, can afford.

I have done a bit of research on the average rents in Lewisham in the private rented sector and for housing association properties, and I have thus been able to work out what 80% of market rent would mean. At the moment, the average median rent for a one-bedroom flat in Lewisham is £170 a week and the rent in a housing association for such a property is about £80 a week. An increase to 80% of the market rental value would make the cost £136 a week and would mean a weekly increase of about £55.

That is bad enough, but the average market rent for a four-bedroom flat or house in Lewisham is £300 a week. Someone living in a similar London and Quadrant property would pay, on average, £114 a week. If London and Quadrant builds new homes in Lewisham and charges 80% of market rent, that figure would increase to £240 a week, which is an increase of about £125 a week. That represents a monthly increase of £500 and an annual increase of £6,000 in someone's housing costs. If someone is lucky enough to be in full-time work in Lewisham and they are on the minimum wage, they will be earning less than £12,000 a year, so how on earth are they going to find £6,000 extra to pay towards their housing costs? I cannot see how that will happen and the London Council agrees with me. Its recent briefing produced for councillors in London on the affordable rent model states:

"There is already a widespread recognition that the ARM will fail to deliver on larger sized family homes; and that, at 80% of market rates, the model's maximum rent level will be unaffordable in the capital".

As I have mentioned, I am also concerned about families living in overcrowded situations. When they are offered a flat or house at 80% of the market rate, how are they going to be able to afford it? If they are going to have to pay an extra £6,000 a year, they are not going to move and so will stay in the overcrowded flat that they are living in.

My hon. Friend the Member for Westminster North (Ms Buck) discussed in an intervention the additional costs that could be pushed on to housing benefit, and that is precisely what the affordable rent model could result in. I recently read an interesting report by Family Mosaic entitled "Mirror, signal, manoeuvre: our drive to provide more social housing". Family Mosaic did some research on about 50 of its new tenants who moved into properties across London at the end of last year. Some of those people were in work and some had caring responsibilities; the real-life situations of a vast range of people were researched when putting together that report.

Family Mosaic estimates that if every one of those 50 individual households lived in a property at 80% of market rent, the housing benefit bill would increase by 151%. That is a huge amount of extra money that will have to go out in housing benefit and my hon. Friend the Member for Westminster North is completely right to say that that is a way not of tackling the deficit but of making it worse.

At the end of the report, Family Mosaic asks what we can do:

"How do we go forward?"

In answer, the report states:

"To mitigate this risk"—

the risk that people might not be able to afford the rents—

"we could change the profile of our tenant group, and not let new properties to those most in need: this, however, goes against our core principles."

I am concerned about how the affordable rent model will deliver any homes in which people can afford to live.

Mr Slaughter: It is refreshing to hear that from a housing association. The quote is from the same report that I mentioned when I intervened on the hon. Member for Hendon (Mr Offord), who chose, for reasons best known to himself, to answer about security of tenure. The report completely gives the lie to the idea that

[Mr Slaughter]

so-called affordable rent—a piece of Orwellian speak if we have ever heard one—will be in any way affordable. It also states that 60% market rents will not be enough to enable

"a large proportion of tenants...to retain enough income to pay their rent and live according to government standards of affordability".

Heidi Alexander: My hon. Friend is completely right. Our debate about what it is affordable to pay out in housing costs was interesting. My hon. Friend the Member for Islington North gave scenarios in which people might be spending 50% of their household income on their housing costs alone. I know that the Department for Communities and Local Government, in the guidance it published a number of years ago on how local authorities should carry out strategic housing market assessments—the Minister might wish to comment on this—says that the definition of affordable housing costs is a household paying 25% of its overall income on housing. We are clearly seeing situations in which households are paying much more.

Jeremy Corbyn: My hon. Friend makes a very important point and I have intervened on her now so that the Minister can have time to think about giving us an answer later. If a local authority ensures that an offer of a property is made at 80% of market rents and the family cannot afford to move into it, according to my understanding of the law, the local authority will have discharged its duty to provide a property for those homeless people who would then have no access to any public sector housing. They would only be able to access a completely free-market private sector. We will end up building a sub-class of people who are unhouseable in law and homeless in reality.

Heidi Alexander: It is a complete trap. I look forward to the Minister's response to that.

I used some figures to demonstrate how much more people would have to pay out were they living in a family-sized property and being charged 80% of market rates. What concern me more are the proposals for universal credit in this context and what the £26,000 will mean for people in London who are paying out such amounts of money in their housing costs.

If we assume that the universal credit means that a family in London will get no more than £500 a week and that they are paying £240 a week for a four-bedroom flat at 80% of market rent in Lewisham, they will be left with £260 a week for all their other living costs. I presume that that £260 will cover their council tax benefit as well as payments for their gas, electricity and phone. We must also remember that if those people want to move into work, the costs of child care in the capital are much higher than elsewhere in the country and so are public transport costs. I therefore take this opportunity to ask the Minister to have conversations with his colleagues about how realistic the £26,000 universal credit cap is in a London context.

I draw a distinction between London and the situation elsewhere in the country. I heard my hon. Friend the Member for Hayes and Harlington (John McDonnell) talk about his upbringing. My dad is an electrician. He has a nice house now. If he was an electrician in London, there is no way that he would live in the sort of house that he lives in now. He would tell me that £26,000 is a lot of money. His annual income has been about that figure for as long as I can remember. So I have some sympathy with what the Government are trying to do with welfare reform, but I ask them to consider carefully what that means for people in London. I have spoken a lot about figures, and they show how dreadfully difficult that reform could be for people who live in London on low incomes.

If the Government do not think that families on low incomes should be able to live in London, they should come clean and say so, because that will be the result of their proposals and policies. We have talked about the impact of housing benefit changes and the potential clearance from London of people who simply cannot afford to live in their private rented properties. They will have to move either to the outskirts of London or elsewhere.

Personally, I genuinely think that we must ensure that those people—my hon. Friend the Member for Eltham (Clive Efford) talked about them—who drive the lorries to clear our roads and who clean our offices and work in our shops can live close to their places of work. It is right to do that. It makes absolutely no sense for people to have to rely on the transport system, and it makes no sense to people's lives when they have caring responsibilities and need to pick up their children from school. It is right that we have genuinely mixed communities of people able to live in central London. The proposals to change the welfare and housing benefit systems run a real danger of making that impossible in future.

Before I move on from the wider changes to welfare reform, I want to pick up another point: the possibility of paying housing benefit directly to tenants so that they can pay it to their landlords. Housing associations in the capital have some concerns about that. I see where the Government are coming from, and it is right to make people realise and think about quite how much it costs to live in a property—encouraging individual responsibility is a good thing—but equally, housing associations tell me that this is the worst time that the Government could consider giving housing benefit and accommodation support benefit, even if incorporated in universal benefit, straight to tenants, because we all know that their household incomes and budgets are coming under extreme pressure.

Housing associations also tell me that if rent arrears increase, they could find it harder to borrow money because their cash flow will be less secure. They are concerned that the banks will re-price their debts when they borrowed the money to build homes. I hope that the Minister will pick up on some of those concerns when he responds.

I want to say a little about planning. I served on the Committee that considered the Localism Bill for a number of weeks, and I have a number of concerns about how the Bill's proposals will impact on the construction of new affordable homes in London. I think the Chancellor said when he announced his Budget that there would be a presumption in favour of sustainable development, and that is completely at odds with what is said about planning in the Localism Bill. I am not saying that there are not occasions on which people should be able to say, "No, that development is not appropriate." Indeed, there is a housing development

like that in my constituency at the moment in a place called Pitfold close. It is right that local people should have a say about what happens in their neighbourhood, but what the Government propose, as many hon. Members will know, is the creation of neighbourhood forums that will be able to come up with neighbourhood plans. The Minister with responsibility for decentralisation, the Minister of State, Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark), who was on the Bill Committee, seemed to think that those neighbourhood plans would always contain higher housing numbers than the strategic plan for the local area, but my experience of attempts to bring development forward is that local people often want to say no.

I can understand people's concerns about new homes. If a block of flats going up at the end of the road would cut out the sunlight to someone's garden, I can understand why they might say, "I am not too happy about that." I can understand why people might say, "How's my child going to get into the new school?"; "How am I going to get on to the doctor's or dentist's list?"; or "What about all those cars coming down my road, blocking up the road network?" I understand why people are concerned about new development, but if we give too much power in the planning process to very small community groups in these neighbourhood forums, which it is proposed would include only three people, I am not sure that we will get the levels of house building in the capital that we need.

While I am on the subject of planning, there was much debate in the Committee about the 50% target, whereupon the Minister would jump out of his seat and say, "Ah, well, even though you had the 50% target, Ken Livingstone delivered only 36%," to which I would say that at least we tried. Setting that target and saying that we believe the provision of affordable housing is so important that half of all the new homes built in the capital should be affordable is the right message to send to developers and planning officers. When those planning officers sit down at the table and start their negotiations, they should be saying, "Ideally, we want 50% of new homes to be affordable." Yes, there will be some situations in which it is impossible to do that because of the commercial realities of the scheme, but it is right to have that target.

Angie Bray: Does the hon. Lady agree that one problem with aggressively setting such a target, as the previous Mayor of London discovered, was that many developers were put off coming into more expensive parts of London altogether because it was not worth their while financially? They tended to be put off rather than coming forward to work out what they might have been able to afford to do.

Heidi Alexander: There will be different situations in different parts of London, but I suggest that the hon. Lady goes back and looks at the figures for the number of home starts in London and the number of new homes that it is predicted will start in the next couple of years because of the policies of the Tory Mayor of London we now have.

I have probably tried Members' patience by making a longer speech than I had anticipated making. I will end by giving an anecdote about someone whom I met a number of years ago, whose story sticks in my mind as a reason why we have to tackle the housing crisis in London. This picks up on a number of points that have already been made about the impact of poor-quality housing on people's life chances—how healthy they are, how well they do at school, and how able they are to succeed economically. I was once asked to visit a family in an overcrowded flat in Deptford. When I was there I met a young man of 19 and chatted to him while his mum was doing something before she came to speak to me. I asked him if he was studying or was at school and he said, "I am retaking my GCSEs because I didn't get the grades I wanted." Later in the visit, it transpired that he was sleeping in an armchair in the living room. He had no bed to sleep in because the flat was so overcrowded. I thought to myself, how on earth can this young man do well at school? How can he get the GCSEs that he needs to go on to study at university, as he wants?

That image will probably stay with me for the rest of my life. That is why we have to do something to increase the supply of affordable homes in the capital. I am sorry to say that everything that the Government are doing in respect of housing makes it so much less likely that we will see the new homes that we so desperately need.

3.45 pm

Mr Andrew Love (Edmonton) (Lab/Co-op): It is a delight to follow my hon. Friend the Member for Lewisham East (Heidi Alexander). I shall be interested to hear how the Minister responds to her devastating critique. I congratulate my very good friend the hon. Member for Islington North (Jeremy Corbyn). As he said, we go back a very long way. When I joined Haringey council many years ago, it was pronounced to me, as a new member, "Don't worry; we've almost solved the housing waiting list problem in Haringey." That was a year before Mrs Thatcher savagely cut housing investment programmes—and if I may say so, we appear to be going round the same cycle again.

I want to focus on two main areas. The first is the local housing allowance changes and their impact throughout London. Secondly, I want to reiterate points that have been made by many other people, including my hon. Friend the Member for Lewisham East but also, very pleasingly, by the hon. Member for Ealing Central and Acton (Angie Bray), on affordable housing and the problems that the new regime is creating. Before I do, I should like to give a brief overview of the housing situation in my borough, the London borough of Enfield.

We suffer from extreme housing stress. Indeed, we are told that Enfield is the fourth most stressed housing authority in the country, and easily the most stressed in outer London. For owner-occupation, the cost of an average house in Enfield has tripled since 1995. That is not particularly exceptional for London. The price to income ratio is now 9—again, not exceptional, but it makes owner-occupation unaffordable for a very large majority of the people living in the borough.

One in four of all households in Enfield are currently in receipt of some form of housing benefit. That is a 36% increase since 2005. There is some relatively good news, in the sense that the number of households in temporary accommodation has gone down from

[Mr Andrew Love]

3,400 in 2006 to 2,300 in the latest year for which we have figures. Interestingly, that has happened mainly as a result of the deposit scheme that the previous Government introduced, which has made going into the private rented sector a good deal more secure than it was.

Sadly, locally, overcrowding in the social sector, and particularly the council sector, has increased markedly in recent years. The most common form of overcrowding in the social sector is in two-bedroom properties, among families looking to move to three, four and five-bedroom accommodation. That is where the biggest overcrowding problem is, and I will return to that because it is critical to what we are discussing today.

Others have already said that local housing allowances are very much a London issue. It is not just that rents are 50% higher in London than anywhere else; the private rented sector is much more important in London than anywhere else. Enfield is not currently affected by the changes being made to the caps. I note from documents recently released that there is some transitional protection for those in the private rented sector in central London, but that lasts only until 2012, so we can see the nightmare looming on the horizon. Indeed, there are already signs of it: my local authority did a little survey of who was claiming housing benefit or local housing allowance, and 28% of recent claims were made by people coming into the borough from outside. Many will not be from central London, but quite a lot of them will be.

London Councils estimates that more than 18,500 households will be affected by the changes, so we see that the changes could have a dramatic impact, not just in inner London—Members have spoken about the impact there—but in outer London. By 2016 quite a lot of outer-London boroughs will be unaffordable for tenants in the private rented sector. Quite a lot of boroughs will be affected, including Barking and Dagenham. In Enfield around three quarters of accommodation, mainly in the eastern half of the borough, will still be affordable then. Indeed, Enfield has estimated—I should probably say guesstimated—that upwards of 2,000 additional local housing allowance claims could be made following the ending of the temporary support for people on local housing allowance in central London.

What impact would that have on Enfield? We discussed the subject earlier. My hon. Friend the Member for Islington North mentioned that quite a lot of Islington tenants are temporarily housed in Enfield. I think the latest estimate is that more than 2,000—certainly a very significant number—of temporary accommodation tenants from other parts of London are housed in the London borough of Enfield. I mention that because if we have an influx as a result of the policies introduced by this Government, it will add quite a lot of pressure.

The issue of school places in Redbridge was raised earlier; we already have an acute problem. We have knocked on the Government's door, asking them to help us with primary school places. That will be another difficulty for us. Of course, additional demands will also be placed on social and welfare services. We have not been able to estimate locally what the impact would be on private sector rents, but if demand increases, rents are likely to go up. Will that lead to greater overcrowding? Possibly. Even though we have a better record on homelessness in our area, it is still very high locally. Of course, that will put additional pressure on the very limited social housing in the borough.

I could talk about increases in poverty and deprivation. Many are concerned that with the changes in London, community cohesion is being strained to the limit. I would not subscribe to that view, but the significant movements that are going on are having an impact. Not all those impacts are caused by local housing allowance changes, but the changes will certainly exacerbate them.

To pick up on a point that the hon. Member for Brentford and Isleworth (Mary Macleod) put to Labour Members, what should we do? The first thing that we need to do is review the cap; it just does not make any sense for inner London. Setting the local housing allowance at the 30th percentile of rents will have a negative impact on London in particular, and the Government really need to look seriously at the implications of the local housing allowance changes that they are suggesting.

Mary Macleod: Does the hon. Gentleman not agree that in some cases, albeit not many, ridiculous sums of money were spent? There were families receiving £104,000-worth of housing allowance. That is ridiculous, when other people who are working and earning much less cannot afford the rents that we have discussed.

Mr Love: If we searched long and hard enough we might be able to find an individual instance of someone receiving such sums. If I may say so, it is a bit like the Bob Crow issue that was raised earlier, and is entirely a diversion from the reality that people face in London. What we need to do in any debate in the House—indeed, it is incumbent on us to do so if we are to represent our constituents—is discuss the reality, rather than a figment of someone's imagination involving Bob Crow.

Jane Ellison: We all accept that some of the exceptional cases that make the newspapers are just that. Nevertheless, at the general election the hon. Gentleman stood on a manifesto that made a commitment to look at and substantially reduce housing benefit. It was not just Conservatives who recognised that that was a problem; the hon. Gentleman's own party manifesto recognised that it was, too, and made a commitment to reduce the cost of housing benefit.

Mr Love: I would not disagree with anything that has just been said, or deny that that was in my party's manifesto. We must always look at the cost of housing benefit, as with any other welfare benefit. Of course, there is sympathy for trying to limit the amounts paid out from the public purse, if for no other reason than to stop, to put it colloquially, the *Daily Mail* headlines that we see every day and in every way. I accept that, but it is not reflected in the changes that the Government have made. They have gone much, much further, and those changes impinge on the real lives of ordinary people. As was said only a few moments ago, the people who are affected are train drivers, tube workers and hospital staff.

Lyn Brown: Is it not the case that the Government have changed and cut housing benefit for 1 million people to deal with what may be just a handful of people in the extreme circumstances of charging the taxpayer enormous amounts for their rent?

Mr Love: Absolutely. That is the question that we wish to put to the Minister, and I hope that he will respond. We are not asking, "Have you taken housing benefit from someone who was receiving £100,000?" We would hope that that would be looked at carefully and sensibly, and we hope that if that was suggested, it would be done. What we are asking is why the Government are taking from families on low incomes in enormous housing stress and multiple deprivation their one lifeline of accommodation.

Let me park that issue and move on to the next, which is ever so important—the supply of affordable accommodation in London. As has been said by everyone, it is obvious that we need to increase supply to tackle severe housing stress in London. Let me repeat something that was said earlier, now that the hon. Member for Brentford and Isleworth is back in the Chamber. She was asked how much grant funding had been slashed: it has been slashed by 63%, and how the Government can stand by and say that they can sustain the supply of affordable rented accommodation on the basis of a 63% cut beggars belief. Their argument is that the revenue from higher rents can be used to build houses that would not otherwise be built because grant is not available. The first thing that should be said about that is that the Homes and Communities Agency says that it will provide grant funding towards the building of accommodation, but only where the expectation—that is the word used is that the rents will be close to the maximum 80%. It also says that the tenancy should be of two years or thereabouts. Therefore, it is looking to set conditions.

What will be the impact of those changes? Everyone who has spoken from the Opposition Benches has already mentioned this, but I will say it again for emphasis. According to independent figures produced not by Opposition Members or Labour-dominated local authorities, but by independent commentators, in the year to 2011—before all this comes into place—there has been a 20% drop in housing starts. There is forecast to be a 40% drop between 2010 and 2013, and, as has already been said, because of the uncertainties and the dramatic change that is being brought in by the Government, the whole thing falls off a cliff after 2013. I hope that the Minister will give some reassurance that the Government are aware of that problem and will do something about it.

I tried to get figures out of my local authority. It proudly proclaimed that in the years from 2008 to 2011 it would reach the target of building 648 new properties, but it takes a long time to build houses, so they were all built—if I may put it this way—under the administration of the former Mayor of London, Ken Livingstone. It also tells me that a significant reduction is anticipated. It could not quantify that, and it is still early days to be able to do so, but the local authority was secure in the knowledge that the number would be significantly lower. Therefore, what credence can we give to the figures being produced by the Mayor of London, and what are the Government doing to address this problem?

The problem with the slump in the supply of accommodation is the affordable rent model and the complex interaction between "affordable"—however that is defined; we seem to be redefining it continuously—and the introduction of universal credit in 2013. As background to this, in my local authority two thirds of all social tenants are on housing benefit, either partially or fully, so this affects a large proportion of my electorate. Comparisons of social rents with market rents show where the problem arises. In my local authority area, for one-bedroom accommodation it is 40% of the market rate, and for three bedrooms it is 33%. For RSLs, the equivalent figures are 45% and 41%. But on re-lets, where the rent goes up somewhat, it is 58% for one bedroom and 42% for three. It goes down even further for larger accommodation.

I would like to spread a little good news to ease the situation for the Minister. Under the current rules, accommodation in Enfield is affordable, whether one is working or not. As was mentioned earlier, however, under universal credit the figures will be capped at £500 a week. My local authority has worked out that if rents are set at 80%, as is being suggested, an average family, living in three-bedroom accommodation, will pay 46% of their universal credit in rent. They will have only 54% left for all the other necessities of life. If, on the other hand, we use the definition of affordability used by Enfield, and I think by many others, which is that no family should pay more than 30% of their income in rent, and no single person or childless couple should pay more than 35%, on a three-bedroom property, they would pay only 52% of market rent. So there is a very stark choice for everyone.

We do not yet know what the definition of "working" will be; it has been suggested that the cap might not apply to working households, but we do not know what "working" means. Many people in my constituency—and, I suspect, all over London—are in work, out of work, back in work and back out of work. How will it all pan out? I hope that the Minister can reassure us that the Government recognise the problem that I am trying to convey and have solutions to it.

Clive Efford: One of the things that the Government have never understood about their cap on the housing benefit limits in the private rented sector is that many in that sector are in work. They receive benefit because of the high rents in their areas. It is those people who will be shifted out of those areas and probably forced into unemployment.

Mr Love: We are waiting to see. As I understand it, there is not complete clarity on how people in work will be dealt with, how "work" will be defined and whether part-time work will be taken into account. I rest my case in the hope that the Minister will respond to some of my concerns.

Jeremy Corbyn: I want to follow up the point made by my hon. Friend the Member for Eltham (Clive Efford). I was recounting the figures earlier; there are at least three London boroughs in which the 80% rule on rent levels is higher than the average income of people in work and who live in council housing association properties. There will be 100% social cleansing of Kensington and Chelsea, Westminster and perhaps some other boroughs as well. I am talking about people in work, not on benefits.

Mr Love: Absolutely. That reinforces the message that we are looking for flexibility and a recognition of the reality that people face in inner London. As has

[Mr Love]

been mentioned, there are areas where rents are so much higher than anything suggested in the Government proposals. Unless the Government recognise the gap that will open up as a result of their policies, my hon. Friend will be absolutely right—the cleansing of social tenants will occur. That cannot be good for community cohesion or the economy of London; it is certainly not good for the people affected. I hope that the Government will recognise that, even now.

What are my local housing associations saying about the situation? It is early days, and they do not have firm enough data. However, they have been asked to submit proposals to the HCA. What they have come up with is that the 80% may be viable for one-bedroom accommodation. There is much more of a judgment in relation to two-bedroom accommodation, and for accommodation with three bedrooms or more, the figure is simply not economically viable. In other words, no family accommodation will be built at a time, when the real need in the social sector, because of overcrowding, is for accommodation with three bedrooms or more. There is an acute shortage of large family accommodation for those on the housing waiting list.

If we stick to the rules outlined by the Government, we will find that we are not building any large family accommodation. My housing associations suggest that there should be a target rent, rather than whatever the definition of an "affordable" rent would be. That would be intermediate between what we have generally known as affordable social renting in the past and the new so-called affordable rents suggested by the Government. The housing associations will put that suggestion to the HCA, and we shall see what eventually emerges. Anything the Minister can say about it will be helpful.

To respond to the invitation given by the hon. Member for Brentford and Isleworth, what housing associations tell me is that there must be flexibility on the £500 cap. There are different ways of doing it. The Government could separate the housing element from the rest of the universal credit, or they could give more universal credit in parts of London that are adversely affected, which would in fact include most of London. Flexibility is the key.

Another issue is increased capital investment and one way of providing that is through a bank bonus tax, as I said earlier. That investment is incumbent on the Government. If they do not want their Mayor of London to have egg on his face over his so-called target for affordable accommodation during his time in office, they need to do something about it. The system will not work as it stands. A sensible and pragmatic Government would be flexible in adapting it so that they could achieve what they claim to want—a significant increase in the supply of affordable accommodation.

I hope the Minister will be able to pick up those points. There is great concern, not just in inner London, which is mainly affected by the proposals, but in outer London too. These matters relate specifically to London; they do not apply in most other parts of the country and I hope the Minister will communicate the message to the Government. They need to be flexible about London. We all hope that things will improve in the future.

4.12 pm

Jane Ellison (Battersea) (Con): Before I make my few remarks, I draw Members' attention to my entry in the Register of Members' Financial Interests. In case anyone is curious about it, I rent out the flat I lived in previously. I am in every sense a small landlord. It is slightly unhelpful that whenever people talk about landlords, they constantly refer to Rachman and the like; it has peppered this debate. There are lots of good small landlords, just as there are some good big landlords. It is important that we acknowledge that and do not descend into cliché.

We have had a good debate. There are clearly some ideological differences across the Chamber and within parties, but we all know that there is an issue. Although the debate has been forced on us by circumstances, inasmuch as we appear to be almost the only MPs left in the building, it has been really useful to have a London-focused debate, because we all acknowledge that London is different. Indeed, it is unique.

As the Member for Battersea, I welcome and enormously enjoy representing a genuinely mixed community. I want to continue to represent a mixed community. One of the great joys of London is the amazing mix of people. This morning, I was out at an unearthly hour delivering leaflets in my constituency and I noticed the extraordinary conjunction of posh flats, tower blocks and rows of terraced houses. It is one of the things that makes London amazing and it is an honour to represent a London constituency.

I have a few remarks about a practical solution that my council, Wandsworth, has been putting into practice for some years. When I talk about the number of new homes created under the scheme, Members may think it is relatively small given the scale of need identified during the debate; nevertheless, it has brought real homes to real people in need over the last 10 years, and I take this opportunity to highlight it.

The project is called the hidden homes programme. In 2002, Wandsworth undertook an enormous survey of all its properties and started the first hidden homes initiative. It is an odd title, because obviously the homes are not hidden; they were previously hidden, but they should now be called uncovered homes. Wandsworth undertook a survey of its entire estate and looked at the potential to bring back into use as homes all the rooms and spaces that were designed into the 1950s and 1960s blocks but are no longer needed—storerooms, laundry rooms, the big old boiler rooms, some unused garage spaces and so on. Many of those spaces are abandoned and, as we all know, places where antisocial behaviour lurks. The opportunity was there not only to create some new homes, but to design out crime from some of the estates.

To date, Wandsworth council has built 183 affordable homes, latterly with a housing association partner. There is a potential programme to bring many more new dwellings on stream. Wandsworth estimates that around 10,000 such new homes could be created across London, and 70,000 nationally, if all councils replicated the programme. It means creating valuable additional housing units at relatively low cost because the land is already owned. The acquisition of land, which, as we all know, is one of the great hurdles in London because it is very expensive, is therefore not a problem, and the council can crack on with building.

Planning permission is also relatively easy to secure. If a scheme is offered that could design out crime in areas where antisocial behaviour takes place, residents will greatly welcome that. Again, a box is ticked on that front. Another particularly positive aspect of the building programme is that it often involves valuable ground-floor and basement properties. Many of those who come to our surgeries have particular needs, which means that ground-floor accommodation is greatly in demand. Some properties have been designed and built from the start with adaptations for families who have a disabled member. The scheme therefore has many positives, and the accommodation has been provided quickly.

Another nice aspect is that many properties are unique in character. As I was slotting a few leaflets through letterboxes this morning, I was thinking that, as many of us recognise, people in social housing have the same desire as anybody else to live in a unique home, which has character and perhaps some quirkiness, rather than something standardised and mass produced. Again, the scheme has much to offer.

In 2006, Wandsworth council built almost half the new council homes in London through the scheme. It is important, and I understand that three other boroughs are considering it. Some are already some way down the line of looking to do the same on their estates. Wandsworth council has always said that it is happy to share ideas and expertise. Obviously, people learn along the way—it is not always plain sailing. Some of the adaptations—I have come across one or two in basements—have been challenging. However, expertise is available in identifying potential sites and putting together suitable packages.

I encourage other Members to consider that approach in their authorities. As I said, some authorities are looking at the scheme, and it is well worth bringing it up and considering the potential. I do not pretend that it represents anything other than a small contribution towards solving London's housing, but if it can be brought on stream quickly and relatively cheaply, what's not to like?

I want briefly to consider under-occupation. I thank the hon. Member for Islington North (Jeremy Corbyn) for securing the debate, not least because, as a member of the Backbench Business Committee, I must say that it was not an easy day to offer to supplicant Members, either in Westminster Hall or the Chamber. There was not a huge queue for the day, so it was excellent that we could have the debate and that the hon. Gentleman secured it. However, I want to pick up on one of his points about people's need for a civilised family life in the context of solving under-occupation. The right hon. Member for Lewisham, Deptford (Joan Ruddock) also mentioned that. More imaginative thinking is being applied to the matter. The problem cannot be solved by saying, "Here's the number of people, here's the number of rooms. That's it." Clearly, that will not work.

We have talked about the needs of older people. We need to recognise that it might not be possible to persuade someone to move from a three-bedroom flat to a one-bedroom flat, but it might be possible to move someone from a three-bedroom flat to a two-bedroom flat with room for the grandchildren to stay or for someone who comes regularly to keep them company. Those things are really important. Many housing associations and the National Housing Federation are considering them and trying to encourage people to take that approach. They are not taking the one-size-fits-all approach.

Lyn Brown: I say gently to the hon. Lady that although that is a very humane way of looking at it, the current housing benefit policy would not make it possible.

Jane Ellison: I am not sure I entirely agree with that, if we are talking about older people and pensioners, in particular. Nevertheless, the housing associations are considering the matter, and it is something that we could all look to encourage as well.

I want to deal with another matter that I feel strongly about and that has been alluded to already. I think that the hon. Member for Eltham (Clive Efford) asked why people are not angry or marching on Parliament and so on, given that so many people sign petitions about other things. There is a genuine problem in how we democratically represent the housing problem. One of the biggest challenges we face is that we often do not speak on behalf of the people who are not yet living in an area. The voices to which MPs and councillors listen—rightly—are those of the people already living in their areas. However, there remains a democrat deficit when it comes to speaking up for the people who want to live in an area but are not yet there. Naturally representatives will tend to voice the concerns of local residents.

MPs and councillors have to set themselves a challenge. It was slightly naughty of the hon. Member for Lewisham East (Heidi Alexander) to suggest that nimbys are limited to any one party. I do not think that is true; there are nimbys across all parties, and probably, if we look to our own consciences, everyone at some point in their political lives has thought in their heart of hearts, "Hang on, actually there is a real need for this housing, but there is a huge local campaign against it." Sometimes we have to take courage and say to someone, "No, I'm sorry, but there is a real housing need." I did it recently at an exhibition on my patch. A lady was saying, "Oh, there are going to be too many houses and so on", and I said, "I'm sorry, but there is a terrific housing need in London, and this is an urban area with brilliant transport links. This is a really great place to build some new homes. So I do support this building." We have all got to be prepared to do that from time to time.

On a tangential point in relation to what is happening today around the country, I voted no in the AV referendum this morning, mainly because I worry about encouraging blandness and people's desire to try to please everybody. Sometimes we have to show leadership and be prepared occasionally to be unpopular, perhaps in the short term or with a particular group of residents. Giving political leadership means that occasionally we have to be prepared to go against the grain, and housing is a good example of an issue in which we should be prepared to do that. There are things we can do. We have to encourage great design and sensitive interaction with local residents. I have seen the amazing difference that it can make if the people who want to build have in place a good programme of communication, but I have also seen terrible programmes with really bad models and representations and in which people have been treated with arrogance. I have seen good and bad examples.

We have to do much to convince people about designing out antisocial behaviour and crime. We all know that

[Jane Ellison]

when we talk about building new blocks of social housing, some people worry that it will bring a disproportionate amount of antisocial behaviour.

Heidi Alexander: The hon. Lady has made a thoughtful and persuasive speech. On some of the understandable concerns that her constituents express about new developments, what assessment has she made of the provisions in the Localism Bill for neighbourhood forums? Does she think that those forums will come forward with plans to build new housing, including suitable housing for older people?

Jane Ellison: That is a fair question, and it takes us back to my point about leadership. We will have to engage with the problem, put the case to people and be a voice for those who have not yet got a home in our areas. People's natural instinct is to be wary, and I acknowledge that it will not be easy, but I think we have a role there. There are sensible ways of proceeding—such as by presenting some of the benefits to the local area—although sometimes someone who objects to new houses being built might take one view as a resident, but will see things from another perspective when we talk to them about their children or grandchildren struggling to get on to the housing ladder or to find a home close to where the family has always lived. We all have a leadership role to play, although sometimes the objections will be entirely valid, as we all know. However, we have to be equally prepared to engage with the process and speak up on behalf of those who really are voiceless—people in great housing need or those who are sofa-surfing. They have fallen down the cracks of the democratic system, and we have to be imaginative on their behalf.

To finish, let me say that infrastructure planning is incredibly important, because as the hon. Lady said, people often object when they look at a scheme and ask, "Well where's the school? Where's the post office? Where are the car parking spaces? How will my local train or tube station cope?" It is important not to divorce the two, particularly in London—my view is that London is almost a mini-economy of its own. I am glad that many of the big infrastructure programmes have continued to go ahead and I welcome the fact that the Mayor is pressing ahead with some of those important transport capacity expansion projects. If we go to local communities with a plan that makes sense and that shows that we have thought through all the issues, we are more likely to find that people will engage willingly with the need to create more housing and expand our communities to meet the need that we all acknowledge exists in this amazing city that we all represent.

4.26 pm

Mr Andy Slaughter (Hammersmith) (Lab): Having listened to the whole debate this afternoon, I hope that the rest of the country leaves us to it more often, because it has been a very interesting debate. I have enjoyed all the speeches, from both sides of the House. I would make particular mention of the contributions from the Government Benches, because we have heard some of the more thoughtful and compassionate speeches from Conservative Members—that is probably why there were only three of them.

I would also like again to thank the sponsor of the debate, my hon. Friend the Member for Islington North (Jeremy Corbyn), who really does know his onions on this issue. He has driven many debates on the issue over the six years that I have been in this House, and we are all grateful that he keeps it at the top of the agenda.

Without embarrassing him, I would also like to mention my hon. Friend the Member for Hayes and Harlington (John McDonnell), who reminded us what this issue is all about. Those of us who are housing anoraks can get tied up in housing benefit regulations—particularly my hon. Friend the Member for Westminster North (Ms Buck)—and how the housing revenue account works, but in the end, this debate is about human beings. It is about our constituents. We would not think of half-teaching someone to read or performing half an operation, so it genuinely puzzles me that we should be content as politicians to leave people living in the most appalling conditions in our capital city. Not only has that happened throughout the tenure of all recent Governments, but it is getting worse. That is why the Government cannot afford to be complacent today.

The period when I was born, 50 years ago in Fulham, was what we would probably now call the heyday of social housing, following the Bevan period, when he was the Minister responsible for both health and housing in the 1945 Government. He genuinely understood the importance of housing as a public service, and although he probably would not have used the phrase "life chances", he knew that housing is important to people's life chances, just as it is to their basic health. That period was followed by Macmillan and other Tory Governments who would also have prided themselves on building a sufficient supply of housing—and doing so in what were, quite frankly, much more difficult economic times than today—to meet the nation's need. Why that is no longer an ambition I do not understand. When I was growing up, council housing was the kind of housing that people aspired to. The houses had plumbing, for God's sake! They had central heating and running hot water. They had inside toilets. In the '60s and '70s in Fulham, those things were not to be found in the private rented sector or even in the owner-occupied sector.

Yes, that was the era of estates, and there were good estates and bad ones, but—to follow up on a point made by my hon. Friend the Member for Hayes and Harlington—they did not start leaking and falling down after four years, as they do now. An example of that is the South Acton estate, which I used to represent. The hon. Member for Ealing Central and Acton (Angie Bray) might want to have a look at that. Many of the estates were very good ones, and they are still standing to this day and providing good-quality, affordable homes with a good space standard.

That was also the era of acquiring properties. Councils around London—Hammersmith, Islington and others—bought up private sector slum properties, renovated them and converted them into housing, sometimes with several flats in one Victorian house. There are now thousands of those properties in boroughs around London. Those boroughs are now being targeted by the designated sales policies of Conservative councils, but those were the mixed communities. When we walk down the street in Hammersmith, we see council and housing association accommodation and privately rented and owner-occupied

houses next to each other in a row. Ironically, those are the mixed communities that the Government are seeking to destroy.

Fifty years ago, there were also housing action areas. Grants were available not only to private sector tenants but to poorer owner-occupiers to ensure that they had basic facilities in their homes. That was also the era that saw the start of the housing associations.

Jeremy Corbyn: Does my hon. Friend acknowledge that housing action areas came in at the end of the wholesale building clearance policy and did a great deal to preserve London's Victorian heritage and, at the same time, to preserve communities? They are something that we should applaud and welcome.

Mr Slaughter: Absolutely. Those areas presented a win-win situation. They maintained buildings that we now value, which some politicians and planners in the '60s and '70s did not value, and they also provided good-quality homes in which people could live and bring up their families while enjoying the facilities that most of us take for granted today.

Clive Efford: Has my hon. Friend read a book by Professor Peter Hennessy, who is now in the House of Lords? One of the points that he makes in the book is that the soldiers who liberated France after the invasion of Europe found themselves liberating people who were living in better conditions than those of their families back in England. The title of the book is "Never Again". When those soldiers came back, one of the driving issues in the subsequent election was housing. That led to the era of building the communities and housing to which my hon. Friend has just referred. We have lost that sense of mission, but we need to get it back.

Mr Slaughter: I have not read that particular book, but my hon. Friend is absolutely right to make that point. In my constituency, we have what used to be called "homes for heroes" estates that were built after the first world war. There are also 1930s garden estates, such as the Wormholt estate in Shepherd's Bush. Those are fantastic examples of social housing, but the Tory politicians always seem to overlook them when they are decrying social housing and social housing communities.

Getting back to the subject of housing associations, I am going to read from the "Our history" page on the Notting Hill housing association website. Talking about how the association was set up, it says:

"In 1962...our founder Bruce Kenrick...came to live in Notting Hill in West London. He was shocked by social and financial inequalities experienced by poor and immigrant communities in West London. He later wrote:

'What struck me painfully was the extent to which people's problems stemmed from housing conditions. Marriages broke up because one or other partner could no longer stand the strain of living in one room with a stove and sink squeezed into one corner.'

In December 1963 Bruce Kenrick, together with a group of equally committed individuals, formed a new, proactive type of voluntary housing organisation. Notting Hill Housing Trust was born. Within our first year, we had bought five houses and housed 57 people. Within five years, we had become a large presence in west London, housing nearly 1,000 people."

I shall refer to the Notting Hill housing association later in my speech, in a less flattering light. In those days, however, people aspired to build decent housing for the working poor, and indeed for the ordinary citizens of London.

Twenty-five years ago—I think it was 25 years ago this week that I was first elected as a councillor in the London borough of Hammersmith—we had what we then thought was a housing crisis. Now, however, I think we would be quite grateful for the conditions that obtained then. It was a difficult time. Right to buy under the Thatcher Governments had depleted some of the best social housing stock, and problems of disrepair were growing yearly because of the neglect by Tory Governments and Tory councils of the council housing stock, which was already becoming a feature of the division between the political parties on this issue. Overcrowding was increasingly becoming an issue, too. Even in the mid-80s, however, it was possible to have hard-to-let properties; there was not the same degree of pressure or the same level of market rents or prices that forced people to live in ever-more overcrowded housing.

I have glossed over the period of the Labour Government because it has already been dealt with. I will say, however, that I think it was a mixed record. Decent homes was a good programme, but I am not sure that the voice of London was heard strongly enough in those times. Decent homes became so much of a priority that housing supply, which is such a big issue for us today, did not get a fair crack of the whip. I recall that during some of the years when I was running a local authority, we tried by hook and by crook to build as many socially rented and intermediate homes as we could—and we succeeded as best we could—but housing supply remained a failure overall. I regret that. I believe that the last Prime Minister got it and I believe that the present Leader of the Opposition certainly gets it. Prime Minister Blair, however, did not get it when it came to the importance of housing, not just as a public service but as an important part of the country's economy.

With that brief history, we come to today. Other Members have mentioned the statistics, which are important. The housing waiting list in Hammersmith and Fulham is the highest I think it has ever been, with 9,361 households—more than 12%—on it, even though it is one of the smallest boroughs in London. Those figures are often manipulated. Over the recess, I spent some days on the public inquiry into the new core strategy—this is how I spend my leisure time—and found the council claiming that there were only 3,000 on the waiting list, which is only a third of the official figures according to the House of Commons Library.

As I look down this list, I notice that the famous Tory boroughs of Kensington and Chelsea, Wandsworth and Westminster appear to have low numbers on their waiting lists—just 4% and 7% of their populations. That is half or even a quarter of the figures for some of the Labour boroughs. It is not because there is no housing stress in those boroughs—on the contrary, there is; they have a worse record on the supply of affordable housing than most Labour boroughs. It is because the lists are manipulated in a most unseemly way. People are discouraged in every way from going on the lists.

John McDonnell: It is a process of discouragement. I know of families in my borough who have been threatened with having their children taken into care if they seek

[John McDonnell]

to declare themselves homeless. That has happened too frequently for it to be no more than anecdotal evidence of what goes on behind the scenes when people turn up at a civic centre and seek to be interviewed for housing need.

Mr Slaughter: It is anecdotal, but it is a consistent stream—from the year a Labour administration was elected in Hammersmith in 1986 when I recall that the response of Wandsworth council's homeless person's unit was to put up a map on the door outside, showing people in housing need the way to Hammersmith's housing office, right through to the most recent Tory administration in Hammersmith, which makes people wait outside in the cold if they turn up out of hours. They used to be allowed to wait in the foyer of the town hall, but now, in case they offend or upset anybody, they have to wait outside, even in the middle of winter. As I say, those are anecdotes, but they tell a story. Some estates in my constituency have 20% overcrowding—eight times the national average, and it is a growing trend. That is the position on need.

I do not pretend that it is easy to solve the problems created for low-income families in housing need by the price of land and the price of property. However, I do expect Governments to try to solve the problem, and if the present Government did try, they would have our support. I should like to see less partisanship, but I am afraid that this issue has become one of the most partisan of all.

I have spent some years using the Freedom of Information Act 2000 to get various seedy hidden documents out of Hammersmith and Fulham council in order to discover what it really thinks of its tenants and what its real plans are. I was going to quote from some of them, but I think it more entertaining to quote from press releases issued by the Department for Communities and Local Government, particularly those issued in the name of a Liberal Democrat Minister. They say the same thing, only using more fantastical language.

This is what the Government are offering people in housing need. They are offering "flexible tenure":

"Landlords will be given the freedom to offer their properties under fixed term tenancies, from a minimum of two years".

They are offering "affordable rents", which is a new technical term:

"Affordable Rent properties will offer fixed term tenancies at a rent higher than social rent - with landlords able to set rents at up to 80 per cent of local market rents."

It is a bit like tuition fees. I suspect that most landlords will go for the full 80% rather than for 40%, 60% or 70% when they set their rents.

The Government are also offering

"greater flexibility for councils to make decisions on how best to help people at risk of homelessness at the local level."

They say that

"Currently some homeless families are turning down the decent private rented accommodation they've been offered as a settled home, and demanding to be provided with expensive temporary accommodation, at huge cost to the taxpayer, until a social home becomes available."

The scandal of it! It is no surprise that the Liberal Democrat Benches are empty. A Liberal Democrat Minister has said:

"These changes will lead to a much smarter system".

As well as those three principles, there are a couple that the Government do not need to make law in the Localism Bill. As was mentioned by my hon. Friend the Member for Edmonton (Mr Love), housing grant has already been cut by 63%. He also mentioned the changes in housing benefit. As I do not want to keep Members here all night, I will not go into the details.

The cumulative effect of those five principles—giving councils flexibility to use the private rented sector, which means no more social homes as a permanent solution; flexible tenure, which means no security of tenure; affordable rents, which means no more affordable housing; no more capital investment; and the changes in housing benefit—will be that hundreds of families in all our constituencies will no longer be able to afford to live where their relations are, where their schools are and, in many cases, where their work is, and will have to move out.

If it is allowed to develop over a period of years, the effect of those changes will be the end of social housing in this country. I say that not because I wish to be sensationalist, but because it is the inevitable conclusion, and, increasingly, the conclusion of experts. I think that the Government know what they are doing. I think that this is phase two of the desocialisation of the housing market which began with the right to buy, although this is a much deeper and more profound way of destroying a whole form of housing tenure.

I can speak with some authority about that development, because I believe that much of it originated in Hammersmith and Fulham, the borough that I represent. A document entitled "Principles for Social Housing Reform" contained four of the five principles that I listed—although not the one relating to housing benefit—and was published a year before the last election. When I drew attention to it, I was told that I was scaremongering and that what I was saying was nonsense. The Minister for Housing and Local Government told me on many occasions in the House that this was not Tory policy and would not happen.

The same discussions that led to the development of those principles led to the local policy in Hammersmith and Fulham, which was effectively a policy of removing the bulk of social housing tenants from the borough.

An *Evening Standard* features article in the middle of 2009 stated:

"Hammersmith and Fulham council is plotting a Dame Shirley Porter-style programme to move out the poor and replace them with private homes and retail developments…new homes will be built to attract residents with higher incomes and areas that have traditionally voted Labour will be broken up as more than 3,500 flats and houses are demolished…One document shows that if rents in Hammersmith were increased to private levels, a two-bed council flat currently costing £85 a week would go up to £360 a week."

I regret to say that all that is coming true in Hammersmith.

I was amused to find that immediately after the election, in the first interview that he gave to a national newspaper, the Prime Minister singled out Hammersmith and said that he was angry about "appalling" Labour "lies" there. He said:

"They were telling people in Hammersmith they were going to have their council house taken away by the Tories."

The only thing that we got wrong was that we did not realise that this was going to happen so quickly and that it was going to happen across the country. We certainly did realise what was going to happen in Hammersmith, because we had seen the evidence on that.

Three main local attacks are being used in Hammersmith, and some of them will be familiar to the shadow Minister because we all remember the days of Shirley Porter in west London. We thought that we had got rid of the terms "designated sales" and "building stable communities" in west London, but they have come back to haunt us. Some 64 council properties were sold up to last year, bringing in just over £30 million and, according to a decision taken this month, a further 300 will be sold to bring in a further £107 million. These will not just be sales of the largest properties; a range of sizes will be involved, with one, two, three and four-bedroom flats being sold. As hon. Members will see, these properties will be expensive, selling for about £500,000 each in many cases. More than 9,000 families are on the waiting list, so what is the purpose of deciding to sell 300 to 400 of the council's best properties? These will be not be sales of estate properties; they will be sales of street properties, which command very high values in Hammersmith and Fulham.

In discussing the second principle, I shall again talk a little about housing associations. For some years we thought that housing associations would save us from the ideologically driven policies of Tory councils and that associations such as Notting Hill Housing Association and Shepherds Bush Housing Association, the two largest in my constituency, would perform that role. As I said, Notting Hill Housing Association was set up, following the Rachman era, to perform that role and ensure that good quality, affordable housing was available.

I shall read just a few sentences from the NHHA's response to the Government consultation paper proposing the social housing changes. It states:

"We are likely to grant 2 year tenancies to all new tenants of both new homes and existing homes that become available for new letting."

It goes on to say:

"In appropriate cases we would like to be able to increase rents up to market rents for those who can afford them."

It also says that

"we may want to sell some voids, or to let them on full market rents".

It continues:

"The new flexibilities will also enable us to support boroughs' efforts to create more mixed communities"—

that phrase again—

"reducing the concentrations of deprived often unemployed people found in areas of social housing in London."

The NHHA response continues:

"we see no need for the Government to specify that particular groups of tenants such as older people or people with long term illnesses or disabilities must be provided with a social home for a longer period than the two year minimum."

Finally, and perhaps most poignantly of all, given the history of the NHHA:

"We support the proposal...that local authorities should be given greater flexibility in bringing the homelessness duty to an end with offers of accommodation in the private rented sector."

What I find particularly objectionable about that is, as I said in an intervention, that these organisations were set up purely to provide good quality affordable housing to people.

The chief executive of Notting Hill Housing, who featured in the popular press over the last weekend and previously along with her partner, who was director of housing and regeneration for Hammersmith and Fulham, earns £200,000 a year, whereas he earns £260,000 a year as a consultant. Their jobs have been to run the two main social landlords in Hammersmith and Fulham and they are also the advisers to the Conservative party who contributed to the document "Principles for Social Housing Reform". So far, he, Mr Nick Johnson, has been paid more than £830,000 as a consultant and director of regeneration in Hammersmith and Fulham.

Teresa Pearce (Erith and Thamesmead) (Lab): Is it true, as far as my hon. Friend believes, that that contract was given to Mr Nick Johnson under a corporate vehicle so that national insurance on those payments was not paid by Hammersmith and Fulham?

Mr Slaughter: Yes. I do not want to get too far off the subject and speaking about individuals can be invidious, but this is an extreme case. The Minister smiles, so let me read him what the Minister for Housing and Local Government said about the case. I should point out before I read that that Mr Nick Johnson retired on a permanent ill-health pension as chief executive of the London borough of Bexley with a £300,000 lump sum and a £50,000-a-year pension that was payable immediately. Within three months, he had taken up his £260,000-a-year job, first running Hammersmith and Fulham Homes and then as director of housing and regeneration in Hammersmith and Fulham. The House can imagine my views on this.

When I raised the matter in the House, the Secretary of State appeared to take Mr Johnson's side. The council has certainly taken his side, as the *Daily Mail* reported this week that

"the council defended the move, saying Mr Johnson was 'excellent value for money'."

For once—this might be a one-off, so everybody should take note of it—I want to praise the Minister for Housing and Local Government, who said:

"Town hall pensions cost every council tax-paying household over £300 a year. Hard-pressed taxpayers cannot afford to foot an ever-growing bill. It's not justifiable to have healthy employees working in local government and claiming an ill-health benefit at the same time. Councils have power to stop such payments and should use them."

What is Mr Johnson being paid to do that means that he is such good value for money for the London borough of Hammersmith and Fulham? I think we know why Ms Davies is good value for money, because she parrots every right-wing phrase that is needed to support the Government's atrocious housing policies and that sort of support from the housing association movement, although shameful, is, I am sure, very welcome in providing cover. She is earning her money all right.

How is Mr Johnson earning his money? As director of housing and regeneration he was in charge—and is still, because even though Hammersmith and Fulham

[Mr Slaughter]

has now appointed a director of housing and regeneration on about £170,000 a year, Mr Johnson is still retained as a consultant to help him out—

John McDonnell: How is his health?

Mr Slaughter: It seems okay to me.

Mr Johnson is in charge of some of the most controversial and largest developments not just in this country or in Europe but across the world—that is, the opportunity area schemes in Hammersmith and Fulham that will see the demolition of thousands of units of good quality social housing and their replacement with luxury high-rise housing, principally, as my hon. Friend the Member for Eltham (Clive Efford) said, for the benefit of people living abroad who wish to have a pied-à-terre somewhere near central London.

I have spent many days in the public inquiry dealing with this matter and I shall try not to bore Members with the subject for too long. The core strategy documents, which hon. Members will all have in their various boroughs, are interesting reading if one sits down with them. The housing policy in the Hammersmith and Fulham core strategy, which is the planning document that is supposed to last us for 20 years, states:

> "The Council would prefer all additional affordable housing to be intermediate housing unless a small proportion of new social rented housing is necessary in order to enable proposals for the regeneration of council or housing association estates".

That was amended during the public inquiry to add the words "and affordable rented housing". That is a bit of a give-away that the Minister might want to blush about. In other words, all the time that the definition of affordable housing was social housing, the council wanted none of it, but as soon as it became 80% of market rent, it was happy to include it in its planning documents. That exposes what so-called affordable housing is about.

I am dealing with dozens of those schemes across the constituency, but let me mention just three of them. There are three opportunity areas in the borough. There are 30 of those large London plan schemes—roughly one per borough—but we have three of them in Hammersmith and Fulham, even though it is one of the smallest and most densely populated boroughs. One of them covers Earls Court and West Kensington, where the proposal, apart from knocking down the historic exhibition centres, is to demolish 750 newly modernised, good quality and popular council homes, half of which are terraced or semi-detached three or four-bedroom houses with garages and gardens, so that they can be replaced with 7,500 luxury flats in blocks up to 30 storeys high. That is described as four villages and a high street. I went to the architect's premises to look at the plans. He had given nicknames to the high street and the other road that will be built—one was Sloane street and the other was South Molton street—and that is where the West Kensington and Gibbs Green estates are at present.

Of those 7,500 homes, the only social rented homes will be for tenants who are displaced because their homes have been demolished who insist on having a new home in the area. I believe that about 250 such homes will be built, and they will be built conveniently just outside my constituency, so that those people will not be able to vote for me anymore.

The White City opportunity area is much larger. It is the area around the BBC site in which at least another 4,000 homes will be built—again, in blocks 20 to 30 storeys high. The planning document contains a little orange circle where it says, "This is where we are going to build just over 1,000 social rented homes." That sounds like quite an attractive prospect, until one finds out that those homes will be built so that tenants can be moved from the 2,400 homes on the White City, Batman Close and Wood Lane estates in another part of Shepherd's Bush. In other words, without saying anything about what will happen to the nearly 2,500 families who live on those estates—the document is silent on that—more than 1,000 homes will be built to rehouse them. Well, I might not be Inspector Clouseau, but I can work out that once those families are moved into those 1,000 homes, the leaseholders have been bought out and other people have been discouraged from living in the area, the bulldozers can then go into the White City estate, which is the largest estate in my constituency.

The most controversial site is Hammersmith town centre and riverside, which includes the listed town hall, cinema and flats owned by the Pocklington Trust, which is a trust for people with visual impairments. Again, the ambition is demolition and to build 320 luxury flats and a footbridge over the A4 that will take out a third of the riverside park, so that Malaysian investors can have somewhere with direct access to the riverside to put their money into and perhaps come to when they are in Hammersmith. How that is conceived as providing for all the needs—let alone the housing needs—of my constituents I do not know.

Council officers proudly told me that the Earls Court development is the largest one of its kind—I think that they mean by value—outside China. They are very proud of that. What those developments have in common is that they face the unanimous opposition or near-unanimous opposition of residents and that the council is co-developer. The planning authority is the developer in each case, and hon. Members can imagine how planning committees go in that context.

The key point for today's debate is that there is no affordable housing—not one new unit of affordable housing, by which I mean social rented housing. As London citizens will say, the only type of housing in London boroughs such as mine that is affordable to people on the London living wage, which is now almost £8 an hour, is social rented housing. That is what there is a need for. Of course, we need other types of housing as well, but they are easier to provide. The function of government is to provide for unmet needs, but those unmet needs are not being provided for. On the contrary, the whole thrust of policy—not just in Hammersmith, although it is more obvious in Hammersmith—is to reduce the quantum of social rented housing, to stop the construction of new social rented housing and in that way to change the nature of housing tenure across inner London.

What is the motivation for that approach? If I am right about this, and I think I am because I have spent a lot of time looking at it, the first motivation of those politicians—principally Conservative, although we must now associate the Liberal Democrats with them—is economic. A phrase that I hear from Conservatives in my area is "sweat the asset", and a memorable comment from the leader of the council is, "We want to attract

people to the area who are very rich." I think that such people see council houses with affordable rents, on what would otherwise be very expensive land, as an affront to them economically. They think, "This is not what should be done with this piece of land. What we should have here is a 30-storey, Singapore-style tower block or a conference centre or office block. What we should not have is low to medium-rise housing built in the same style as the rest of the district when it was created in the Victorian era."

The second motivation is, I think, a social agenda. Estates are described in the most disparaging terms in official council documents—as "not decent", or "inward-looking". I know that Tory politicians are often not comfortable with council estates, but I do not know whether that is because they think the people who live on them vote Labour or because they do not like the collective ideals that built them. Perhaps they do not like the communities who live there, but they could at least leave them alone. Those communities are often the opposite of inward looking: they are some of the most diverse and cohesive in the country and now, partly because of housing policies, they are among the most stable in the country, but they are pilloried in that insulting language.

The third motivation is a personal objection to people who live on council estates. If hon. Members do not believe me they should go back and look at some of the election literature and what was said in Hammersmith and Fulham about dependency culture and how living in subsidised housing with security of tenure makes people flaccid and unambitious. Some politicians think that such people need a touch of iron and that we should go back to the more competitive and animalistic culture that the Conservatives would like us to have.

Angie Bray *indicated dissent.*

Mr Slaughter: I hope that my constituency neighbour, who is not, from what I have heard of her comments, in that category, shakes her head because she does not want to be associated with such people.

I shall close on a point that I think is where this debate, in relation to Hammersmith, started. I shall read a couple of paragraphs from an article on ConservativeHome, of which I am a great reader. I enjoy it and find it amusing—sometimes intentionally and sometimes not. Hon. Members can make up their own minds about the article, which is about social housing and was written by the leader of Hammersmith and Fulham council in relation to a Commons debate such as this one almost exactly two years ago. It reads:

"On the day of the first Opposition social housing debate for three years, we ask here whether this is the time to reform social housing. It may not be an issue for the current intake of Conservative MPs at this time, but it will become an issue for many new MPs elected from target marginals which have far higher levels of social housing. Figures supplied to Greg Hands MP from the Commons Library show that shadow housing minister Grant Shapps's seat (Welwyn Hatfield) has the highest percentage of social rented housing of any Conservative seat. Some key targets have huge percentages: Hammersmith at 36%, Westminster North at 30% and Birmingham Edgbaston and Battersea both at 29%."

With the exception of Battersea, what do those other three seats have in common when one looks at the results of the last election?

The article continues:

"Whilst Conservatives are at a highpoint in local government, we still have a mountain to climb in our inner cities. We have no Conservative councillors in Liverpool, Sheffield or Newcastle and just one in Manchester. Many inner London boroughs remain either Labour or Liberal Democrat-run...Finally Boris Johnson's stunning victory in our capital city was largely a suburban revolt. Why is this? The current state and levels of social housing in our inner cities may provide part of the answer. All our inner cities have relatively high levels of social housing compared to their suburbs. Today social housing has become welfare housing where both a dependency culture and a culture of entitlement dominate...Competition revolves around drawing welfare support and taking something out of the system. Conservative principles of freedom, self-reliance and personal responsibility run counter to this culture."

That is not some lunatic adviser in the Conservative party; that was the head of the innovation unit for local government, who is running the Mayor's campaign for re-election and is the leader of a London borough council.

I do not make the obvious point, which is that this is all about politics and gerrymandering. Of course it is about that, in a far more profound way than the things that Shirley Porter did. But the fact that we have people like that driving policy within the Conservative party creates a complete divide between the parties that has never existed before, such that it is now impossible for rational voices to be heard—even the voices of people in the Conservative or Liberal parties who know that they have a duty towards people in housing need and ought to be helping them, and that that should be separated from a political argument. This well has become so poisoned now that I believe that, unfortunately, it is Government policy—I have traced in this speech the link from that article through to the "Principles for Social Housing Reform", through to Government policy in the Localism Bill and the demise of social housing—that is driving social housing policy in this country, particularly in London.

I do not expect to get a rational response from the Minister to this debate today—or probably ever—but I would like Government Members to think about the implications, not for us in our seats and our livelihoods going forward, but for the thousands of families who are the victims of the very crude political policy that is being pursued, in relation to housing uniquely. We can all have disagreements on other areas of policy, but they do not have such profound effects on people's lives as this form of experimentation—demolishing people's homes, making people move away from the communities that they have lived in for generations and separating families.

Those are the policies that are being directly pursued by the Conservative-Liberal coalition Government now. They are shameful policies. They should have received more attention from the media, and I wish that they did, but I think there is enough morality in the governing parties for them to go back and look at what they are doing in relation to housing policy and to think again. We are talking about future generations of people in this country who are growing up in conditions that are wholly uncivilised and wholly unworthy of the country.

5.8 pm

Lyn Brown (West Ham) (Lab): Follow that! Today's debate would be really important at any time, and I am really grateful to my hon. Friend the Member for Islington North (Jeremy Corbyn) for securing it, because as other

[Lyn Brown]

hon. Members have said, it is a good idea for Members from the capital to get together and debate subjects that are central to the capital.

I am pleased to see the Minister in his place, because he represents a London constituency so I know that he will be able to empathise, at least, with some of the issues that we are bringing forward today—and as he is a West Ham United supporter, I am sure that he is honourable enough to take note of the concerns expressed in the House and perhaps try to do something about them. When we are thinking about our national housing policy, we might want to look specifically at the needs of the capital within that, where a one-size-fits-all approach may not be possible, ethical or even manageable, in the long or even the short term. I ask the Minister to listen carefully to the arguments that have been so persuasively advanced from both sides of the House, and see whether he can do anything to influence Government policy in this area.

The judgment that many experts have reached is that taken together, the Government's policies will make it increasingly hard for people on low incomes to find a decent place to live in London. What happens to social housing and its supply, security and affordability are central to the story that will unfold across the country, and especially in London, in the next few years. As we have heard Labour Members say time and again, Ministers have announced a raft of policies that will, among other things, reduce and restrict the financial support for housing available to many who are already struggling on low and fixed incomes. The Government will end security of tenure in social housing for new tenants and penalise social tenants who have just one spare bedroom.

The Government have tried to assert that the measures are part of a solution that somehow progresses fairness and flexibility, but there is more than enough information now for us to see that their approach will lead to new problems without seriously addressing the core priority, which must be to increase the supply of genuinely affordable housing. That is important for all of London, and for our national economy. The shortage of decent affordable housing in London is holding back economic growth and the creation of a socially successful city for residents and businesses alike.

London clearly faces big housing challenges. That is not new; it has been the case for some time. Labour Members have confronted the Government with the issues in previous years, so we are not saying these things simply because a Government of a different colour have been elected. The city's population has been increasing steadily since the 1980s, which has led to high and sustained demand for housing. House prices have held up better in London than anywhere else in the recession. The upshot is that the average London house costs about 14 times the average London annual salary, taking home ownership further and further beyond the reach of those on low and even modest incomes.

For many, the only realistic option is renting, but probably not in the social housing sector, as there are more than 800,000 people on housing waiting lists in London—more than 30,000 in my area of Newham alone. Shelter says that at the current letting rate, it will take Newham council 38 years to clear the list, so for most of those waiting, social housing is just a dream. The Government have correctly noted that people who are not working are over-represented in social housing, but if there were more social housing we would see a more mixed community living in it; it is as simple as that. The Government have incorrectly concluded that social housing is the primary problem, and that the way to solve it is to end secure tenancies.

As the Minister is a London MP, he will understand that the extraordinary pressure on social housing means that it is increasingly occupied by the people with the greatest needs, such as the elderly, the disabled, the chronically sick and lone parents. The Government's response—ending secure tenancies—misses the fundamental point, and will cause difficulties for vast numbers of residents. In Newham 35% of households already rent privately, and the demand for that form of accommodation seems sure to rise. If we consider all those facts, it becomes obvious that the top priority, and the most cost-effective thing to do, is simply to create more social housing in London.

During the recession the Labour Government increased investment in the construction of new affordable homes, and the volume coming on stream has risen for several years as a direct result, protecting construction jobs and enabling the economy to continue at least to bubble along in the circumstances. Last year, however, the new Government decided to slash the budget in the spending review, and whereas more than half of the cost of any housing association building scheme used to be met from capital grants, that will go down to 20%, which is far too low. Experts say that with much less public investment, the number of new social home completions will inevitably fall.

The Government claim that that need not be the case, and say that the difference can be made up both by borrowing, which worries many housing associations, and, as we have heard from Labour Members, an increase in the income from higher rates, which worries all of us. Under the Government's so-called "affordable rent" model—my hon. Friend the Member for Hammersmith (Mr Slaughter) nicked the term "Orwellian" from me—rents can be set at up to 80% of the market level, threatening to price many people out of their home in the capital, especially larger families, once the universal benefit cap of £20,000 a year kicks in.

We are about to see major disruption in the private sector too. Average rents vary enormously in London, so pegging local housing allowances city-wide will instantly price some households out of some districts, making London more socially segregated and geographically unequal, and further increasing churn. I do not want hon. Members to think that churn is some kind of social or geographic term with few or no consequences. It results in children being shunted from house to house, living in poor conditions and temporary accommodation, often over chip shops or Chinese takeaways. It has profound effects on health, education, inclusion in the community and mental well-being. It weakens the sense of community across London while giving tenants little reason to invest in their home or local area and become part of an inclusive community by generating income and making a contribution. Thousands of people are expected to be displaced outwards from the centre, risking jobs and work, child care and schools for families with children, and breaking valuable ties with GPs and hospitals for the elderly and disabled.

By 2016 most of inner London will be unaffordable for tenants claiming local housing allowance, so cheaper neighbourhoods in outer London will have to house many more people. Those areas, which include my part of east London, already have high rates of deprivation and unemployment, so they are poorly placed to cope with a surge of incomers with acute housing and other needs. Newham expects people to migrate from more expensive areas nearby such as Hackney and Tower Hamlets, putting further strain on hard-pressed council services that have been subject to big cuts, and increasing the gap between supply of and demand for school places in the borough.

My constituents have problems of their own. Newham has the fourth highest level of child poverty in the country. Research for the East Thames Group confirms that in our area more than 65% of households will be unable to afford a three-bedroom home at the 80% market rent, which is a very high number. I am sure that the Minister will not want to see such results in Newham or elsewhere, because the churn and movement resulting from higher rents will effectively find its way to Bromley and surrounding areas.

What will people who find themselves in this position do if they are on a low or fixed income and cannot make up the shortfall? Apart from moving to cheaper areas, with all the problems that that entails, they seem to have only two options. Either they can, as my hon. Friend the Member for Eltham (Clive Efford) said, move to a smaller home—further increasing the number of overcrowded households in the city, which is already worryingly high—or they can try to hold on, as they do. They try to hold on, despite the odds against them, despite it being mathematically impossible, because they do not want to move the children, or because they have roots in the area that make their property so important to their life. They will go into arrears and run up huge debts, increasing the risk of real poverty and homelessness.

The Government's approach rests in part on the premise that reducing local housing allowance will force landlords to lower their rents, but experts say that that is wishful thinking in London, where the demand for rented accommodation is unusually strong—and, as Ministers are keen to point out, one cannot buck the market. They also risk prompting an increase in homelessness—a shocking reversal in trend after a series of years in which the number of homeless households was reduced, thanks to the successful preventive policies of the Labour Government.

When taken together, rather than improving the position of people in housing need in London, the Government's policies look like making things so much worse, creating needless distress and huge destruction along the way. That means that Ministers have some serious questions to answer. First, they need to explain where, in the city, people on low incomes will find decent affordable accommodation in future, once all the policy changes have come into effect. They also need to explain why they have chosen to introduce measures that will make life considerably harder for thousands of Londoners, including many vulnerable elderly and disabled people, for no good end, instead of focusing relentlessly on increasing the amount of affordable social housing.

People need homes, not just a roof over their heads. Secure tenure is an essential feature of a home, and that is what social housing should continue to provide. Social housing's key defining characteristics have always been security and affordability, so that those in housing need can access it. But now it seems that Government policies will make it impossible for either of those conditions to go on being met in London.

Ministers need to explain how, under their policies, the social housing that does exist can possibly still be worthy of the name. Instead of introducing confused policies that will rip communities apart and leave many living in insecure inadequate housing—or worse, homeless—the Government must start delivering the decent affordable housing that is so desperately needed.

5.24 pm

Ms Karen Buck (Westminster North) (Lab): I begin, as many others have done, by congratulating my hon. Friend the Member for Islington North (Jeremy Corbyn) on introducing the debate. How the years slide by, and I think of the first time that we spoke in the Chamber on housing in London, joined by my hon. Friend the Member for Eltham (Clive Efford) and others, who have all been habitual attendees of housing debates. How we wish that the problems that we were so exercised about in 1997 were the problems that we face now.

I am also delighted to place on the record my thanks to the Backbench Business Committee for giving us the opportunity to discuss this issue on the Floor of the House. We often have our debates in Westminster Hall, but it is important to be able to use the main Chamber to reflect on an issue that is so important to many of us. My hon. Friend the Member for Hammersmith (Mr Slaughter) said that we so often address with great passion the welfare concerns involved in education and health policy, but housing, which is at least as critical and stands alongside those issues in importance, tends to be marginalised.

I thank the hon. Member for Ealing Central and Acton (Angie Bray) for making an important point. She said that London was often not understood in the context of national politics. Although, sadly, there are housing pressures and problems in every part of the country, London is unique and faces particular cost pressures. It is good that we have had an opportunity to bring London Members together to talk about London problems, but we want colleagues from other parts of the country to hear more about why London is different and why the pressures are so intense here.

We have heard outstanding speeches from Opposition Members. I am thinking of my right hon. Friends the Members for Lewisham, Deptford (Joan Ruddock) and for Holborn and St Pancras (Frank Dobson) and my hon. Friends the Members for Lewisham East (Heidi Alexander), for Eltham, for Hammersmith, for Hayes and Harlington (John McDonnell), for Edmonton (Mr Love) and for East Ham—

Angie Bray: West Ham!

Ms Buck: I am sorry; I meant my hon. Friend the Member for West Ham (Lyn Brown).

All those speeches addressed, with slightly different emphases, the impact of the housing crisis on people—on families in overcrowded accommodation, homeless families and families forced into constant moves and changes of address. The statistics matter, but it is important that we should remember that people are at the heart of the

[Ms Buck]

issue. I suspect that most of us in the Chamber, on both sides, have sat in advice surgeries with people weeping with distress as they have talked about the conditions in which they live and the number of times they have been uprooted and forced to move. They crave only a stable home.

Opposition Members drew out something important about social housing policy—that it has come about as a consequence of market failure. It is precisely because the private housing sector could not meet the needs of low-income and vulnerable people that council housing came about—and before that, there were the great social housing developments of Peabody and Octavia Hill. Subsequently, the housing association movement grew up in response to the catastrophe of the private rented market, particularly in places such as my previous constituency, the home of Rachman and Hoogstraten.

As the hon. Member for Battersea (Jane Ellison) said absolutely rightly, most landlords are not bad landlords at all—I am happy to place that on the record. However, the grim truth is that a substantial minority are, which brings the entire sector into disrepute. We already know from the English housing survey that 40% of private houses are below the decent homes standard and the conditions in the private rented sector are worse across the piece; a larger proportion of them fail to meet that standard. That is a particular challenge if vulnerable people are in the part of the market that has failed. That is exactly why the housing association movement developed. It is sad to hear from my hon. Friend the Member for Hammersmith how some housing associations seem to have strayed so much from their original purposes.

Mr Slaughter: I want to get something off my conscience; I promise that this will be my last intervention. Last Friday, I got a planning application—again, I am afraid, from Notting Hill Housing—for 41 high-quality houses, including four new five-bedroom houses on St Peter's square. They go for about £3 million each. Not one of those 41 houses will be an affordable home because there is not enough equity in the scheme. That is what some of our housing associations have descended to.

Ms Buck: My hon. Friend is right, and that is extremely sad. In some cases, there appears to be a deliberate straying away from the original aims and objectives; in others, the kind of thing that he describes is a response to the constraints under which housing associations now operate.

All my right hon. and hon. Friends critiqued aspects of Government policy. A number of them drew particular attention to the risks inherent in the cuts to the local housing allowance. We heard from Government Members extreme examples of high-cost private sector tenancies. We agree. Indeed, the Labour manifesto stated that measures would be taken to deal with some of those extremely high costs. I completely accept that, but if it was the objective of Government policy why was it not confined to tackling the relatively small number of high-cost cases? I think I am right in saying that the Government have not even been able to tell us how many, if any, properties cost more than £100,000 a year, yet throughout the country—not just in London—nearly 1 million households will have their local housing allowance cut.

My hon. Friends the Members for West Ham and for Edmonton raised concerns about what would happen when people are displaced, particularly from the central London broad market rental area where only 5% of accommodation will remain affordable, and a knock-on displacement moves those families to highly stressed, poorer communities on the fringes of London and beyond. Many Members talked about social housing investment and tenure, and I shall return to those issues briefly.

We heard thoughtful and reasonable contributions from Government Members. I single out particularly the hon. Members for Ealing Central and Acton and for Battersea (Jane Ellison), not least because they are still here. They made good points. In some cases, there is shared understanding of the impact of the housing shortage, particularly in central London.

From the hon. Ladies and from the hon. Members for Hendon (Mr Offord), for Brentford and Isleworth (Mary Macleod) and for Carshalton and Wallington (Tom Brake), we heard support for Government policy on market rents and the end of security of tenure, which it is asserted, without significant evidence, will deal with the shortage of social housing that we are all concerned about. Frankly, that assertion is a triumph of hope over experience, and I shall spend a moment or two deconstructing it.

I am sorry that the hon. Member for Hendon is no longer in the Chamber. He revealed a little of the attitude towards social housing and social tenants that permeates so much of the Government's thinking about the problem—that secure and affordable social housing traps individuals in deprivation and unemployment, and the language of welfare dependency reinforces that belief. However, as several of my hon. Friends said, the fact that social housing is now such a scarce resource means that people with social problems are concentrated in it. Far from being the problem for many vulnerable and poorer families, it is an essential part of the solution.

We all agree that the problems facing social housing in London are complex, long term and difficult to resolve. Anyone who claims to have a magic bullet is lying. We know that the supply of social housing has been squeezed for decades, principally through the non-replacement of right-to-buy stock during the 1980s and 1990s, but in retrospect it is a shame that more properties were not built under the Labour Government, as several of us have pointed out. It would be hypocritical of me not to say that, as I lined up many times during the Labour Government to make exactly that point. However, as has been said, we can be proud of the substantial investment made during those years in the decent homes initiative, which brought millions of homes to a decent standard.

The decline in supply is not the only problem. London is a global city; foreign, national and business money distorts the market, and the fact that house prices have risen so much over the decades has its consequences. One striking issue about social housing is that between 10 and 15 years ago there was a steady outflow of tenants buying their home, sometimes through right to buy but often in the private market, which has effectively silted things up, as people on modest incomes are no longer able to afford a house. The relationship between the private housing market, owner-occupation and the

social market must be properly understood. The Labour Government invested in decent homes and new buildings, so by 2009, the lead-in time for planning and investment led to a high of 16,000 starts in London. We now know that that was the golden age.

The coalition Government have a package of investment and policy suggestions, which are likely to combine to cancel out almost all the hoped-for objectives. They want more social homes—don't we all?—but they have made, as we heard, a 63% cut in the affordable housing grant. Consequently, the 16,000 starts peaked in 2009-10 and will fall away to nothing, according to the Homes and Communities Agency, in 2012. The Government want housing benefit to take the strain—to fill the gap in the affordable housing grant—but they also want housing benefit expenditure to fall. Those two things are incompatible.

The Government want to improve work incentives—don't we all?—but they propose 80% market rents, which will make work incentives much harder to achieve. If it is hard to make work pay when rent is £100 a week, how much harder will it be when rent is £400, £500 or £600 a week? They want more social homes, particularly, as the hon. Member for Ealing Central and Acton said, more family-sized homes, but the overall benefit cap means that housing developers and housing associations do not want to build family-sized homes. The set of policies is completely incoherent. Something has to give.

The Government want mixed communities—don't we all?—but they suggest throwing people out of their homes when they achieve a certain amount of income. What could be a worse work disincentive than saying, "If you earn a certain amount of money, you'll be out on your ear"? What nonsense that makes of the concept of mixed communities. However, the Mayor of London proposes a £60,000-plus ceiling for access to socially assisted housing, which cuts across the stated objective of not allowing people with a decent income to be assisted with housing.

The Government want to tackle under-occupation—don't we all?—but they are doing so in a way that possibly even some of my hon. Friends have not yet fully internalised. They propose doing so through a cut in housing benefit for social tenants who have one or more bedrooms more than they are deemed to need. That will hit 150,000 London households with an average of a £21-a-week loss in benefit. I do not have the London figures to hand, but I know that, nationally, if every single person affected by the proposed cut in housing benefit tried to avoid that penalty, it would mean that every one and two-bedroom property allocated in the social housing sector for the next five years would have to go to those households. That is clearly nonsense and would lead to a catastrophe of homelessness and overcrowding. Indeed, the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling) let the cat out of the bag by making it clear that the policy's intention is not to tackle under-occupation, but to save money. As far as the Government are concerned, the fewer people who move, the better.

The Government also want to end security of tenure. When I, like my hon. Friends, was on the campaign stump last year, and warning people that a Conservative Government would mean a move to market rents and the end of security of tenure, we were howled down and accused of lying. Our only error in robustly defending that position was not realising how quickly it would happen.

I have been remiss in not making the point earlier, but shadow Communities and Local Government Ministers, who are out campaigning today, are rightly opposing those measures in the Localism Bill.

The Government's policy is fundamentally flawed and deeply incoherent. It will have the opposite effect, almost across the board, to what it seeks to achieve. At the very least, we know that the Mayor of London's re-election campaign is on a cliff edge as new housing supply drops to nothing. We therefore look forward to a campaign that will replace the Mayor, who has talked the talk, but is not walking the walk. He will not deliver new social housing; he is not standing up for London tenants or those who face a housing crisis.

Although the crisis has been long building and slow burning, it is reaching one of the most critical points that I have ever known. Whether for people in social housing, people in the private sector waiting to obtain social housing, those in the queue or those facing homelessness, it is clear that the Government's policies will do nothing to resolve that crisis. It will take a Labour Mayor and a Labour Government to resolve the crisis of social housing in London.

5.40 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I thank and congratulate the hon. Member for Islington North (Jeremy Corbyn) on obtaining this debate. As has rightly been observed, he has been a consistent advocate of housing issues in the Chamber. He has advocated them seriously and with great commitment, and although I do not always agree with all his analysis and remedy, I respect how he approaches these matters.

Jeremy Corbyn: So the Minister agrees with some of it?

Robert Neill: I do not want to tempt the hon. Gentleman into being too optimistic, but I do appreciate the spirit in which he raises those matters.

It has been a worthwhile debate for all London Members. I thank all hon. Members on both sides of the House who have contributed. We have heard some thoughtful contributions. In particular, I thank my hon. Friends the Members for Brentford and Isleworth (Mary Macleod), for Battersea (Jane Ellison) and for Ealing Central and Acton (Angie Bray), who have contributed thoughtfully, as have some Labour Members. Sometimes, that standard of thoughtfulness was not consistently applied, and we have heard examples of conspiracy theories reaching almost to the delusional. However, I put that down simply to the excitement of matters elsewhere in the country at the present time.

I am a London Member, I have spent the whole of my life in London and I recognise the importance of this issue. As hon. Members said, there are particular pressures on housing in London that put it in a different category from other parts of the country. However, the affordability issues and so on are not unique to London, which is a world city. The same problems will be found, to a degree, in New York, Paris and Tokyo. However, within

[Robert Neill]

the UK, London is in a unique situation, and as I shall mention later, the Government are recognising that fact by devolving much more power over housing policy and housing funding to the Mayor of London, who is democratically accountable and will have, therefore, the ability to respond in a more flexible and nuanced way to the particular London demands that my hon. Friend the Member for Ealing Central and Acton and others mentioned.

I am very conscious personally of the importance of housing. I hope that Labour Members will take this in the spirit intended. My grandfather worked in the London docks. He was born in a slum in Stepney. He started his married life in rented accommodation in Canning Town. He managed to work his way to buying the semi-detached house in which I was born. Against that background, first I do not need to be lectured by anyone about the importance of affordable and decent housing for working people in London, and secondly I recognise the issue of security of tenure. However, I hope that hon. Members will recognise that that does not mean that we should automatically go down the same route that was perhaps appropriate and effective in the past. We might need now to be more imaginative in thinking of alternative solutions and other ways forward.

Jim Fitzpatrick *rose—*

Robert Neill: I give way to a fellow West Ham supporter.

Jim Fitzpatrick: The Minister and I share several passions: the Thames Gateway, because we both live there, the no to AV campaign and West Ham United football club. He is also a former constituent of mine on the Isle of Dogs. I raised earlier issues about market rates in the Canary Wharf area and people in Tower Hamlets who cannot afford 80% market rates on those terms. Given his background—I would not challenge his credentials and pedigree as a Londoner—does he not recognise that the Government's policy of trying to force market rates of 80% rents for social landlords and council housing will drive local people out of Tower Hamlets and into wherever they can find decent housing?

Robert Neill: I understand the hon. Gentleman's point, but two things have to be recognised. The first is the acceptance in his party's manifesto that the current model of dealing with housing benefit was not sustainable. Secondly, I will go into this in a little more detail in a moment—I hope that he will forgive me if I return to it in the order that it appears in my speech—but there remain significant numbers of houses in London that are affordable. It cannot be sustainable for people who happen to be in receipt of housing benefit who can afford houses not to have to make the sometimes difficult choices that people in work at lower wages have to make.

I will return to the detail later, because there are some useful points to make. However, it is also worth saying something else—something that I am sure the hon. Gentleman and others will reflect on. I put this as gently as I can to Opposition Members, but they are not really in a position to criticise this Government for trying to do something to deal with the housing crisis in London when they left us in such a heaven's awful mess in the first place. We heard a grudging acceptance that things were not quite right from some Opposition Members, including one or two who served in the previous Government, but let us put things where they are: the lowest levels of house building in peacetime since 1924; social housing waiting lists at record levels; 250,000 families in social housing living in overcrowded conditions; and—this is a particularly worrying factor—only half of social tenants of working age in work.

That is the inheritance that this coalition Government are trying to pick up, and at a time when there is less money available from the public finances, because of the economic mess that the previous Government left behind. I can understand that people such as the hon. Member for Islington North, who have been consistent in their criticism, are entitled to make the points that they do. However, there are other Opposition Members who—if I may politely say so—have selective memories, and I am not prepared to brook criticism from that source.

There is some common ground between us, however, so let us look at what we need to do. The hon. Member for Edmonton (Mr Love) talked about the need to increase supply, which is obviously right. We need to increase supply right across the types of tenures that are available, because the complexity of the London housing market is such that there is no single bullet. That point is right, and I will deal with it later. We also need to look at flexibility in social housing, which includes the questions of tenure and so on. There is probably common ground there, too. We also need to accept that there is an obligation to protect the most vulnerable and disadvantaged—something that I also want to touch on.

On the first point, about supply, I am not going to rehearse the rights and wrongs of our disagreement with Labour about the targets approach to the delivery of housing. We know where the previous Government stood; Labour Members know where we stand. However, at the end of the day, there was a failure to deliver an adequate supply of housing. We are determined to take steps to address that, which is why we are seeking to incentivise housing right across the board. That is why the new homes bonus is an important factor in again giving communities a real stake in giving permissions. That will be important in dealing with the reluctance of some communities previously to accept needed development because they felt that they had no stake in it and that it had been imposed on them without having a proper say-so. That is why we propose to reform the community infrastructure levy and turn it into a localised tariff, so that—to deal with the point that the hon. Member for Hayes and Harlington (John McDonnell) made—the community that receives development has a means of getting back a meaningful proportion of the planning gain arising from it.

Those are some important supply-side issues, but we are also setting aside £1 billion over the comprehensive spending review period for the new homes bonus scheme—I would politely point out to the hon. Member for Edmonton that the first £200 million, in the first year, is additional money from the Treasury. We seek to incentivise those authorities that are prepared to accept necessary and sustainable growth. We are investing a further £6.5 billion in housing, which includes more than £2 billion to make existing social homes decent and nearly £4.5 billion in new affordable housing to help to deliver up to 150,000 affordable homes. There is therefore significant investment taking place, against a background of seeking to pay down the debts that we inherited as a Government.

Those are supply-side issues that we are seeking to deal with, but the other key issue to the supply side is getting the economy right. Ultimately, confidence has to be restored to the markets, so that people start lending and builders can build once more. Getting the economy right—on which the Opposition have not been exactly supportive of the Government so far—is key, too.

Heidi Alexander: The Minister is talking about supply-side interventions. Can he explain why the Government have insisted on the new homes bonus gimmick, rather than putting that money directly into capital subsidy for building new affordable homes?

Robert Neill: It is not a gimmick; it is a holistic solution. With respect, the hon. Lady is making exactly the error that Labour Members sometimes make, which is to pluck out social and affordable housing policy and to treat it as though it were separate from the rest of the housing market. Everything is interlinked, however, and the key objective is to increase supply across the board. An increase in supply will lead to greater mobility of people, which will free up accommodation in the often hard-pressed social rented sector.

I want to turn to the changes to flexibility in rents and market rents. Those proposals have been made because affordable rent is a less grant-dependent system than previous models. Criticism has been made about the grant, but we have had to reflect the fact that money is limited because of the mess we inherited. We have moved to a model that we think is proportionate and less grant intensive, in order to make better use of the money. This also recognises the reality that we need to encourage housing associations. I am sorry that there has been a degree of criticism of housing associations. They vary; in my experience as a London MP, I have found that some are very good, and others less so. It is wrong, however, to denigrate the whole sector, just as it would be wrong to denigrate the whole private landlord sector. Lest I forget, let me place on record the fact that my entry in the Register of Members' Financial Interests refers to a single property from which I receive some income.

If we are to generate income for reinvestment in new affordable housing, there has to be an income flow into the housing associations. As a result of the mess that we inherited, that cannot be entirely dependent on Government grant, so it is necessary to get that money from somewhere else. That is why we believe that an affordable rent model will lead to more houses being built, and more households being able to access the benefits of what is still a sub-market rent.

We are all concerned about the specific situation in London, which is why we are devolving the Homes and Communities Agency's powers to the Mayor. The Mayor has raised issues about the way in which he intends to operate these functions in London, and we will look at the flexibility of that. We will also look at the responses of various associations, and the Minister for Housing and Local Government will respond to those in due course. That is why I will not go into that matter further at this stage.

It is important to recognise that the housing policy spend in London is significant, and that the Mayor has already established a good track record in this area. He is on track to deliver 50,000 affordable homes by the Olympics, but he has been up front and said that, because of the economic situation, that might have slipped by a year. However, he preferred to be honest and say that it had slipped a year because of external economic factors, compared with the previous Mayor, who set a 50% target that was not met in any of the eight years that he was in office. The best he achieved was 34%, so Mayor Johnson is much more on track than his predecessor. He has also recognised that we will need transitional arrangements to deal with the issues arising from the change to an affordable rent model in the sector.

The reform of tenure was recognised before the election by the right hon. Member for Don Valley (Caroline Flint), in one of the periods when she was off the Front Bench, as an issue that needed to be tackled. In that context, existing tenants will be protected. It seems perfectly reasonable to say that, if we are to encourage a more flexible supply of tenure, people who go into a new tenancy should do so in the knowledge that, if circumstances change, it will be appropriate to review that provision.

Heidi Alexander *rose—*

Robert Neill: I will finish this point, then I need to make way for the hon. Member for Islington North.

Some of the more alarmist comments about churn in a city that has a great deal of population churn anyway are unjustified.

Ms Buck *rose—*

Robert Neill: This will have to be the last time I give way to anyone.

Ms Buck: Will the Minister confirm something for the record? I understand, following the consideration of the Localism Bill in Committee, that existing tenants who voluntarily downsize to smaller properties or move from overcrowded properties will, after the new rules are introduced, be subject to short-term tenancies. That does not seem to me to be consistent with what he and others have said about current tenants not being affected.

Robert Neill: The point is that it is a voluntary change in the arrangements, not what exists at the moment. At the end of the day, we must be sensible and recognise that, if we want more new homes, either we go down the route of pumping more and more public money in—when, thanks to the actions of the previous Government, there is no public money—or we go down the alternative route of using a bit more common sense and imagination and being prepared to look at more flexible models for dealing with the situation.

Ultimately—I am conscious of the need to allow the hon. Member for Islington North time to respond to the debate—this Government are strongly committed to housing in London. The current Mayor is committed to housing in London and there has been a 35% increase in the number of affordable starts since Mayor Johnson took office. Increasing the number of family-size properties is another important issue and there has been a 40% increase in three-bedroom houses, so we do not think that we have anything to be ashamed of in respect of our

[Robert Neill]

housing policy in London. I am confident that, when we debate the subject again in perhaps a few years' time, I shall be able to defend Mayor Johnson's record after he has been re-elected. I am sure that the hon. Member for Islington North will still be there to raise housing issues with the same passion and vigour. I hope that I have left him enough time to conclude.

5.56 pm

Jeremy Corbyn: In closing the debate, I would like to thank the Backbench Business Committee for allotting us the time for it. There was initially some doubt about whether sufficient London Members would attend the debate and whether it would be last the full time allotted to it. We have been proved wrong on that, as many Members —14, I believe—have spoken and put many valuable points on the record.

I would like to thank both Front-Bench teams. I particularly thank my hon. Friend the Member for Westminster North (Ms Buck) for her fantastic record on housing. The fact that she is still a Member after the last general election is because of her record on housing and her support for the people in her community. I would also like to thank the Minister not only for the manner of his reply but for the fact—unprecedented in my experience of watching Ministers in operation—that he has been in his place throughout the whole debate and listened to every speech. He will have heard the passion and commitment shown by many Members on housing issues.

Let me remind the Minister of these points. None of them is new; housing issues are not new; the passion and commitment of London MPs to social housing issues in London is not new—and it will not finish with today's debate, as we will be back, back and back again because we passionately believe that everyone deserves somewhere decent to live and we passionately believe in cohesive communities.

When the Minister goes away from this debate, I would like him to reflect on four points on which he could take action. First, he should re-examine what is happening with the housing allowance, how it has been imposed and how families have been forced out of their communities, creating a huge problem that is hitting people in areas such as the one that I have the privilege to represent.

Secondly, I accept that not every private landlord is a bad landlord—but there are some bad landlords and some badly maintained properties. Private tenants pay more than others for heating, lighting and everything else because the homes are often badly maintained and inefficient—not all, but quite a lot are.

Thirdly, the Minister should recognise that the housing needs of London are special and that if we do not recognise them we will end up with a divided, inefficient, ineffective city. I do not want that; the Minister does not want that; nobody in the Chamber wants it.

Lastly, I ask, please, for money in the form of investment in good homes for a good future for our young people. It is better to put the money in bricks and mortar than to subsidise private rents. That has to be the way forward. London can do it, but we need the Government's recognition and support if we are to succeed.

Question put and agreed to.

Resolved,

That this House has considered the matter of social housing in London.

Port Health Authorities

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

5.59 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I am delighted to have secured the debate. I do not think that the subject of port health and port health authorities has been discussed in the Chamber before; indeed, I do not think that most people—including, I suspect, some hon. Members—know what a port health authority is or does. Just as many people assume that a port consists of a quay, some cranes, some trucks and some men unloading goods from ships on to trucks, many people, if they consider the matter at all, assume that a port health authority is about health in ports. Well, it is not; or, rather, it is about much more than that.

Port health authorities are, to put it simply, the last line of defence—and a very thin red line at that—for the United Kingdom as a whole. They protect us from incoming disease in humans or animals, from contaminated food, and from dangerous merchandise that has, as we know, entered the country in the past with devastating consequences. They provide the first and last opportunity for a nation that lives on trade, mostly through ports, to be defended from such unwanted intrusions.

If infected or unfit animal products enter the country, that concerns port health authorities. If sick or infected animals enter the country, that concerns port health authorities, along with others. If there are aflatoxins in peanut cargos, that concerns port health authorities. The preparations to combat a world influenza pandemic that we saw a while ago are very much a concern of port health authorities. Standards relating to food imported from outside the European Union are a central concern of port health authorities, as are the standards and certification of hygiene and cleanliness on cruise, cargo and passenger ships. The disinfecting of ships in ports concerns port health authorities, and many other things do as well.

About 120 port health authorities, or branches of such authorities, undertake the task of carrying out what I think we all agree are vital national functions. That number includes not only coastal ports, but inland ports and airports such those that serve London, including Gatwick. They are maintained and funded by local authorities, but—for there is a but—they are maintained mostly by the local authorities in whose areas most of a port sits, regardless of the national or regional importance of the work being undertaken. There is no line in local government revenue support grant marked "port health", and there is no weighting factor in formula funding that recognises the existence of local authorities' port health responsibilities. As a result, local authorities shoulder the cost by charging council tax payers. Moreover, there is no national underwriting of any aspect of port health authority activity. A national association, the Association of Port Health Authorities, undertakes national co-ordination and pursues national activities relating to port health, but it is funded solely by the subscriptions of its member authorities.

Let me complete the picture by making two points. Local authorities have been and are scrupulous in funding the net costs of port health. I say "net costs" because although port health authorities can charge for a number of their services, such as the provision of health certificates for ships, by no means all their activities enable their costs to be recovered in that way, and, as I shall illustrate, the list of such activities is growing. Southampton port authority, in my city, provides an example. It covers: the container port, which is the second largest in the UK; the cruise ship terminals, which are the largest in the UK; general port bulk activity; the wharfs on the Itchen and Hamble; the military port in Marchwood; the oil terminals at Calshot; and Southampton airport. In short, the authority covers a complex of port areas and activities which are much more extensive than the area covered by Southampton city council and it undertakes nationally significant activity.

All that work—the activities of Southampton's port health authority—is carried out at a gross cost per annum of £1.1 million and a net cost of some £300,000, and it is funded by the council tax payers of Southampton. Southampton's port health authority has 13 staff, as well as administrative support, to cover all those duties and the movements in this vast port, and it is on duty 24 hours a day. It is very effective and very efficient, and it provides very good value for money. However, its duties continue to increase in scope and the new duties are mostly unfunded. So not only does the PHA not gain resources, but it has to cope with an ever-increasing work load with static resources.

An example of these new duties relates to regulation 669 from the European Union, which came into force on 20 January 2010. It deals with the inspection and, if necessary, the seizure of incoming non-animal foodstuffs, and all the new work that it involves is unfunded. Tony Baldock, the food quality inspector for Crawley borough council in Gatwick airport, is reported to have received a visit from EU inspectors last November and they expressed astonishment that no more resources were available to him to deal with the 2,600 extra consignments that he and his team were inspecting—indeed, this is true. In most other European countries the equivalent functions are resourced and undertaken on a national basis, but at Gatwick and other port health authorities all this work is done on the basis of existing and locally raised resources.

I mentioned the issue of aflatoxins in peanut imports. Aflatoxins are essentially a virulent fungus that can come into the country with peanut imports and it can cause liver failure if it is released into the general retail environment and infected nuts are consumed. It is essential that port health authorities carry out inspections for aflatoxins and, if necessary, prevent these imports from coming into this country, but no funding is provided for such inspections. Of course, port health authorities also carry out preparations and operations concerning emergencies such as the world avian flu virus, as well as inspections for radioactivity in food coming in from Japan, but no funding is provided for such work either.

The picture—I believe I am giving a fair picture—shows that even under conditions of extreme budgetary strain, local authorities are not sacking staff and making net funding reductions in port health authorities; they are acting very responsibly as far as their enforced local charges are concerned. However, there certainly are no new resources available to deal with new demands and requirements, and port health authorities, including Southampton's, are operating increasingly stretched round-the-clock cover under progressively more difficult circumstances. That thin red line for all is being kept in

[Dr Alan Whitehead]

place by efficiency savings, additional work rosters and responsible but difficult funding decisions being taken by local authorities in specific places.

In short, we face not an imminent catastrophe or collapse, but the skin being stretched tighter and tighter across the fabric of the service. For example, we face having future foot and mouth threats being dealt with by hand-to-mouth methods, and that is not ideal. This is not a recipe for all of us to sleep easy in our beds knowing that all will be well for the foreseeable future. Furthermore, as I have mentioned, because the funding and underwriting decisions are taken authority by authority, and locality by locality, no national co-ordination takes place, even when that would have obvious advantages—for example, a ship inspection database could help to avoid inspection duplication. The exception to that funding approach, as I have mentioned, is the APHA, which attempts to fill the breach with the few thousand pounds it gets in subscription from its member authorities. It is sometimes described as taking national action on corner-shop resources.

The problem with all this—at national level at least—is that the existence of all these duties and the degree to which they are overloading our present system is not recognised. Indeed, it is salutary to reflect that a recent report, the Rogers review of national enforcement priorities for local authorities, completely failed to notice or record the existence of port health authorities as a local authority function. Perhaps part of the issue is one of departmental responsibility and awareness. Does port health come under the Department of Health because of its public health implications, the Department for Communities and Local Government because of its locational and funding concerns, or perhaps the Department for Transport because it concerns ports and airports? That is not entirely clear in some circumstances and, perhaps for that reason, it falls between the cracks in the pavement.

If I have been able to bring to the attention of the House the existence and scope of, and difficulties facing, port health authorities, I hope I have achieved a little, but I believe we should be looking to move matters forward more urgently as far as port health is concerned. We should not proceed for the long-term future hoping that particular local authorities will be able to find the share of the funding not taken up by others. We must not cross our fingers and hope that, somehow, those officers in post now will exponentially absorb new duties and responsibilities so that our dinner tables and public health concerns can remain protected. I believe we should do more.

I am delighted to see the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill) in his place to answer the debate, as I had been given to understand that it would be answered by the Department of Health. I am sure that he is equally delighted to be here and it is good that he will be able to reflect on the issues I have raised as far as the DCLG is concerned. Some might see this as an additional burden placed on some particular local authorities, whereby funding has to be found from within that area but goes towards activities that, I think we will agree, are nationally significant or at the very least regionally significant in their benefit and that are undertaken on behalf of us all.

We need at least to make allowance in the funding formula for the existence of port health alongside introducing mechanics to ensure that the load on local authorities is fairly shared to reflect the national importance of the function. That is a consideration for the DCLG. I cannot say I am completely optimistic that such a change in formula will immediately come about, but I would hope consideration of what it means to run a port health authority, the responsibilities on the shoulders of local authorities and the difficult circumstances that local government is in will be taken fully on board by the Department.

We also need recognition of the need for national support for public health co-ordination of port health at a national level, perhaps through providing support for the Association of Port Health Authorities to carry forward national co-ordination work. That is perhaps for the Department of Health to consider, and I hope that the Minister will convey those thoughts to his colleagues in that Department when the opportunity presents itself. Above all, I want port health to work to the best possible benefit of us all, not just for my city. It is incumbent on us all to think how best that can be secured.

6.14 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I congratulate the hon. Member for Southampton, Test (Dr Whitehead) on securing the debate and raising this important issue, which straddles departmental boundaries, but I am happy to do my bit for the greater good and to shoulder the burden, as I was here anyway. I am much better informed, as is the House, thanks to his debate. I see the hon. Member for Hayes and Harlington (John McDonnell) in his place, and I have come across the issue as a London Member of Parliament in the context of Heathrow, but the hon. Member for Southampton, Test has usefully set the matter in a broader context.

Perhaps I can deal with some of the points that the hon. Gentleman raises and consider whether there are ways forward. He is absolutely right: local authorities have the fundamental responsibility under the Public Health (Control of Disease) Act 1984 for protecting the health of the population. Some of those public health functions are indeed discharged by port health authorities, which obviously have a particular focus in that regard. The 1984 Act provides for a port health authority to be formed either by a single local authority, as I think is the case in Southampton and in most of the cases that I looked at before the debate, or jointly by a number of authorities. To reflect local circumstances sensibly, there can be a joint board or other appropriate management arrangement.

Such arrangements are set up by a port health authority order made under the 1984 Act. Those orders are constituted by the Secretary of State for Health, but as the hon. Gentleman has observed, the funding issues tend to fall within the formula grant, which comes via the Department for Communities and Local Government, so that is where some of the overlap occurs.

Although the approach to port health authorities is the better part of 25 years or more old, it is well aligned with the Government's localism agenda. It is permissive and local authorities have considerable discretion to come together, so it is bottom up in that sense, and there is flexibility for such orders to specify what functions

port health authorities take on. Those functions can vary from place to place. The authorities are pretty fit for purpose for the current localist approach, so we would not necessarily want to change that arrangement.

As well as predominantly receiving funding from formula grant, port health authorities have the power to levy a precept in certain circumstances on the billing authorities in their areas. I understand that from the funds that they receive, they pay a small amount to their representative body. I am glad that the hon. Gentleman referred to the Association of Port Health Authorities, because I am told that it has a good working relationship with the Department of Health. Officials in that Department keep in touch with the association's officials, and I am told that they very much value that. In due course the Department will make proposals for consultation on updating regulations that relate specifically to international travel and the circumstances of port health. It is willing to discuss that with the representative body.

John McDonnell (Hayes and Harlington) (Lab): The Minister mentioned Heathrow airport, which is in my constituency. It is possibly the largest passenger port of entry in the country, but a large amount of cargo comes through it as well. I am grateful to him for mentioning that the regulations will be reviewed. I would be grateful if that was linked to a review of staffing levels and the required resources, because the regulations need to take account of the demands on resources, particularly at Heathrow.

Robert Neill: The hon. Gentleman makes a sensible point. Obviously, we need to consider what resources are required when we find out what the regulations require. I shall link that point to the one made by the hon. Member for Southampton, Test about regulation 669. I will certainly ensure that my officials talk to officials at the Department of Health, and I will correspond with my opposite number there, so that such things are all considered together. There, too, is the opportunity to consider whether the burden is appropriately addressed in the current circumstances. So it is sensible to look at that in the round, as both hon. Gentlemen suggest.

In terms of the broader aspects of the funding, formula grant has so far been a tried and tested means of financing local authorities. There is also the ability to levy a precept, which will vary slightly according to the composition and responsibility of each port health authority. I know too, as I am sure the hon. Member for Southampton, Test does, that in certain circumstances there is a power for the authority to make a charge to recover the cost of providing a service to a user of the port, so there are some flexibilities.

In a broader context, I am sure that the hon. Gentleman will know that the Government are committed to consulting over the summer and taking forward a review of local government resourcing, which will include the operation of the business rates. Port authorities and port operations are often significant contributors to business rates within their areas and are important economic hubs. Of course, the outcome of that review might influence the approach that we adopt to formula grant as a whole. Formula grant started life as part of the business rate that was being recycled, but life has become rather more complicated than that in local government finance. However, the review gives us an opportunity to look holistically at the relationship with the grant. I cannot make promises about what the outcome of the review will be, but I can promise the hon. Gentleman that I can, as a result of this debate, take steps to ensure that the impact of any change on port health authorities is taken into account. I accept that many people might not realise their dependency on formula grant, and that this issue could fall between the ship and the quayside—that seems an appropriate analogy—but I would not want that to happen.

I hope that my comments have given the hon. Gentleman some indication that the Government are prepared to engage on this issue. We think that port health authorities fulfil a valuable role, and I pay tribute to their staff. He is right to say that they are on the front line, and they give a pretty cost-effective service.

John McDonnell: It would not be worth living back in Hillingdon if I did not raise this point on behalf of the borough. In the review of wider business rates, it would be invaluable to assess not just the implications of the cost of the control of port health—particularly with regard to passengers, but also in relation to the import of goods—as well as the knock-on effects of having a port within a local authority area. I give as an example the role of health and social services in giving support when passengers who have particular needs arrive at Heathrow airport or another port. In addition, the local authority has to exercise a wider environmental health role for any goods that are brought into an area where a particular issue arises. That needs to be reflected in any future review of grants to local authorities and the use of business rates.

Robert Neill: That is a fair point. I have heard the hon. Gentleman's comments, which are on the record, and I will ensure that my officials take that point on board. It is worth remembering that although an element of national activity is undertaken, that does not automatically make it a national service in the strict sense. Some authorities, because of their differing constitutions and the different level of function, will probably be in a different position in terms of the impact of regulations and changes that affect them. A one-size-fits-all approach is therefore probably not appropriate, but there are things we could consider to make sure that all this is put into context.

Lest anyone who has not been following all this should be in any doubt about the variation in port authorities, let me make it clear that the term "ports" is to be read much more widely than some people might appreciate. Southampton is, unsurprisingly, a port authority, and Heathrow, in Hillingdon, is the largest of the port authorities, but Brent—that well-known coastal town—also has a port authority. I understand that is because a good deal of cargo interchange is dealt with there. The same applies to Trafford, which I suppose might have a footage on the Manchester ship canal; your constituency is closer to that area than mine, Mr Deputy Speaker. That serves to demonstrate the variety of operations covered by port authorities, and why there has to be some flexibility in the arrangements. I have done my best to address hon. Members' concerns and I am very happy to ensure that we take this matter forward, either through correspondence or as is otherwise appropriate.

Question put and agreed to.

6.24 pm

House adjourned.

House of Commons

Monday 9 May 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Violence Against Women and Girls

1. **Andrea Leadsom** (South Northamptonshire) (Con): What progress has been made on the Government's action plan for ending violence against women and girls; and if she will make a statement. [54317]

4. **Jane Ellison** (Battersea) (Con): What progress has been made on the Government's action plan for ending violence against women and girls; and if she will make a statement. [54320]

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): The action plan on tackling violence against women and girls was published on 8 March this year, and we have already delivered in several areas. We have provided more than £28 million of stable Home Office funding until 2015 for local specialist services, £900,000 of which has been made available until 2015 to support national helplines, and we have implemented legislation on multi-agency domestic homicide reviews after every domestic murder.

Andrea Leadsom: In the light of our terrible economic position, will my hon. Friend reassure me that the vital work being done by women's refuges in Northampton will not be cut?

Lynne Featherstone: My hon. Friend is right to highlight the importance of women's refuges. The Home Office has sent out a loud and clear message to local authorities by ring-fencing stable funding of £28 million and by saying to them, "You should do the same. These are not soft targets." It would be a great shame if Northampton council chose to ignore that message.

Jane Ellison: Further to the Minister's reply, will she respond specifically on female genital mutilation, which is a significant problem in this country as well as in the developing world? The Metropolitan police are taking it very seriously, but hundreds of women in London alone present every year with appalling complications associated with pregnancy and childbirth. Can we make this matter a priority, and work with all the agencies and charities to eliminate this abominable practice?

Lynne Featherstone: Hon. Members on both sides of the House will agree with my hon. Friend—female genital mutilation is a brutal act of child abuse. On 24 February, I launched new multi-agency practice guidelines to raise awareness of FGM. One important symptom that I imagine hon. Members and others do not know of is that girls can be absent when they go to the toilet for a long time—say, 30 minutes. It is important that teachers and nurses understand that, and that we all highlight such symptoms.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Specialist police domestic violence units have saved lives and improved the way in which police forces handle domestic violence across their force areas. What pressure is the Minister bringing to bear across Government so that chief constables are encouraged to protect those vital front-line services?

Lynne Featherstone: The message we continually send to forces throughout the country is the importance of supporting the sector and taking action on domestic violence, and I hope chief constables are listening today.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): May I press the Minister on domestic violence? I chair Chrysalis, the Liverpool domestic violence charity, and Merseyside police force is one of a number that have cut their domestic violence units. Will the Home Office intervene to ensure funding so that forces such as Merseyside can have domestic violence units?

Lynne Featherstone: The Government's message is loud and clear, but, as I said, it is up to the local chief constable on the ground. I hope chief constables are listening to that important message, which the hon. Gentleman is right to raise.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): Is the Minister aware of a campaign with which I am involved to introduce changes to the Protection From Harassment Act 1997 in respect of cyber-stalking? Many young women and girls are terrified by what is happening to them day after day and the law needs changing. Will the Minister meet a small group to discuss where the law is failing and where we need to put it right?

Lynne Featherstone: The Government recognise people's concerns about the legal definition of stalking—cyber-stalking or stalking in other contexts—and about how the 1997 Act is applied. I am happy to meet the group that the right hon. Gentleman mentions.

Police Accountability

2. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What recent steps she has taken to increase the accountability of police forces to the public. [54318]

The Secretary of State for the Home Department (Mrs Theresa May): The Police Reform and Social Responsibility Bill will establish directly elected police and crime commissioners in every police area in England and Wales. They will hold police forces to account on behalf of the public and so strengthen the vital link between the public and the police.

Nadhim Zahawi: I thank my right hon. Friend for that answer. Given recent moves to ensure that actions are available to constituents when MPs commit wrongdoings, is such an option being considered in respect of elected police commissioners?

Mrs May: I assure my hon. Friend that any police and crime commissioner who is convicted of an imprisonable offence, regardless of whether they are sentenced to a term of imprisonment, will be disqualified from their post. I think that that answers his question.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Home Secretary plan to listen to the Deputy Prime Minister and delay the introduction of police and crime commissioners?

Mrs May: Starting on Wednesday, when the House of Lords Committee stage of the Police Reform and Social Responsibility Bill begins, there will be proper and due consideration of every aspect of the Bill. However, it is our intention that police and crime commissioners will be introduced across England and Wales.

Tom Brake (Carshalton and Wallington) (LD): Accountability of police forces to the public is essential, but so are robust checks and balances to challenge the actions of any commissioner who exceeds their powers or seeks to interfere in operational policing matters. Will the Home Secretary consider seriously the request from the other place that the new accountability arrangements be piloted and the checks and balances strengthened?

Mrs May: As I said in response to the previous question, there will be proper and careful consideration of all these issues as the Bill goes through Committee and its further stages in the House of Lords. I am aware that issues have been raised about the police and crime panels and how they use properly the checks and balances in place to hold police and crime commissioners to account. It is our intention to introduce commissioners across England and Wales.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Home Secretary will know that on the Bill's Third Reading five weeks ago we called on the Government to stop and think about the plans for police and crime commissioners, given the deep concerns about the lack of checks and balances in this American-style reform, but she refused. She will have heard Liberal Democrat Front Benchers' plea to listen. The Deputy Prime Minister has now said that he supports pilots first, his parliamentary aide said this morning that this is the key area, in addition to the NHS, on which Liberal Democrats want to see changes, and Liberal Democrat peers are proposing a two or three-year pause for proper pilots to take place. Will the Home Secretary tell the House whether she is indeed listening, and whether she will consider amending the Bill to introduce pilots first?

Mrs May: I have to tell the right hon. Lady, after that lengthy question, that I answered the point about our intention regarding pilots in response to the previous two questions. I gently remind her that this is not an idea of which we have no experience: the Labour Government made the Mayor of London responsible for overseeing the Metropolitan police and therefore acting as a pilot for police and crime commissioners.

Yvette Cooper: So this, it seems, is the Home Secretary's answer to the Liberal Democrats: they have done a pilot and it was the Mayor of London. In fact, as she will know, the Mayor of London works under a completely different arrangement, and I am not sure that the Liberal Democrats will see that as the Prime Minister's so-called listening mode. These American-style plans concentrate considerable policing power in the hands of one person without putting in place the proper checks and balances. They are opposed by crime and policing experts and are deeply illiberal and not very British. The Deputy Prime Minister says he wants to hear a louder Liberal Democrat voice. It sounds like they are shouting, but she is not listening. The so-called new business relationship is just business as usual: the Conservatives take the decisions, the Liberal Democrats take the blame.

Mrs May: It was a coalition agreement commitment that we would introduce directly elected individuals to oversee police forces and to hold them to account, and that there would be proper checks and balances. Far from there not being proper checks and balances, as the right hon. Lady suggests, the police and crime panels will provide real checks and balances to the police and crime commissioner. Perhaps she needs to speak to the shadow policing Minister, the hon. Member for Gedling (Vernon Coaker), who a couple of years ago said that

"only direct election, based on geographic constituencies, will deliver the strong connection to the public which is critical".

We agree with him.

Student Visas

3. **John Howell** (Henley) (Con): What estimate she has made of the likely effect of her policy on student visas on the number of visas issued in the 12 months following its implementation. [54319]

The Minister for Immigration (Damian Green): The policy will be fully implemented by the end of 2012. From then on, the estimated reduction is about 70,000 main applicant visas a year, plus a further reduction in student dependants of about 20,000.

John Howell: I thank the Minister for that response. Will he add to it by telling us what responses he has received from universities on the student visa changes?

Damian Green: This is an important point because when we proposed this radical change the universities were understandably worried. Following our announcement, however, we have received overwhelmingly positive feedback from the university sector. Indeed, Universities UK has said that the reforms

"will allow British universities to remain at the forefront of international student recruitment."

I am delighted that the policy has been so welcomed by the sector.

Alun Michael (Cardiff South and Penarth) (Lab/Co-op): In view of the importance of overseas students to the finances of British universities and to the wider UK

economy, does the Minister agree with the Home Affairs Committee that students should not be counted within migration numbers?

Damian Green: The problem with the approach of the Home Affairs Committee, which, as the right hon. Gentleman knows, I always take very seriously, is that this is not my definition or the Government's definition; it is an international United Nations definition that an immigrant is someone who moves to and settles in a country for more than a year. Any attempt to solve the immigration crisis that the Government inherited simply by changing the definitions would not be credible with the British public. People know that we have an immigration problem, and they want stern, robust action to be taken to solve it. That is what the Government are providing, and it is much more effective than changing definitions.

Robert Halfon (Harlow) (Con): Is the Minister aware that, according to a number of stories, in addition to bogus colleges, there are colleges that engage in corrupt practices such as asking students for money in return for certificates? Will the Government take steps to crack down on those colleges as well, as they are often licensed by the Home Office?

Damian Green: Indeed we will. My hon. Friend makes a good point. This is about not just bogus colleges colluding with bogus students but bogus colleges conning would-be genuine students, both of which need to be stamped out. In the past 12 months we have revoked 21 tier 4-sponsored licences and suspended more than 70. We are also increasing our enforcement activities to drive out the widespread abuses we have found.

Mr Gerry Sutcliffe (Bradford South) (Lab): The Home Secretary and the immigration Minister have told us that the policy of reducing the number of student visas is an integral part of their overall policy to reduce net migration by tens of thousands by 2015, but the reality is that the policy is in tatters. The Home Secretary and the Minister say that that is the policy, but the Business Secretary and the Lib Dems say that it is not. The Prime Minister said recently:

"No ifs, no buts. That's a promise we made to the British people."

Will that promise be kept, given the agenda and proposals on visitors and relatives, and will he get the Lib Dems' agreement?

Damian Green: I think there was a question in the middle of that. I am happy to assure the hon. Gentleman that we will of course meet our commitment to reduce net immigration to the tens of thousands by the end of this Parliament. If he is going to talk about confusion, he should talk to the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), who said that immigration was coming down in the last years of the Labour Government, although the figures that we have published show that it was going up. The points-based system without a limit was not solving the immigration crisis that her Government created, and this Government are taking effective action across the board that will resolve the crisis that we inherited.

Community Policing

5. **Christopher Pincher** (Tamworth) (Con): What steps she plans to take to increase links between police forces and local communities. [54321]

14. **Mr Aidan Burley** (Cannock Chase) (Con): What steps she plans to take to increase links between police forces and local communities. [54331]

The Minister for Policing and Criminal Justice (Nick Herbert): Reconnecting the police with the communities they serve is at the heart of our police reforms. Regular beat meetings and new local crime maps are already enabling communities to hold their local police to account. We will build on this through the introduction of police and crime commissioners, providing an even more visible and accountable link between the police and the public.

Christopher Pincher: Sir Robert Peel, who founded the police force and represented Tamworth, said that the police needed to ensure that they had public support to perform their duties. That is as true today as it was in the 1830s. Will my hon. Friend congratulate Staffordshire police on doing just that? By cutting their back office and reorganising their organisation, they have been able to ensure that front-line services are not cut.

Nick Herbert: I strongly agree with my hon. Friend. Staffordshire police is a very good example of a force that has taken the decision to make savings while protecting neighbourhood policing. In so doing, it is ensuring the continuation of that visible presence that the public value.

Mr Burley: Under the current system, only 7% of the public understand that they can approach a police authority if they are dissatisfied with the standard of service provided. Will my hon. Friend outline what he is doing to improve this democratic deficit in police governance and end Labour's woeful legacy on police complaints?

Nick Herbert: I agree: we are strengthening the police complaints system, while also proposing to strengthen police accountability through a democratic reform. Police authorities are invisible to the public. That will change when directly elected police and crime commissioners are elected by the people who will be able to hold their force to account; at the same time, the operational independence of chief constables will be protected.

Kerry McCarthy (Bristol East) (Lab): The Minister will be aware that Avon and Somerset police have had a difficult job recently in having to police disturbances in the city of Bristol. What help can the Department give that force as it tries to rebuild relationships with the community? More particularly, the cost of the policing operation over the bank holiday period was astronomical, so will any help be available for the force to cope with it?

Nick Herbert: We of course support the action the police took to uphold the rule of law. I particularly want to pay tribute to officers who were injured: violence against anybody is unacceptable, but it is totally unacceptable when it is used against police officers, and

I am sure that the whole House will wish to support the police in their action. There are established procedures whereby forces can apply if they have incurred exceptional costs, and I am sure this force will know how to do so.

Ms Karen Buck (Westminster North) (Lab): My borough has been privileged to have an outstanding team of safer neighbourhood sergeants, who provide consistent contact with local communities, yet we are told that it is those sergeants who are most likely to be cut as the number of London police is reduced. Will the Minister assure me that safer neighbourhood sergeants, who take the lead in local communities in bringing the police and the public together, will be protected?

Nick Herbert: The hon. Lady knows that these decisions are taken by the commissioner of the Met, the Metropolitan Police Authority and the Mayor, and the Mayor has said that he wishes to begin recruiting again to maintain officer numbers and to protect safer neighbourhood teams. The force proposes to share sergeants between some of the smaller boroughs; that is a matter for them as they seek to ensure value for money and to keep officers on the streets, where the public want to see them.

Antisocial Behaviour

6. **Caroline Nokes** (Romsey and Southampton North) (Con): What plans she has to assist local communities in tackling antisocial behaviour. [54322]

7. **Julian Sturdy** (York Outer) (Con): What plans she has to assist local communities in tackling antisocial behaviour. [54323]

9. **Gavin Williamson** (South Staffordshire) (Con): What plans she has to assist local communities in tackling antisocial behaviour. [54325]

15. **Brandon Lewis** (Great Yarmouth) (Con): What plans she has to assist local communities in tackling antisocial behaviour. [54332]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): Alongside our proposed reforms to police and partners' powers to tackle antisocial behaviour, we plan to give communities the right to force agencies to take action where they have failed to do so. Elected police and crime commissioners, and street level crime maps, will also increase the focus on the issues that matter most to local people.

Caroline Nokes: I thank the Minister for that response, but seek assurances on what the Government are doing to help ensure that persistent antisocial behaviour is dealt with by local authorities, the police and other agencies, and in particular on how the Government plan to support existing schemes such as Test Valley borough council's CREW—community respect and environment week—initiative.

James Brokenshire: Clearly, antisocial behaviour is, at its core, a local issue, so it lends itself to local solutions. As 10,000 incidents are reported every day, I doubt whether any Member will not have a constituency case that touches on the subject. The powers on which we are consulting until 17 May are very much about local communities and equipping local agencies to deal with the problems they see, trusting their judgment to get on with the job.

Julian Sturdy: Further to the Minister's response, how will constituents in my York Outer constituency be able to use the proposed community triggers to force police authorities and local councils to tackle antisocial behaviour?

James Brokenshire: I am grateful to my hon. Friend for highlighting the proposal on which we are consulting, which aims to enable communities to ensure that the police and local councils come together to respond to complaints that perhaps are not being addressed effectively. This is a positive way to deliver action, responding to the problems of antisocial behaviour in communities. We think that this is an important reform and we propose to take it forward.

Gavin Williamson: What additional programmes will be introduced to stop perpetrators of antisocial behaviour bringing misery to communities that just want safe streets and the rule of law and order?

James Brokenshire: My hon. Friend makes his point very well. We have been working closely with the housing Minister to ensure stronger powers to evict those who are most responsible for antisocial behaviour on housing estates. There must be proper deterrents to ensure that relief is given to hard-pressed communities that are suffering as a result of such behaviour.

Brandon Lewis: The police in Great Yarmouth have done excellent work in preventing antisocial behaviour by early intervention with voluntary local groups such as the Kickz project. Does the Minister agree that such intervention can have a hugely beneficial impact, and will that be reflected in the new proposals?

James Brokenshire: I congratulate the communities in my hon. Friend's constituency on the practical measures they are taking to prevent antisocial behaviour. When interventions, orders and sanctions are required, it is important that they can be obtained speedily. As that has not happened in the past, the need for the police and local authorities to be able to secure the orders they require quickly is at the core of our proposals.

Keith Vaz (Leicester East) (Lab): Fiona Pilkington and her daughter committed suicide after suffering years of abuse from youths in Leicestershire. As the Minister will recall, the inquest jury noted that they had contacted the police 33 times, but that no link had been made between the complaints that had been made. The Government are rightly examining police performance. Will the Minister assure the House that this issue will remain a priority? The only way of preventing such tragedies is to ensure an immediate and serious police response.

James Brokenshire: I agree very much with the right hon. Gentleman. We have taken practical measures with police forces around the country to ensure that when complaints are made issues of vulnerability and

repeat calls are picked up quickly, and so that tragic cases such as that of Fiona Pilkington can be identified much more efficiently and effectively. The provision of that practical relief is an important part of the changes we are seeking.

Chris Bryant (Rhondda) (Lab): I am sorry, but all this talk about community triggers and community maps is just a load of guff. The South Wales police force area contains two large cities that have to be policed. A large number of royal occasions and sporting events have to be policed. The last problem to which any time is devoted, especially when major cuts are being made to the South Wales police budget, is antisocial behaviour in areas such as the Rhondda. What will the Minister do to ensure that the police are given the instructions they need to tackle the real problems that people face, and that there is money with which to tackle it?

James Brokenshire: I am glad that the hon. Gentleman got to the question in the end. I remind him again of our responsibility and of the problems the Labour party left us, because there is still no recognition of that. We are giving the police the power they need to respond to the problems in the hon. Gentleman's community and the communities of other Members throughout the House.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister wants to introduce some form of direct election to improve accountability in local policing. Is he listening to the people of Greater Manchester, where the Government's cut of nearly 1,400 police officers, which would have a disastrous effect on the battle against antisocial behaviour, was rejected so resoundingly on 5 May?

James Brokenshire: Here is another hon. Member who is still in denial. We believe that the financial settlement is fair and manageable, and that it need not have an impact on the fight against crime and antisocial behaviour on our streets. We are giving the police and local authorities the powers they need to respond to the problem, and, unlike the Labour party, which failed to deal with it in so many ways, we are committed to taking action to provide relief for our communities.

Diana Johnson (Kingston upon Hull North) (Lab): Given that the proposed criminal protection injunctions will weaken the sanctions available to the courts to punish and deter those engaging in antisocial behaviour, is it not clear that, at least in this instance, the "soft on crime" Liberal Democrat voice is being heard loud and clear in the Home Office?

James Brokenshire: The hon. Lady is wrong on that point, and I remind her of what the victims commissioner, Louise Casey—the antisocial behaviour tsar under the previous Government—said when we launched our consultation on the new antisocial behaviour powers:

> "I am heartened by the announcement of the new proposals today that put tough enforcement action against perpetrators at the centre."

The hon. Lady might not see or recognise it, but that is the case.

Mr Mark Spencer (Sherwood) (Con): Nottinghamshire police have made good progress on antisocial behaviour over the past 12 months by getting police officers out from behind their desks and on to the streets, but does my hon. Friend agree that they are not assisted by being bound to their 25-year private finance initiative contract, signed by the previous Administration?

James Brokenshire: As my hon. Friend makes clear, a number of the PFI and other contracts that were entered into did not necessarily deliver good value for money. On the costs that fall locally, we are working with forces to identify savings in operational PFI projects, including the option of renegotiating contracts to ensure ongoing value for money and service to our community.

Cannabis

8. **Paul Flynn** (Newport West) (Lab): What her policy is on the use of cannabis for medicinal purposes. [54324]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): We do not recognise cannabis in its raw form to have any medicinal purposes; cannabis is a harmful drug. However, Sativex, a cannabis-based medicine, has been approved by the Medicines and Healthcare products Regulatory Agency as a safe and effective medicine for patients with multiple sclerosis.

Paul Flynn: In Canada, Austria, Germany, the Netherlands, Finland, Italy, Israel, Spain, Portugal and parts of the United States, patients can take medicinal cannabis in its natural form safely and legally. Why are seriously ill patients in our country, particularly those suffering the symptoms of multiple sclerosis, forced to break the law when they want to use their medicine of choice?

James Brokenshire: The advice we have received from the Advisory Council on the Misuse of Drugs confirms that cannabis is a significant public health issue. I certainly sympathise with anyone suffering from a debilitating illness, but we do not condone any illicit drug taking, for whatever reason. As I have indicated, GPs may prescribe Sativex in the circumstances mentioned. That is available, and we are dealing with its regulation.

Mr David Burrowes (Enfield, Southgate) (Con): That is not the most significant medical issue in relation to cannabis. In its higher form in particular, there are significant risks to young people, such as the probable causal link to mental illness, especially psychosis and schizophrenia. Will the Minister reassure the House that the Government will continue to take a tough line and ensure effective enforcement of the law on possession of cannabis?

James Brokenshire: I know that my hon. Friend takes these issues incredibly seriously, and has focused on drugs policy for some time. I assure him that our position is that the classification of "illegality" can influence behaviour and be a meaningful factor when people are contemplating taking drugs. That is why we do not have any proposals to change the classification of cannabis, and why we place so much importance on

the current legal arrangements in ensuring we reduce supply and deal with these problems. There is no change of policy.

Alcohol Sales (Children)

10. **Dr Sarah Wollaston** (Totnes) (Con): What legislative proposals she plans to make for further restrictions on the sale of alcohol to children. [54326]

The Secretary of State for the Home Department (Mrs Theresa May): The Government do not tolerate the sale of alcohol to children. The Police Reform and Social Responsibility Bill will double the maximum fine from £10,000 to £20,000, delivering on a coalition agreement commitment, and will extend the minimum period of voluntary closure that can be given for persistent under-age sales. We are also committed to working with the Sentencing Council and the Crown Prosecution Service to prosecute those found guilty of persistent under-age selling and to use the full range of sentences available.

Dr Wollaston: In England alone, about 36 children every day are admitted to hospital as a result of alcohol-related harm. Will the Home Secretary consider making the reduction of alcohol-related harm an objective, and prioritise it in licensing decisions?

Mrs May: I am grateful to my hon. Friend for raising this issue, particularly given her experience as a general practitioner. I recognise the picture she paints, and I would add that half of all violent assaults are believed to be alcohol related, so there is a real issue with alcohol that we need to consider. We think there is merit in making health a material consideration under the Licensing Act 2003. The Police Reform and Social Responsibility Bill will make certain health bodies responsible authorities under the Act. We are talking to the Department of Health about what we might do to ensure that the health aspects of alcohol are properly taken into account.

Ian Lucas (Wrexham) (Lab): Will the Government's proposed moratorium on regulation for micro-businesses apply to these regulations?

Mrs May: I thank the hon. Gentleman for his question. No, it is not intended that it relate to licensing.

Child Protection

11. **Margot James** (Stourbridge) (Con): What progress the Child Exploitation and Online Protection Centre has made in its investigation into the grooming of vulnerable teenage girls for sex. [54327]

The Secretary of State for the Home Department (Mrs Theresa May): I am grateful to my hon. Friend for raising this issue. Good progress has been made since CEOP commissioned its thematic assessment of localised grooming in January. A range of responses has been received from a variety of sources, including police forces, charities and local safeguarding children boards. Analysis of the data is ongoing and the final report is expected to be published in June.

Margot James: I thank the Home Secretary for her answer. Whether or not CEOP forms a discrete part of the new national crime agency, what steps will be taken to work with mosques and Asian communities to make this organised exploitation of young girls culturally unacceptable?

Mrs May: My hon. Friend's question enables me to say how strongly we support CEOP's work. We want it to be a lead law enforcement body in protecting children nationally, so I am pleased to announce that it will form part of the new national crime agency and will continue to build on the work it is doing. In examining the issue of grooming, it is important to wait for CEOP's thematic report, see the extent of this problem and, obviously, take CEOP's advice on any action that needs to be taken in relation to particular communities, but I do not think we should see this as an issue that relates only to particular communities.

Mrs Jenny Chapman (Darlington) (Lab): What progress has the Home Secretary made in requiring sex offenders to register their online identities?

Mrs May: I thank the hon. Lady for raising this issue. I cannot give her an exact date, but fairly shortly we will be launching a consultation exercise in response to issues that have arisen concerning the sex offenders register. The question of online identities was raised in this House when I made the statement on the response to the F and Thomson case, and we are taking it on board, so I ask her to wait for that consultation.

Immigration and Asylum Law

12. **Dr Julian Huppert** (Cambridge) (LD): What her policy is on measures to ensure that children born overseas to unmarried male British citizens before 2006 are treated in a manner equivalent to those born after 2006. [54328]

The Minister for Immigration (Damian Green): I am grateful to my hon. Friend for reminding the House of this odd hangover from previous legislation. Children born overseas to unmarried British fathers before July 2006 were unable to acquire citizenship by descent from their father. However, the UK Border Agency will register such people as British citizens if an application is made before their 18th birthday.

Dr Huppert: I thank the Minister for those comments. He was also sympathetic when my hon. Friend the Member for Carshalton and Wallington (Tom Brake) raised this matter two years ago. Will he seek a legislative opportunity to correct this situation by statute rather than rely on discretion, which may or may not be applied to children who may or may not be inside the country?

Damian Green: As I said, my hon. Friend makes a valid point. There is, however, an established registration route for children born to British unmarried fathers under section 3 of the British Nationality Act 1981, which allows the Home Secretary to register any child under the age of 18 as a British citizen, and this discretion has been used for many years. Of course those who are

not able to register because they are over the age of 18 can instead naturalise as British citizens if they are resident in the UK and meet the requirements for naturalisation. As he says, any change to the nationality law would have to be made through primary legislation and there is no appropriate vehicle before the House at the moment.

Police (Regulation A19)

13. **John Mann** (Bassetlaw) (Lab): How many police officers she expects to retire under rule A19 in 2011. [54330]

The Minister for Policing and Criminal Justice (Nick Herbert): Chief officers are responsible for managing the resources and staff available to them to ensure effective policing. Operational decisions, including on the impact of using their powers under regulation A19, are rightly a matter for them.

John Mann: What kind of answer is that? There is a seasonal saying at this time of year: "Cast not a clout till May be out." Why are decent, hard-working, brilliant, experienced police officers in my area, in Nottinghamshire and across the country being forced to give up their jobs because of this Government, when my community and others want to keep them and when they want to keep working?

Nick Herbert: From the hon. Gentleman's outrage, hon. Members would not know that under the previous Labour Government Nottinghamshire police numbers fell between 2004 and 2009. This is a procedure used by chief constables that the previous Labour Government chose to renew. The fact is that officers ordinarily retire after 30 years and they do so with a full and generous pension.

Anna Soubry (Broxtowe) (Con): I do not know whether the hon. Member for Bassetlaw (John Mann) has discussed this matter with the chief constable of Nottinghamshire, but I did on Friday. Does the Minister agree that it is imperative that when chief constables make these difficult decisions they should consult not only their communities but the Police Federation to ensure that we retain the best front-line officers?

Nick Herbert: I agree with my hon. Friend. Let me put this in context. I understand that some 130 of some 2,500 officers in the force may be retired under this provision. The independent Winsor review of pay and conditions recommended that this procedure should continue to be available to chief officers.

Vernon Coaker (Gedling) (Lab): Approximately 2,000 police officers across the country with more than 30 years' experience are being forced to retire under regulation A19 because of the 20% front-loaded cuts imposed by the Government. As we have heard from my hon. Friends, these include front-line beat officers, response officers, detectives and firearms specialists, although some, as we know, have been asked to return as volunteers. I want to ask the Minister a specific question: has he carried out an assessment of the cost implications for the Home Office, along with any other associated costs, of forcibly retiring these 2,000 experienced officers? Did any such assessment show that the cuts really were in the interests of the taxpayer?

Nick Herbert: I repeat to the hon. Gentleman that these decisions are made by chief constables in the interests of the efficiency and effectiveness of the force. This is a procedure that the previous Government chose not to change. The fact is that the total number of officers retiring with more than 30 years' service who might be eligible for this procedure is about 3,000 of a total 140,000 officers. The question that the Labour party simply cannot answer is how it would have achieved the savings of more than £1 billion a year, which are the cuts it says it would have imposed on the British police.

Asylum Seekers

16. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What progress her Department has made in reducing the number of bogus asylum seekers. [54333]

The Secretary of State for the Home Department (Mrs Theresa May): A system that makes timely decisions and removes people who have no right to stay in the UK is the biggest deterrent to false claims. The Government are committed to increasing the speed and quality of the processing of asylum claims, and the UK Border Agency is making faster decisions and removing people more quickly.

Stephen Phillips: I am grateful to my right hon. Friend for that answer. Bogus asylum claims result in a huge cost to the taxpayer through asylum support. What will the Government be doing to reduce the amount of money spent on asylum support?

Mrs May: I am happy to tell my hon. and learned Friend that we have reduced the cost of asylum support by more than £100 million from the 2009-10 total, delivering substantial savings to the taxpayer. That is the result of action that has been taken to ensure that we clear up the legacy of old asylum cases, speed up the processing of asylum claims and remove more quickly those not entitled to protection. Our asylum improvement project aims to go further.

National DNA Database

17. **Philip Davies** (Shipley) (Con): What assessment she has made of the potential effects on the number of crimes solved of proposed changes in the national DNA database. [54334]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): The changes we propose to limit the retention of the DNA profiles of people not convicted of any offence are based on the coalition agreement commitment to introduce the protections of the Scottish system in order better to balance public protection and individuals' rights. The statistics show that simply increasing the number of DNA profiles on the DNA database does not necessarily increase the number of detections made via that database.

Philip Davies: There are already 150,000 crimes in which a DNA sample has been taken at the crime scene and not been matched to anybody on the database. Surely the Minister accepts that having fewer people on the database will mean that fewer matches will be made and fewer criminals will be brought to justice. Will he explain how having more dangerous criminals on the streets enhances my freedoms?

James Brokenshire: I know that my hon. Friend looks at the facts and circumstances, so I ask him to look at what has happened in the past five years. Since 2004-05, an additional 2 million individuals were added to the national DNA database but there were 4,000 fewer detections as a consequence.

Northumbria Police

18. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What discussions she has had with Northumbria police on the appropriate level of policing over the period of the comprehensive spending review. [54335]

The Minister for Policing and Criminal Justice (Nick Herbert): I have regular discussions with chief constables and police authorities on a range of issues about policing. Decisions about the number of police officers and other police staff engaged by Northumbria police are a matter for the chief constable and the police authority.

Chi Onwurah: Recorded crime across Tyne and Wear fell by 14% in 2010 and has fallen by 47% since 2003. That has made a real difference in the lives of my constituents, but they are now naturally worried to learn that this Government apparently regard the big society as a substitute for proper policing. What reassurance can the Minister offer?

Nick Herbert: I hope the hon. Lady will be reassured by the comments of the new chief constable of Northumbria, who was previously the temporary chief constable. She said recently:

> "I am determined that we will continue to reduce crime and protect police services that local communities across Northumbria want".

She went on to say that her absolute priority was to improve front-line policing and the service delivered to communities.

Topical Questions

T1. [54342] **Gavin Barwell** (Croydon Central) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Mrs Theresa May): As I have previously informed the House, the first duty of Government is to protect the public. Following the death of Osama bin Laden, the overall threat level from international terrorism remains at severe and there is a continuing need for everyone to remain vigilant and to report suspicious activity to the police. Last week's verdict from the coroner's inquest into the London bombings on 7 July 2005 reminds us of the real and serious threat from terrorism. I have made a written ministerial statement on the verdict this morning. Across Government, we are carefully considering the current recommendations and we will respond in due course, at which time I would expect to make a further statement to the House. Nothing will ever bring back the 52 people who were murdered on that day, but I hope that the comprehensive, open and transparent inquests that have been held have brought some measure of comfort to the families and to all those affected.

Gavin Barwell: I thank my right hon. Friend for her statement. May I press her a little further? One of the coroner's key findings was about the need for better co-ordination between Transport for London and London's emergency services. Does the Home Secretary agree that there is a real need to reassure Londoners that if a tragic incident of this sort ever happened again, there would be better co-ordination than there was on this occasion?

Mrs May: My hon. Friend has made a very important and valid point. Of course, a number of the recommendations refer to Transport for London and to emergency responders. The proposals that have come specifically from the coroner will be looked at in great detail and with great care because it is absolutely right that we ensure that the lessons that can be learned from 7 July 2005 are learned.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I welcome the Home Secretary's words about the 7/7 inquest and add our thanks to Lady Justice Hallett and the team. That inquest brought out the heroism and the tragedy of that terrible day. The moments of bravery shown by the emergency services, many members of the public, those who were directly affected and their families will be remembered, as will the tragic loss of the 52 people who were killed.

It is important that Lady Justice Hallett's recommendations are taken forward and that the relevant services have the resources to do that. May I ask the Home Secretary when she expects to be able to report back to the House on the detail of her response to those recommendations? Can she give the House a sense of whether she expects to be able to support the broad thrust of the recommendations because they were each considered in great detail and it is important that they can be taken forward?

Mrs May: I thank the right hon. Lady for her question. On the issue of timing, the formal position is that anybody to whom recommendations are made is given 56 days to respond to the coroner's report and recommendations. We will be responding within that timescale but, as I indicated in my previous answer, I intend to do so within a timescale that will enable me to make a statement to the House about that response. I am sure she will understand that as the recommendations were made to a number of bodies across government, as well as Transport for London, it is necessary to co-ordinate that response and make sure that all considerations have properly been taken into account.

On the right hon. Lady's final point, significant improvements have already been made since 7 July 2005, but the Government are always looking to learn lessons from that incident and any other incidents that take place—should they do so. In doing that, of course we always put at the forefront of our thoughts the

intention of ensuring that we can provide the highest level of public security and safety possible, but sadly we can never guarantee that no further terrorist incident will take place.

T2. [54343] **Julian Smith** (Skipton and Ripon) (Con): What is the Home Secretary doing to ensure that all four Yorkshire police forces work much more closely together to reduce costs?

The Minister for Policing and Criminal Justice (Nick Herbert): Collaboration by police forces is important both to improve operational effectiveness and to save money. A study by Deloitte a couple of years ago found that Yorkshire and the Humber could realise savings of some £100 million over five years by co-operating more effectively. That is the kind of thing that we want all forces to do.

T3. [54345] **Pamela Nash** (Airdrie and Shotts) (Lab): Can the Minister confirm that student visitor visas, which have recently been increased to 11 months, will not be included in general immigration statistics?

The Minister for Immigration (Damian Green): Yes, as indeed I made clear in answer to a previous question. The definition of an immigrant is somebody who comes here for more than 12 months, so student visitor visas, like tourist visas, are for visitors, not for immigrants. They therefore do not come under immigration limits.

T6. [54348] **Claire Perry** (Devizes) (Con): May I press the Home Secretary a little further on the 7/7 inquest? Like so many MPs in our constituencies on Friday, I was listening to the wall-to-wall coverage of the inquest and was struck by the harrowing stories of the survivors and the surviving family members. It has been nearly six years since the event. Can my right hon. Friend tell us, while we wait for the end of the formal response period, what lessons the security services have learned since the event?

Mrs May: As I said in response to the shadow Home Secretary, the Security Service has indeed made some changes since those events on 7 July 2005, has looked again at what is coming out of the inquest and will look with great care at the two specific proposals that are aimed at the Security Service in relation to the potential for further lessons to be learned. I draw the attention of my hon. Friend and the House, however, to Lady Justice Hallett's words when she said that there was no evidence at all that the Security Service knew of and therefore failed to prevent the bombings on 7/7.

T7. [54349] **Paul Flynn** (Newport West) (Lab): Is any Minister capable of answering a question without blaming the last or the next Labour Government? Can the Home Secretary explain who is responsible for the 350 job losses in Gwent? Efficiency savings will save 20 of them; what about the other 330?

Mrs May: I assume that the hon. Gentleman was speaking about the police, although I do not think the word passed his lips. He asked whether any Minister can get up and not make reference to the mess that we were left by the previous Government. The reason savings are being requested from police forces, and the reason across government we are having to make cuts in public sector spending, is the deficit that we were left by the Labour Government. Had Labour been in government, it would be cutting £7 for every £8 that we are cutting. The issue for the hon. Gentleman and his right hon. and hon. Friends is where they would make those cuts.

T9. [54351] **Mike Freer** (Finchley and Golders Green) (Con): The Minister is aware of the 60 or 70 Yemeni Jews who are trapped in Yemen. What can he do to help to facilitate the visa applications of those families with strong British links?

Damian Green: I am grateful to my hon. Friend for bringing up this issue. He will understand that it would be inappropriate for me to provide a running commentary at the Dispatch Box on individual applications for asylum or any other form of immigration, but I am aware that he has written to me about the matter and I will reply to him shortly.

T8. [54350] **John Robertson** (Glasgow North West) (Lab): Will the Minister say a little more about how happy the universities were about the new visa system, and in particular what he would say to Glasgow Caledonian university, which has been suspended from sponsoring foreign students and had a 28-day suspension imposed on it? What would he say to the university, which finds the situation difficult and the sentence disproportionate?

Damian Green: I would say to Glasgow Caledonian university, and to the hon. Gentleman, what I would say to any university: all tier 4 sponsors who are given the privilege of bringing people to this country must ensure that they fulfil their sponsorship duties and that their students comply with the requirements of the immigration rules. As he knows, the tier 4 licence was suspended on 20 April following concerns about abuses of the immigration system. The university was given 28 days, from the date of suspension, to make representations against the decision. We are still within that 28-day period and obviously are in dialogue with the university. I hope that he will endorse the fact that we have immigration rules in this country and that they need to be enforced.

Duncan Hames (Chippenham) (LD): It will soon be 50 years since the last royal commission on policing, during which time the challenges faced by our police forces have changed dramatically, as have the expectations placed on them. Will the Minister consider the case for a fresh royal commission?

Nick Herbert: I think it was Harold Wilson who said that royal commissions take minutes and waste years. More recently, Her Majesty's inspectorate of constabulary has said that there is no time for a royal commission. There are important and urgent decisions that we need to take in relation to police financing and enhancing accountability, which is what the Government intend to do.

Paul Goggins (Wythenshawe and Sale East) (Lab): Ministers have confirmed in parliamentary answers that in the period 2010-12, 45 individuals with terrorist convictions will be released back into the community. Can the Home Secretary assure the House that all relevant agencies will work closely together, that they

will have the necessary resources to manage those offenders back into the community and that she and the Justice Secretary have a clear understanding that anyone in breach of their licence conditions will be returned to prison immediately?

Mrs May: The right hon. Gentleman makes a very important point. It is, of course, essential that the various agencies involved work together. I can assure him that they will be working together, as they have been. One of the developments of recent years, which is very welcome, is the way in which the Security Service and the police have worked together on counter-terrorism matters. They will continue to do so and are very conscious of the issues relating to the release of offenders who have completed their prison sentences.

Mr David Davis (Haltemprice and Howden) (Con): A year ago, I was approached by a whistleblower with an allegation that there had been criminal misuse of CCTV and automatic number plate recognition information by the Home Office and a part of the Metropolitan police. I established that the individual knew the insides of the organisations concerned and ongoing operations and that he had no obvious reason for malice or deceit. I sent the information to the Home Secretary. Since then, despite a number of reminders, I have had no response from the Home Office. Will she now tell me when that investigation will conclude?

Mrs May: I will go back and ensure that the matter is brought to my attention and that I am able to give my right hon. Friend a response as soon as possible.

Angela Smith (Penistone and Stocksbridge) (Lab): Police community support officers play an important role in policing our communities, so will the Minister join me in congratulating the new Labour administration in Sheffield on its decision to restore the funding for 10 PCSA posts that had been cut by the previous Lib Dem administration?

Nick Herbert: The Government decided to maintain the ring-fencing for the neighbourhood policing fund outside London so that funding would continue to be available for police community support officers, whom we support because they do an important job as part of the policing family, working alongside police officers.

Mr David Ruffley (Bury St Edmunds) (Con): The Home Secretary's plans to cut police red tape, which were announced this morning, will sadly save each police officer only 20 minutes each week. Why is she not being more radical?

Mrs May: This is not the end of the story. Indeed, we are working in a number of ways to ensure that we continue to cut police bureaucracy. My right hon. Friend the Minister for Policing and Criminal Justice is looking at savings in bureaucracy that can be made across the criminal justice system. Chris Sims, the chief constable of West Midlands police, is the ACPO lead on reducing bureaucracy and is looking at other ways of reducing bureaucracy. Sara Thornton, the chief constable of Thames Valley police, is looking to reduce the 600 different guidance documents that ACPO provides to police forces to fewer than 100. Those examples show that this is work in progress, but our commitment is absolutely clear.

Ian Austin (Dudley North) (Lab): Given the civil war that has erupted among Government Members, may I offer the Home Secretary some support from the Opposition and tell her how grateful I am for her enormous contribution to our stunning electoral results in Dudley North last week, when we won for the first time ever two seats in Gornal—Upper Gornal and Woodsetton? That would not have been possible had it not been for the public anger at the huge number of police officers she is sacking in the west midlands.

Mrs May: I think that there was something at the end there about policing in the west midlands, but I did not quite catch it. I should be very happy to explain to the hon. Gentleman, as I did earlier, that changes to the budget in the west midlands, as to every other police force, are a direct result of the financial mess that was left by the previous Labour Government. I also say to him that it ill becomes Labour to crow about election results, given that in last week's election it failed to take an overall majority in Wales, failed in Scotland and stood still in England. I suggest therefore that he keep a little quieter about it in future.

Jason McCartney (Colne Valley) (Con): What consultation has taken place with universities, such as the university of Huddersfield, to assess the impact of changes to student visas and the number of students who stay on after their studies to take the post-study work route?

Damian Green: As my hon. Friend may have heard me say earlier, there was a full consultation. It obviously included the university of Huddersfield and was widely welcomed by universities. We now have a system whereby graduates can stay on so long as they have been offered a specific graduate-level job. To answer his precise question, we calculate that the effect on numbers will be that instead of 38,000 staying on as before, roughly 19,000 will stay on in future.

Katy Clark (North Ayrshire and Arran) (Lab): The Home Secretary will be aware of the concerns about the activities of under-cover police officers, such as Mark Kennedy. Her Majesty's inspectorate of constabulary is carrying out a review; will the Home Secretary undertake to make a statement to the House once the outcome of that review is known?

Nick Herbert: We will certainly keep the House updated, but I think it best to await the outcome of that review.

Mark Pawsey (Rugby) (Con): I recently spent time with special police constables in Rugby, targeting antisocial behaviour and under-age drinking by sticking Alcohol Watch stickers on bottles and cans. Will the Home Secretary join me in recognising the very valuable work carried out by the special constabulary?

Mrs May: Yes, I am very happy to join my hon. Friend and, I am sure, others across the House in recognising the valuable work that the special constabulary

undertakes. Indeed, we would like to encourage more people to become specials, because they perform a very important role in policing their communities.

Dame Anne Begg (Aberdeen South) (Lab): Now that Aberdeen passport office has closed, my constituents face a long journey for a face-to-face interview about their first passport. They are expected to travel to Dundee, 70 miles away, but, because of the extra work caused by the closure of other offices throughout north-east Scotland, they have now been told that they will have to go either to Edinburgh or even to Newcastle. It appears that the alternative arrangements that the Government promised have not been put in place, so will the Minister look at the issue to make sure that they are put in place and it is not impossible for my constituents to get a passport?

Damian Green: I am grateful to the hon. Lady for drawing that issue to my attention. I will certainly look into the individual circumstances of her constituents applying for a passport for the first time.

NEW MEMBER

The following Member took and subscribed the Oath required by law:

Jonathan Ashworth, for Leicester South.

Points of Order

3.35 pm

Mr Tom Watson (West Bromwich East) (Lab): On a point of order, Mr Speaker. May I ask whether you have had notification of a statement from the Government on delaying the decision on the BSkyB takeover bid in the light of the criminal trial just being launched involving computer hacking and contractors with News International?

Mr Speaker: I have received no indication of any such statement. That is an explicit response to the hon. Gentleman. However, I am grateful to him for his point of order.

Thomas Docherty (Dunfermline and West Fife) (Lab): On a point of order, Mr Speaker. Recently, the Procedure Committee published its eagerly sought report on hand-held electronic devices and tweeting in the Chamber. Will you update the House on whether that report has simply been accepted as a new procedure for the House or whether we will have a full debate on the matter and a vote?

Mr Speaker: The short answer to the hon. Gentleman is that the report would need to be debated by the House. That has not yet happened. However, I would certainly expect that before any decision were made and enforced, right hon. and hon. Members would have had the opportunity to debate the issues, which I know are of great and consuming interest to the hon. Gentleman and others.

Thomas Docherty: Further to that point of order, Mr Speaker.

Mr Speaker: I do not think there can be anything further to it. *[Interruption.]* Well, I will give the hon. Gentleman the opportunity to reflect on the matter for a moment and see whether his point is still valid.

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. It was very reassuring, on entering the Palace of Westminster today, to see the flag of the United Kingdom flying from Victoria tower. Given that the European Union has apparently been issuing orders that the EU flag should be flown over public buildings and a photograph sent to Brussels to prove that it has been done, can you tell the House whether you received any such instruction and what your reaction would have been had you received it?

Mr Speaker: I did not, and I will not speculate on matters hypothetical. I have a hunch that that observation was aimed less at the House and more at the *Lymington Times*.

Dr Lewis: And the *Southern Daily Echo*.

Mr Speaker: I am grateful to the hon. Gentleman for his sedentary correction.

Grahame M. Morris (Easington) (Lab): On a point of order, Mr Speaker. Is there anything you can do to improve the provision of access to quality national newspapers across the parliamentary estate? I am

particularly concerned at the lack of availability of copies of the *Morning Star*. *[Interruption.]* Obviously, Conservative Members are too. Could you confirm to the House whether you are fortunate enough to receive copies in your residence, and whether it is your view that all Members should have the right to a broad and balanced political perspective on the events of the day?

Mr Speaker: I am in favour of a broad and balanced diet of newspapers, because it is analogous to the benefits of a broad and balanced diet more widely. I am not in the habit of regularly reading the newspaper to which the hon. Gentleman refers. I am all in favour of people having access to it if they so wish, but if he is asking whether it is delivered to me, the answer is no.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On a point of order, Mr Speaker. I would be grateful for your advice on whether parliamentary courtesies also apply to the Prime Minister, who, last Friday, together with some of his colleagues, visited Queen Elizabeth hospital in Birmingham, Edgbaston to get some decent advice on how to reform the NHS, but the local Member of Parliament was not notified.

Mr Speaker: The short answer to the hon. Lady's point of order is that that parliamentary courtesy is expected of every Member of the House, so it most certainly does extend to Ministers.

Thomas Docherty: Further to my point of order, Mr Speaker. While the Leader of the House is present, could you confirm whose decision it will be as to the timetabling of the vote on the Procedure Committee report? Will you, Mr Speaker, or the Leader of the House decide on that?

Mr Speaker: The answer is that these matters are ordinarily determined through the usual channels. If the hon. Gentleman remains interested in this matter, a suitable opportunity for him to pursue it would be at business questions this Thursday. I look forward with eager anticipation to seeing him in his place on that occasion.

Opposition Day

[Un-alloted Half Day]

Future of the NHS

3.40 pm

John Healey (Wentworth and Dearne) (Lab): I beg to move,

> That this House notes the growing concerns over the Government's handling of the NHS and the effect its policies are having on hospitals and patient care; and calls on the Government to uphold the Coalition Agreement promise to stop the top-down reorganisations of the NHS which have got in the way of patient care, to use the present pause in the progress of the Health and Social Care Bill to make fundamental changes, including dropping the damaging and unjustified market-based approach, and to concentrate efforts instead on achieving sound efficiencies, better clinical quality and improved integration of services.

We have called this debate after the Prime Minister was forced to order an unprecedented pause in his health legislation last month. He was forced to do so because of the growing criticism, confusion and crisis of confidence over the Government's NHS reorganisation. It was unprecedented because he told his Health Secretary to stop what he was doing while 45 others on the NHS Future Forum work out what he should be doing. It looks as though the Prime Minister is listening to anybody and everybody on the NHS except the Health Secretary.

We have called this debate after the Deputy Prime Minister's flagship policy was sunk in the AV referendum last week. He is now trying to find a replacement, and claims that changes to the Health and Social Care Bill are his new No. 1 priority. The Deputy Prime Minister and his party are up to their necks in the Tory NHS plans. He and the Prime Minister co-signed the foreword to the White Paper last summer, and he signed off the NHS legislation in Cabinet before Christmas. He and his Lib Dem MPs have backed the Bill at every stage in Parliament. In Committee, his Lib Dem Health Minister led the rejection of Labour's amendments—the amendments that he now says he wants to make.

Now that the Lib Dems are making many of the arguments that Labour has been making since early autumn, people may ask what the Deputy Prime Minister has been doing for the past year, when he changed his mind and why. People may suspect that the deal he is stitching together has more to do with saving his party than safeguarding the NHS.

Sajid Javid (Bromsgrove) (Con): Will the right hon. Gentleman tell the House whether he still believes that the Government's plans are "consistent, coherent and comprehensive"? If not, when did he change his mind?

John Healey: Indeed, they are comprehensive, consistent and coherent, and they are wrong.

Charlie Elphicke (Dover) (Con): I thank the right hon. Gentleman for being so generous in taking interventions. He has told the House that the plans are wrong. However, in January 2010, he said to the King's Fund:

> "The general aims of reform are sound".

It seems to me that he has changed his mind.

John Healey: There is nothing wrong with the general aims of the changes, but what the Government are doing is different from what they are saying. In one third of the legislation, they are not setting up GP consortia or reducing bureaucracy in the NHS, but setting up the NHS as a full-blown market. That is the wrong prescription for our NHS, and it is patients who will suffer.

Christopher Pincher (Tamworth) (Con): The right hon. Gentleman seems to be suffering from amnesia, which, by the way, is treatable on the NHS. On 30 November, he said that he supported our proposals to move public health functions from primary care trusts to local authorities. If he does not believe in reorganisation any more, how does he intend to achieve that move?

John Healey: In principle, that is a good move. The Opposition, including those of us on the Front Bench, have said that it makes sense in principle to give local authorities a lead responsibility on public health; after all, they are responsible for things that affect public health such as housing, employment and a good environment. The Government's failure is that local authorities are not getting the powers or resources to do the job properly. The provisions in the Bill will fragment the NHS and make it harder, not easier, for them to do that job.

Mr Dave Watts (St Helens North) (Lab): Can my right hon. Friend explain why the Secretary of State says in public that the change is not about the privatisation of our hospitals, when in fact that is exactly what his officials are doing behind closed doors?

John Healey: My hon. Friend has been pressing that point with his local hospital, because it is quite clear that the hospital's managers were forced to look at privatising it and having its management run by a private company. I fear that under the provisions of the Health and Social Care Bill, more hospitals will be driven to the brink and will have to face the prospect of insolvency or a takeover by the private sector companies that are lining up to make the most of the Government's plans for the NHS.

Grahame M. Morris (Easington) (Lab): On the transfer of responsibility for public health, can my right hon. Friend explain how withdrawing the funding for the public health observatories, which have informed health policy, will help improve public health?

John Healey: My hon. Friend gives good service on the Health Committee and follows the details of the matter more closely than most in the House. He has an important point, because the quality of health services for patients is inevitably affected by the deep and fast cuts in other areas. People in local authorities are experiencing difficulty in continuing to provide good social care, which is causing problems for the people who depend on that care and for the NHS.

Mr Stewart Jackson (Peterborough) (Con): Does the right hon. Gentleman regret the policy of rigging the market in favour of independent sector treatment centres in the last Parliament, which some Conservative Members opposed? Does he agree with that policy?

John Healey: The independent sector treatment centres played a part in clearing the backlog and improving waiting lists. They introduced the extra capacity that allowed the Labour Government, through a combination of investment and reform, to achieve the highest levels of patient satisfaction with the NHS ever and the lowest waiting times ever.

Mr Kevan Jones (North Durham) (Lab): My right hon. Friend will have seen the nauseating, sanctimonious and preaching sermons of the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) after the election results on Thursday. Does he understand why the right hon. Member for Wokingham (Mr Redwood) and others are concerned that the Liberal Democrats are going to scotch a policy that they have been signed up to from day one?

John Healey: My hon. Friend is absolutely right, and he makes the point that I have begun to make to the House. The Liberal Democrats have been up to their necks in this for the past year, and welcome though their late conversion is, the House is entitled to ask exactly why the Deputy Prime Minister now believes that radical changes to the Health and Social Care Bill are required.

Several hon. Members *rose—*

John Healey: I am going to carry on and make a little progress.

If the Deputy Prime Minister is not going to sell out the principles of the NHS like he has the principles of his party, he must toughen the tests for the Bill and help stop the market free-for-all in the Government's plans. If he and his party mean what they say, they can start today by backing us and backing the motion. It calls on the Government to drop

"the damaging and unjustified market-based approach",

exactly as the Liberal Democrat spring conference did, and to

"uphold the Coalition Agreement promise to stop the top-down reorganisations of the NHS which have got in the way of patient care".

There is no mandate for this, the biggest reorganisation in NHS history, either from the general election or from the coalition agreement.

Andrew George (St Ives) (LD): If the right hon. Gentleman is concerned about consistency, he will know that since the publication of the White Paper last year, my concerns about the proposal have been well established. The motion, however, castigates top-down reorganisation. Will he apologise for the previous Government engaging in substantial top-down reorganisations time and time again, including the introduction of the independent sector treatment centres, which lost millions and millions of pounds of taxpayers' money?

John Healey: Some of the reorganisations in the 13 years of our Government played an important part in the reform and the great gains that patients saw in the NHS. However, it is also the case—and we learn from

this—that reorganisations often take longer, save less, cost more and have less impact on improving care for patients than envisaged at the outset. We learned that lesson towards the end of our 13 years, which is why we had a period of important stability in the NHS, but it is a lesson that the Conservatives have failed to learn—extraordinarily so, as we all thought that they had learned it, because NHS reorganisation is exactly what the Prime Minister promised not to do before the election.

The Prime Minister's broken promise on NHS reorganisation is part of the reason for the growing doubt and distrust about whether he is making the right decisions for the right reasons on the NHS. He promised to give the NHS a real rise in funding, but the Budget this year confirmed a £1 billion shortfall in England. He promised to protect front-line services, but nursing posts are already going, and the Royal College of Nursing expects 40,000 NHS jobs to go in the next four years. The Prime Minister promised a moratorium on hospital A and E, and maternity service closures, but some are now going ahead, and more will follow—without public consultation—under the Health and Social Care Bill plans.

Miss Anne McIntosh (Thirsk and Malton) (Con): I am following the shadow Minister extremely closely. The last Government opened a treatment centre in my old constituency, Vale of York. I am having great difficulty understanding what we are proposing to do, following what Labour did in York.

John Healey: Let me help the hon. Lady. For the first time, all parts of the NHS, including the commissioning job, will be opened up to private companies and subject to competition. As I have said, independent sector treatment centres played a part in our being able to clear long waiting lists and restore the quality of service to the NHS, as well as in supplementing the mainstream NHS, not substituting for it, which is what will happen under her party's Bill.

The Minister of State, Department of Health (Mr Simon Burns): Just for the sake of balance, will the right hon. Gentleman confirm that such treatment centres were also prime cherry-pickers and that between 2003 and 2009, the private sector was paid £250 million for not carrying out a single operation?

John Healey: The right hon. Gentleman will know from his current position that the premium that we paid in the first wave of treatment centres was stopped in the second wave. He will also know that by the end of our period in government we had stopped the independent treatment centres programme; and he ought to know that built into his Bill's impact assessment is what it calculates to be a 14% premium, paid to providers under his proposals.

Mr Burns indicated dissent.

John Healey: It is in the impact assessment; I suggest that the right hon. Gentleman take a good look at it.

Mr Stephen Dorrell (Charnwood) (Con): The right hon. Gentleman has just implied that the Government were proposing to introduce, for the first time, private sector expertise into the commissioning process of the health service. Will he correct that statement to the House by confirming that under the world-class commissioning programme, the previous Government explored exactly that proposal?

John Healey: No. What I am referring to is the provision in the Bill to allow the job of commissioning to be outsourced to private companies. That has never been done before. It is there in the Bill and it is a big risk for the future.

The Prime Minister made the NHS his most personal pledge before the election.

The Secretary of State for Health (Mr Andrew Lansley): Will the right hon. Gentleman just be clear to the House and get it accurate? The Bill sets out that commissioning consortia are statutory bodies covering the whole of the country in the public sector. Therefore, if they use private sector commissioning expertise—which the Bill does not require them to do—that is not commissioning responsibility. In the two years leading up to the election, primary care trusts increased their use of management consultancy by 80%, so they did use the private sector, whereas commissioning consortia do not have to.

John Healey: The point about the Health Secretary's legislation is that it allows consortia to outsource in whole the job of, not the responsibility for, commissioning. He made the point that the consortia are public bodies, but they meet none of the standards of public governance. They can meet in private. As the right hon. Member for Charnwood (Mr Dorrell) has said, that serious job should be done by properly constituted and governed public authorities, but that is a loophole in the Bill.

Clive Efford (Eltham) (Lab): Like my right hon. Friend, I heard the Prime Minister and Deputy Prime Minister over the weekend say that there will be changes to the Bill. However, every Government Member who has intervened has defended the position in the Bill. Will we see changes as a result of pausing, listening and reflecting, or not? Will the Liberal Democrats have a spine tonight and vote with the Opposition to get changes to the Bill?

John Healey: My hon. Friend puts the position and the challenge, especially to the Lib Dems, very clearly. The challenge to Conservative Members is this: they must recognise that the Prime Minister made the NHS his most personal pledge before the election. People wanted to believe him, but in just one year the NHS has become his biggest broken promise. My hon. Friend mentions the pause. In our Opposition motion in March, we urged the Government to

"pause the progress of the legislation in order to re-think their plans".—[*Official Report*, 16 March 2011; Vol. 525, c. 374.]

The Health Secretary dismissed that, but he has now been told to do so by the Prime Minister.

However, many of the signs point to the Prime Minister's "pause to listen" being a sham. Just one week after the announcement, and in fact on the day that the Health Secretary received that historic vote of no confidence at the Royal College of Nursing, the NHS chief executive wrote to NHS managers to tell them that

"we need to continue to take reasonable steps to prepare for implementation and maintain momentum on the ground".

[John Healey]

The House is used to pre-legislative scrutiny, but not pre-legislative implementation.

Mr Ben Bradshaw (Exeter) (Lab): My right hon. Friend is absolutely right. Do we not face the worst of both worlds? The Government appear to be saying that GP consortia should be voluntary rather than compulsory, but primary care trusts are being abolished, and in some cases have been already. If that pause is serious, the Government need to stop that dismantling of the NHS and go back to the drawing board.

John Healey: My right hon. Friend is absolutely right, and he draws on his experience as a former Health Minister. While implementation continues apace, there is a so-called pause in the legislation. His point is exactly the one made by the all-party, Tory-led Health Committee in a recent report. If the Prime Minister wants to prove to NHS patients and staff that his pause is not just spin, he must shelve the Bill and make radical changes to his NHS reorganisation plans.

Mr John Baron (Basildon and Billericay) (Con): The shadow Secretary of State speaks as if no reform is needed. However, given that our cancer survival rates are well below the European average and that that costs thousands of lives in this country, does he accept that reform of how the NHS treats cancer patients is necessary?

John Healey: The hon. Gentleman has great expertise in, and commitment to, cancer care. He is right that our survival rates continue to lag behind those of parts of Europe, but I am sure he is aware that the rate of fall in deaths from cancer has accelerated in the past decade. On that basis, and with continued investment and reform, we have a chance of catching up to European levels. However, the reforms proposed in the Bill, as many cancer charities and those who represent patients testify, raise the concern that the great gains made by the cancer networks in integrating and co-ordinating services for cancer patients and sufferers will be put at risk.

Several hon. Members *rose—*

John Healey: I am going to make progress now.

The NHS chief executive described the NHS reorganisation as

"enormous —beyond anything anybody from the public or private sector has witnessed".

He is right. At this time of tight finances, the Government are piling on extra pressure and putting the NHS at risk with this reorganisation. The Health Committee warned in January that the NHS efficiency challenge was

"already a high-risk strategy and the White Paper increased the level of risk considerably".

Now nearly £2 billion that was promised for patient care is being held back to cover the cost of reorganisation, and hospitals are being forced to cut back on costs by one third over the next five years, as all are forced into foundation status by 2014.

I was in Wigan this morning, where the chief executive of the hospital trust told me that the hospital must make £14 million in cost savings this year and similar amounts the following year. He described that as an almost impossible task. More importantly, however, it puts at risk the strategy for better services and better value for money, and the strategy for more integration of hospital and community services. He said of the Government's plans that the sheer distraction of reorganisation and insistence on competition will scupper our chance of doing that.

The pressures of this high-risk reorganisation are one the reasons that, just one year into this Government, patients are starting to see the NHS go backwards again under the Tories, with waiting times rising, operations delayed, services cut back and front-line jobs lost. This is not just a problem with the timing or pace of change, however, and nor is it a problem of presentation. In fact, the closer people look at the plans, the more concerned they become, which is why there is growing criticism of the Tory plans for the NHS from doctors, nurses, patients' groups, NHS experts, the Health Select Committee, peers in all parts of the House of Lords and now even the Lib Dem leader. The closer people look, the more fundamental and far-reaching they see these changes to be.

Today, the Royal College of General Practitioners warned the Prime Minister that his health Bill undermines our comprehensive health care system and will cause "irreparable damage" to the core values of the NHS. So far Ministers have branded such criticisms as scaremongering, but people in the NHS are already starting to see this happen. The Government's first act was to remove national waiting time standards—the patients' guarantee that they would be seen and treated quickly—which the Health Secretary described as "clinically unjustified targets", but the patients do not see it that way, and nor do the surgeons. The president of the British Orthopaedic Association described the delays now being faced by patients as "devastating and cruel".

The NHS Bill takes the break-up of our NHS still further. National Institute for Health and Clinical Excellence decisions on what drugs or treatments patients should have on the NHS become optional for commissioning consortia, and for the first time since 1948 the Secretary of State will not be responsible for delivering a national health service or for defining its scope. In future, the power to decide what health services will be provided free at the point of need—as now—and what further services will be charged for will rest with the new commissioning consortia. That was the basis of the concern expressed today by the Royal College of General Practitioners. These consortia will be able to meet and take decisions in private, and to outsource commissioning to private companies; but they will not even need to have a GP on their board—in fact, they will not need to have a board at all.

Nadhim Zahawi (Stratford-on-Avon) (Con): The right hon. Gentleman mentioned the Royal College of General Practitioners. What does he think it makes of his policy, revealed in *Pulse*, to strip GPs of all financial responsibility?

John Healey: When the hon. Gentleman reads his next edition of *Pulse*, he will see my correction of that report, and note that the first five paragraphs were all reported and contained no quotes from me. He ought to know that after a survey by the British Medical

Association found that more than half of doctors believed that they would spend less time with their patients as a result of these changes, the chairman of the BMA council, Dr Hamish Meldrum, said:

"This survey shows that the government can no longer claim widespread support among doctors as justification for these flawed policies."

It is not the five clauses that set up the GP consortia that cause the most concern. It is the 85 clauses that set up the NHS as a full-scale market, and it is part 3 of the Bill, which opens up all areas of the NHS to private health companies; removes requirements for proper openness, scrutiny and accountability to the public and to Parliament; allows NHS hospitals to go bust and face a commercial insolvency scheme; places the judgment of the new competition regulator—just like those for gas and electricity—at the heart of decisions about the future of the NHS; and, for the first time, makes the NHS subject to the full force of UK and European competition law. That means that, in the long term, we will see clinical planning in the NHS being replaced by market competition, service integration being replaced by corporate cherry-picking, public accountability being replaced by commercial confidentiality and the public ethos at the very heart of our NHS being replaced by the profit motive.

I agree with the Deputy Prime Minister that no Bill is better than a bad one, but I say to him that this is a bad Bill. That is why we have opposed it from the outset, and that is why we say that it must be shelved in its current form and that radical changes must be made. For us, for the NHS and for NHS patients, this is the test of the Prime Minister's promise to protect the NHS. I commend the motion to the House. *[Interruption.]*

Mr Speaker: Order. The Prime Minister's Parliamentary Private Secretary should be setting a good example to others. I call the Secretary of State for Health.

4.7 pm

The Secretary of State for Health (Mr Andrew Lansley): The right hon. Member for Wentworth and Dearne (John Healey) has not only presented a weak motion to the House but managed to make a weak speech in support of it. The motion is completely silent about the problems that the NHS faced when we came to office. It is completely ignorant of the challenges that the NHS faces, and completely devoid of any recognition of the ongoing efforts of NHS staff to offer the very best standards of patient care, day in and day out. I am happy to make it clear, however, that I support the staff of the NHS every day, as we all must. I am not interested in a motion that ignores that; I am interested in supporting NHS staff to deliver the best possible care for patients.

This debate is supposed to be about the future of the NHS, but the right hon. Gentleman had nothing to say about its future. He wanted to talk only about politics and the Health and Social Care Bill. What happens in the NHS every day is not the same as the content of the Bill, important though that is; it is about quality of care and the outcomes that are being achieved for patients. I will ask the House to reject the motion, because I intend to use the debate to be positive and to show how we will give the NHS a stronger future.

Toby Perkins (Chesterfield) (Lab): I am glad to hear that the Secretary of State supports the staff of the NHS, but is it not the truth that the staff of the NHS do not support him?

Mr Lansley: That is complete nonsense. This is not about me: it is about what the staff of the NHS want. They want the ability to be able to deliver care for patients without being told what to do by the top-down bureaucracy and targets of the Labour Government. They want the ability to deliver the care that patients need, to join up health and social care and to integrate the pathways of care. Our Bill is about giving them the structure that will allow them to do that. They want every penny that we as taxpayers provide to the NHS to get into the hands of front-line staff, and for the absolute minimum to go in waste and inefficiency. That is what they want, and that is not about me, it is about them.

A stronger NHS will require change, so that it no longer spends £5 billion a year on bureaucracy.

Mr Watts *rose—*

Mr Lansley: Perhaps the hon. Gentleman will explain why all that money was being spent on bureaucracy.

Mr Watts: Given that today and on previous occasions the Secretary of State has claimed that the Government are not trying to privatise our hospitals, will he publish all the documents that have passed between his Department and my NHS trust, because they will demonstrate that that is exactly what he intends to do? He intends to try to privatise my hospital.

Mr Lansley: The hon. Gentleman will know, because the Minister of State, my right hon. Friend the Member for Chelmsford (Mr Burns) has told him in the past, that when NHS trusts are moving to foundation trust status, there will be an agreement, but it is not about privatisation. When the hon. Gentleman's party was in government, it said that the only way Hinchingbrooke NHS trust could turn its management around was for it to be prepared to look for the best possible management. That is the extent of what we are talking about, and it was done under his Government.

This will require change. We are not going to spend £5 billion on bureaucracy. We are not going to let the number of managers double in future as it did under Labour, and we are not going to let the number of managers increase six times as fast as the number of nurses. Since the general election, we have 3,500 fewer managers and, as a consequence, 2,500 more doctors and 200 more nurses.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): On 19 March, the interim chief executive of Monitor said that under this Bill, doctors talking to providers about health care would be the same as Marks & Spencer talking to their suppliers about which brand of washing powder to buy. Is that the Health Secretary's vision for the future of the national health service?

Mr Lansley: No, not at all, and I do not believe that Monitor believes that either. The hon. Lady can see that the proposal in the Bill is clear. It was the Labour Government who established Monitor as a regulator

[Mr Lansley]

and who introduced competition into the NHS. The Labour Government did all those things, but Monitor's job is not to impose competition rules but to deliver what is in the best interest of patients.

Mr Graham Stuart (Beverley and Holderness) (Con): The shadow Secretary of State is a decent man and an experienced Minister. The reason his speech was so weak is that he had no conviction because he has been forced by the union paymasters of the Labour party and of the shadow Leader of the Opposition to deliver the sort of speech previously given by the far left who inhabit the Benches way over there. My right hon. Friend should not listen to those voices; he should press ahead and make a difference for patients, not politicians.

Mr Lansley: I agree with my hon. Friend that the shadow Health Secretary is a decent man, and at the turn of the year he quite decently expressed his support for the Bill's principles and his understanding that it was consistent, coherent and comprehensive. It makes one wonder what happened to him in the interim. Did the trade unions—the paymasters of the Labour party—get to him and tell him that they did not like the idea that patients should be able to get the care they need or the idea that we should get resources into the front line rather than into the vested interests of the NHS?

What we are going to do is put patient care at the heart of our reforms. We are not going to let hospital productivity continue to decline as it did over the last decade. Under Labour, we saw a 15% decline in productivity, yet we heard nothing from the shadow Health Secretary about that. It is this Government who are taking action to improve hospital performance by changing the way hospitals are paid to reward excellence—for example, by not paying for unnecessary readmissions of patients who are discharged too soon.

Jesse Norman (Hereford and South Herefordshire) (Con): Hereford hospital is labouring under a very expensive private finance initiative contract. Does my right hon. Friend not think it a tragedy that the last Government cast good sense and good economics away, forcing so many hospitals into PFI?

Mr Lansley: My hon. Friend makes an important point—that it was under the Labour Government that many of these projects were undertaken, and they are leaving an enormous bill in the NHS for future taxpayers and future NHS organisations to meet. A contract is a contract, as the right hon. Gentleman and the House will understand, and we inherited contracts from the Labour Government, many of which were very bad contracts, such as the ones on IT that we have had to renegotiate. Frankly, it is due to my right hon. and hon. Friends in the Treasury and ourselves at the Department of Health that people have been put into the Queen's hospital in Romford to look at how we can resolve some of these PFI problems and reduce those costs. We need to increase productivity in the NHS and cut out much of the waste in it.

It is us who will usher a new era of transparency into the NHS, shedding light on those areas that the previous Administration sought to cover up. Before the election, how often were patients having to go into mixed-sex accommodation when the rules on single-sex accommodation were breached? We did not know, because when Labour Members were in government they would not tell us. Since we started publishing the data in December, the number of patients put into mixed-sex accommodation without justification has halved.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Secretary of State talks of service to patients. Does he accept that the amount of time for which patients must wait for treatment is extremely important to them? Does he also accept that the number of people waiting more than four hours to be treated in accident and emergency departments is at its highest for six years, and that the number of people waiting more than 18 weeks for non-urgent operations is at its highest for three years?

The Secretary of State attacks our targets, describing them as "top-down bureaucracy". Does he not accept that they are actually a guarantee that people who cannot afford to go private and pay will not have to wait in pain, but will be treated within a reasonable time frame?

Mr Lansley: I do not accept the right hon. Gentleman's premise. Waiting times in the NHS are stable. We had a conversation about that during the last session of Health questions, but perhaps the right hon. Gentleman was not in the Chamber and did not hear it. The average waiting time is nine weeks. The operational standard requires 90% of admitted patients to be seen within 18 weeks—that is in the NHS constitution—and it has been maintained, although the figure was 89.9% in February after a winter during which critical care beds were full because of flu.

The right hon. Member for Wentworth and Dearne talked of four-hour waits in A and E as if the fact that a patient had been discharged within four hours were the only issue. He should go and talk to the families of patients who, in the past, were discharged from the emergency department at Stafford general hospital and left to die.

What matters is how long it is before a patient is seen by a qualified professional, and how long it is before that patient is treated. What about those who leave without being seen? What about those who are not given the care that they need, and have to return to the emergency department? Those are the things that matter to patients, and those are the things that are now part of the accident and emergency quality indicators which, this April, we said that we would publish for the first time. It is we who are focusing on services for patients. Labour Members had 13 years to look at what really mattered to patients and at the real quality of what was delivered to patients, but they did not do it, and we are going to do it.

Nadhim Zahawi: Pausing and listening and getting the detail right are about grown-up politics. Opportunism and flip-flopping are about the Opposition.

Mr Lansley: My hon. Friend is absolutely right.

Several hon. Members *rose—*

Mr Lansley: I give way to my hon. Friend the Member for Gainsborough (Mr Leigh), the former Chairman of the Public Accounts Committee.

Mr Edward Leigh (Gainsborough) (Con): Sadly, despite massive increases in funding over 15 years, there has been an undoubted catastrophic decline in NHS productivity. Does my right hon. Friend accept that many of us on the Government Benches feel that if we are to save the NHS there is no alternative to more co-operation with the private sector, and that he should stick to his guns?

Mr Lansley: My right hon. Friend made that point when he chaired the Public Accounts Committee, and it should silence Labour Members, because the Public Accounts Committee has said exactly the same thing since the election under the chairmanship of the right hon. Member for Barking (Margaret Hodge)—that productivity in the NHS declined consistently under Labour.

Let me make clear that if we are going to make— *[Interruption.]*

Mr Speaker: Order. The House is in a very excitable state. The issues are of the highest importance and they provoke strong feelings, but the debate must be conducted in an orderly way, and the Secretary of State is entitled to a decent hearing.

Mr Lansley: Thank you, Mr Speaker.

I remember Labour's scaremongering during the election about cancer waits, for example, but in 13 years in government they never actually looked at cancer survival rates. They never looked at the results for patients. It took this Government to publish the first outcomes strategy for cancer, which made clear that what matters to patients—

Several hon. Members *rose—*

Mr Lansley: I will give way in a moment. That strategy made it clear that what matters to patients is not only how quickly they see a consultant, but whether they survive.

Mr Bradshaw: If things were so terrible under the Labour Government, why was public satisfaction with the NHS at record levels when we left office, and why were waiting times at record lows? Both are now going in the wrong direction. Will the Secretary of State please tell us—we have not yet received an answer to this question—what will happen in those areas now that GP consortia are to be voluntary? He has already abolished the primary care trusts, so who will be responsible?

Mr Lansley: It was also a period during which complaints to the NHS reached their highest ever levels. If we ask the public who they think are best placed to design the services patients need, we will find that the answer is their general practitioners, hospital doctors and nurses, not politicians on either the Government or the Opposition Benches. This is about doctors and nurses being in charge, not politicians.

It took this Government to focus on cancer outcomes. It took this Government to provide the drugs patients need through the cancer drugs fund. Under Labour, patients went without new cancer medicines that patients in every other European country were getting access to. It is this Government who are investing in more diagnostic equipment, and more screening and early diagnosis, so that we get better outcomes.

Angela Smith (Penistone and Stocksbridge) (Lab): I must say that I admire the consistency with which the Secretary of State defends his proposed legislation. However, will he tell us what he plans to concede, given the threatened veto by the Deputy Prime Minister and the Liberal Democrats?

Mr Lansley: I do not want to correct the hon. Lady, but everything I have been saying up until now has been about defending the NHS and defending our focus on delivering better results by giving the NHS greater front-line devolved responsibility. That is not a matter of debate and disagreement between the coalition parties; we are all in favour of that. The point is this: how can the Bill best support the principles on which we are agreed? I thought the right hon. Member for Wentworth and Dearne and the Labour party were agreed on those principles; that seemed to come out from his interview last week. Indeed, at the end of his speech today I was not quite sure whether or not he agreed with us.

Mr Baron: Given that our cancer outcomes are well below the European average, the need for NHS reform is well established. However, as my right hon. Friend the Secretary of State will know from my having raised the issue with him previously, the entire cancer community will breathe a sigh of relief if the guaranteed funding for cancer networks can be extended to 2014 when the transition period for GP commissioning comes to an end, as we would risk losing a lot of expertise if we were to end it in 2012. Will he address that point?

Mr Lansley: The support for cancer networks will continue during the course of this year and the start of next year, but when the NHS commissioning board takes responsibility for commissioning, including the relationship with consortia, it will need to decide how to manage its commissioning responsibilities. However, as I have told my hon. Friend in the House previously, it is now looking—we will look at this over the coming months—at how it can use networks as a basis for having precisely the kind of commissioning structures we want, and it is my expectation that that would include cancer networks that are not only helpful for providers, but that tie together commissioners and providers in understanding the future strategy for cancer.

Charlie Elphicke: Will my right hon. Friend give way?

Mr Lansley: If my hon. Friend will forgive me, I will give way again a little later, but first I want to make a couple of further points.

The House knows of my commitment to the NHS; Opposition Members know of that, too. They know that I have not spent seven and a half years as shadow Secretary and Secretary of State to see the NHS undermined, fragmented or privatised. They know that

[Mr Lansley]

that was never my intention; it is not my intention. Before the last election, we were absolutely clear that we would protect the NHS, but we are doing more than just protecting it; we are strengthening it. We are enabling clinicians to lead a more integrated, responsive, accountable NHS—not fragmented, not privatised, not based on access to insurance, and not compromising quality for price—and, equally, an NHS that is not run by a top-down, unaccountable bureaucracy, but that is locally led and locally accountable.

As the right hon. Member for Wentworth and Dearne admitted, this is a comprehensive, consistent and coherent vision, and it is an evolution of the better policies of the last 20 years. It was the last Labour Government who introduced patient choice; we will extend it and give patients the information they need to make it work. It was the last Labour Government who introduced practice-based commissioning; we will make it real, with health professionals designing integrated pathways of care with decision-making responsibilities. It was the last Labour Government who introduced foundation trusts; we will deliver on their broken promise to take all NHS trusts to foundation status. It was the last Labour Government who introduced payment by results, but left it half baked, distorting services and hindering joined-up care; we will change it so that it genuinely supports the best care for patients. Of course, it was the last Labour Government who brought the independent sector and competition into the NHS, but we will not follow their lead by giving the independent and private sector providers the opportunity to cherry-pick services and by giving them financial advantages over NHS providers.

Gordon Birtwistle (Burnley) (LD): Will the Secretary of State confirm that the meeting patients needs programme put forward by the previous Government, which closed down many accident and emergency units and many children's wards, will not happen again under this new regime? Will he confirm that that is because local people and local GPs will be consulted first, as opposed to having the programme driven through with no support and no consultation, as under the previous Government?

Mr Lansley: I completely understand and agree with my hon. Friend. I thought it was outrageous for the shadow Secretary of State to say, "Oh, they promised a moratorium and now some closures are taking place." Why? Because we were left what were, in effect, faits accomplis by the previous Government and it was impossible to change them. *[Interruption.]* My hon. Friend the Member for Maidstone and The Weald (Mrs Grant) would feel the same as my hon. Friend the Member for Burnley (Gordon Birtwistle).

Andrew George: I can confirm that we agree on the issue of principle and that I am not questioning the Secretary of State's personal commitment. The issue remains one mentioned in the motion: the extent to which the policy in the Health and Social Care Bill is not just another top-down reorganisation of the sort that the coalition Government said they would stop and the extent to which the policy being driven through Parliament, on which a listening exercise is taking place, delivers what is in the coalition agreement. The debate is about the extent to which the Bill reflects the coalition programme agreement.

Mr Lansley: My hon. Friend will know that the coalition agreement supports, in essence, all the principles of the Bill, with the exception of the specific consequence of the abolition of the strategic health authorities and primary care trusts. As with the whole of the Bill and its related measures, that proposal was the subject of collective agreement and it flows directly from the belief, shared not least by him and his Liberal Democrat colleagues, that we need much stronger local democratic accountability in the NHS. We are constructing health and wellbeing boards as an integral part of local authorities, and he will know that the overwhelming majority of local authorities which have volunteered to be early implementers of that approach believe precisely that democratic accountability is an essential part of the future of the NHS.

Several hon. Members *rose—*

Mr Lansley: Let me just make some progress. We need this modernisation for the NHS because of the challenges it faces in the future. We need to deliver £20 billion of efficiencies over the next four years. I remind the House that that requirement was set out originally under a Labour Government in 2009 without the merest hint of irony—I say that given that they created the inefficiencies in the first place. Today, I can give the House some figures that the Labour party would wish that people did not know. If Labour's spending plans for the NHS at the last election had been implemented over this spending review period, the NHS budget would have been cut by £30 billion compared with what we have put into the NHS over the spending review period. So let the right hon. Member for Wentworth and Dearne get up now and explain: how was the NHS going to deal with £20 billion of efficiencies while he was cutting £30 billion out of it, instead of it getting the extra £11.5 billion it is getting from taxpayers through this coalition Government?

John Healey: After 20 minutes of the Health Secretary's speech, the hon. Member for St Ives (Andrew George) finally brought him to his own plans and he was clearly very uncomfortable. What does he say when the Prime Minister wonders how he got the Government into such a mess over his plans? What does he think of the chair of Monitor's observation that the approach being taken is a combination of

"previously unannounced policies, a complete failure to build the necessary political and professional consensus and an apparent disdain for the detailed planning of implementation"?

That was said by one of the Government's allies.

Mr Lansley: I suppose the one thing the right hon. Gentleman has learned about being in opposition is that it is best for a party to try to forget everything that it did in government, because it will not be held to account for it. He has also recognised that the best thing is to have no ideas of his own. He does not even seem to know whether he agrees with our ideas or opposes them. We do not have any answers from him. The right hon. Gentleman's quotation was from the former, not current, chair of Monitor, who knows perfectly well

that these measures were in our respective manifestos and were brought together in the coalition agreement. They have a mandate. From my point of view, this is not just about the electoral mandate but about how we can deliver the best care for patients and see through principles that I thought the right hon. Gentleman's party, as well as ours, believed were right.

Let me make it clear that the challenges in the NHS are about more than just clearing up Labour's mess. We must recognise that there are now more pensioners than children under 16, alcohol-related admissions to hospital have doubled and emergency admissions have risen by 12% in just four years. Obesity in this country has doubled in the last 25 years. Under Labour, the demand for health care was rising while productivity was falling. The only way that Labour could cover those risks was by massively increasing the budget and that is no longer an option. Mounting pressure on the NHS is inevitable and the status quo, as Labour recognises, is not an option. The NHS needs modernisation.

Nadine Dorries (Mid Bedfordshire) (Con): Will the Secretary of State give us an update on the tally of the number of GPs who have signed up to the new consortia to support the NHS reforms?

Mr Lansley: Yes, I will. Some 220 pathfinder consortia have come forward, representing the equivalent of 45 million patients across England—that is, 90% of the population. They are not obliged to do so. They have volunteered to come forward to demonstrate that they can deliver better services for patients.

Several hon. Members *rose—*

Mr Lansley: Let me explain—*[Interruption.]*

Mr Speaker: Order. I am going to try to be helpful to the hon. Member for Easington (Grahame M. Morris). When a Minister gives no indication of giving way, a Member must not simply stay on his or her feet. The situation is clear: the Secretary of State is not giving way at the moment. Once again, I appeal for the restoration of some sort of calm. The Secretary of State should be heard with a degree of civility—*[Interruption.]* Order. I ask Members to reflect on how our proceedings are regarded by members of the public whose support we sought not that long ago.

Mr Lansley: Thank you, Mr Speaker.

The principles we are pursuing are simply stated as

"a greater role for clinicians in commissioning care, more involvement of patients, less bureaucracy and greater priority on improving health outcomes".

The right hon. Member for Wentworth and Dearne will no doubt recognise those words, because they are his own from January, when he said that he supported the general aims of our reform.

We are already delivering on our vision. We are extending patient choice and involving patients more in decisions about their care. We are cutting back Labour's waste and reducing the bureaucracy that stifles and undermines doctors and nurses. We are putting clinicians at the heart of commissioning, with almost 90% of the country now covered by new pathfinder consortia.

We are driving down hospital-acquired infections, sustaining and improving the performance of the NHS, stopping Labour's arbitrary box-ticking and focusing on the outcomes that matter. We have a world-leading framework for the results that matter to patients: reducing avoidable mortality; enhancing recovery after treatment; improving quality of life for those with chronic conditions; maximising safety and cutting the number of infections; and continually improving patients' experience of their health care. Those are the outcomes for which we and the NHS will be accountable.

Let me be clear: there will be substantive changes to the Bill to deliver improvements for patients. There is only one issue for me, however: will it deliver better care for patients? That is why we will pursue NHS modernisation and why we will stick to our principles. It is why we are listening to improve the Bill. That is what the coalition Government are committed to. Today, led by the NHS future forum, we are engaging with the health service and beyond to ensure that the legislation delivers on those principles.

Unlike the Labour party, which has retreated to its union-dominated, regressive past, we will not retreat. We will be progressive with those principles. Just last week, the right hon. Gentleman called for a return to Labour's top-down targets and for GPs to be stripped of all their financial responsibility. He has called for the NHS to be run by a bureaucracy, not by doctors and nurses. Critics of the Bill must answer this question: if they do not want patients, doctors and nurses to be in charge of the NHS, then who do they want to be in charge?

The right hon. Gentleman has turned his back on two decades of NHS modernisation. We will never accept the Labour party's prescriptive, top-down bureaucracy or its waste. We did not accept Labour's plan, which would have meant taking £30 billion out of the NHS in England over this Parliament and we will not follow the route that the Labour party in Wales has taken, where it is cutting the NHS. Instead, we are increasing the NHS budget over this Parliament by £11.5 billion. We will equip the NHS to deliver better and improving services by using more resources more effectively. We will empower patients with information and with choice. We will empower doctors and nurses to shape services for their patients. We will bring together the NHS, public health and social care in a combined local strategy. We will make the NHS genuinely locally led, while meeting national standards. We will focus relentlessly on the quality and outcomes we achieve for patients. We will protect the NHS and strengthen it. We will do that not by living in the past, but by modernising for the future. We want a modern service that is true to its core values. The Labour party's motion offers no future for the NHS. We on the Government side will give the NHS a stronger future, and I urge the House to reject the Labour party's motion.

Several hon. Members *rose—*

Mr Speaker: Order. There is extensive interest in speaking in this debate, as a result of which I have imposed a seven-minute limit on each Back-Bench contribution.

4.36 pm

Dan Jarvis (Barnsley Central) (Lab): The national health service is about people—those who work in the NHS and the patients for whom they care. It produces

[Dan Jarvis]

heroes on a daily basis. In the last year, I spent long nights at my late wife's bedside as she battled against cancer. I am reminded of Andrew Agombar, the consultant surgeon who twice operated on my late wife, and of his relentless commitment to trying to save her and to serving the public. I am reminded of the conversations I have had in Barnsley hospital with doctors and nurses. I am reminded of the GPs who provide an integral part of the British way of life and I am reminded of the porters, cleaners and volunteers. They are all heroes and are all dedicated to the very best principles of our NHS.

In my family's darkest days, we saw the true genius of the NHS—a genius based on care and compassion, commitment and dedication, principles and standards. The market can be a useful tool, but there are limits to its ability to deliver those values. There is a reason why Bupa does not do accident and emergency, and we must never allow an ideological free-market agenda to undermine all that is great about the NHS. That is what the Government are in danger of doing. I accept the need for fiscal responsibility and I acknowledge that the Secretary of State's proposals have the purpose of moving health care more into the community and away from hospitals, but the patient, not the market, must always come first. The risk is that the British people will pay for these reforms three times over while patients see little or no improvement in their care.

The previous Labour Government delivered the biggest hospital-building programme in NHS history based on private finance initiative funding, which the then Opposition supported. Consequently, many trusts are now locked into 20 to 30-year fiscal plans. In order to realise the benefits of the investment that Labour put into the NHS, those trusts will require stable funding over this period. Without it, much of the existing investment could be wasted.

GP commissioning is another example of the Bill's inefficiencies. The taxpayer could end up paying to fund the community or the private investor.

Ben Gummer (Ipswich) (Con): The hon. Gentleman has just given an eloquent explanation of why the market should be ignored in health care, but he has also said that the whole of health care spending should be fixed in stone for 30 years just to suit the PFI contracts signed by the previous Government.

Dan Jarvis: I did not say the market should be ignored. The point that I was making is that ultimately it is a matter of priorities.

What will be the cost of making NHS staff redundant, before the additional cost of rehiring by the GP commissioning bodies? To me, none of this makes sense, and it leads many health officials to question whether the Health Secretary fully understands what impact the reforms will have on the front line morally, economically and logistically, and in this confusion the NHS is placed at risk.

Why not use the facilities that the Labour Government spent £100 billion building over the past decade? Would it not be simpler to keep the PCTs? Surely it makes far more sense to increase GP involvement to allow for clinical oversight, and use the facilities and the staff base that we have spent the past decade investing in. Of course there are problems in the NHS which need solving, but the Government's plans are not just a misguided attempt at privatisation by stealth; they fail to acknowledge that the past 13 years of reforms ever happened.

As well as issues of cost, the proposed reforms are a threat to the accountability of the NHS—at a local level, with the removal of the non-executive directors, and nationally, with the transfer of responsibility from Whitehall to the NHS board. How will we know whether we are getting value for money? What impact will the reforms have on local waiting times? If the Secretary of State genuinely believes in these reforms, what accountability mechanism is he introducing to judge how well they are working? The Department of Health has not explained how the reforms will address the challenges of longer life expectancy, advances in technology and greater public expectations.

Mr Graham Stuart: I am grateful to the hon. Gentleman, who is making a thoughtful speech. The incoming Government inherited an NHS which has had a massive increase in expenditure, yet has seen a 15% drop in productivity over time. Does he have any thoughts on what reforms do need to be made? Despite having money thrown at it, the NHS was not delivering in terms of productivity and was thereby letting patients down. What is his prescription to make the NHS stronger?

Dan Jarvis: Although I am new to this business, if hon. Members and the Secretary of State had such faith in the reforms, it is confusing to me why they were not put in the manifesto and the people of this country given the opportunity to vote on them at the general election.

GPs will be substituting the calculator for the stethoscope. That is bad for the NHS and bad for patients. Given how far we have come, would not the first year of the Secretary of State's tenure in the Department of Health have been better spent, for example, on a concentrated investment of effort in cancer care? We must fight the war on bureaucracy, but not at the expense of the war on cancer.

Would not the Secretary of State have better spent his time learning from our European partners how to educate our constituents about the dangers of an unhealthy lifestyle—diet, drink and drugs—and their effect, particularly with regard to cancer treatment? We need to address why a cancer sufferer in Barnsley is less likely to survive than a sufferer in Barnet. These are the NHS reforms that would make a positive difference and that the country expects us to deliver. Instead, in my constituency, the scale and pace of the Government's cuts are making it virtually impossible for Barnsley hospital to plan ahead. Budgets are being cut while patient numbers are going up.

The Government are proposing the biggest reorganisation of the NHS since its inception—

John Pugh (Southport) (LD) *rose—*

Dan Jarvis: I have almost finished so I shall keep going.

The reorganisation is one for which the Government have no mandate. That raises the question, as I said, of whether the Secretary of State deliberately chose not to

include these drastic reforms in the manifesto because he knew how unpopular they would be. The NHS is the pride of its staff, its patients and our country. We all deserve better.

4.44 pm

Mr Stephen Dorrell (Charnwood) (Con): I do not agree with everything that the hon. Member for Barnsley Central (Dan Jarvis) has just said, but I congratulate him on a thoughtful speech and wish to pick up on two points with which I entirely agree. The first was his moving tribute to the NHS staff who provided the care for his late wife. The second point, which is of immediate concern to us, was his recognition that the health service, like all human institutions, must embrace the need for change.

The question before the House this afternoon is how we can ensure that the need for change that the health service faces can be embraced and made a force for good. I open my remarks on that point by agreeing with the shadow Health Secretary, who said only a few short months ago, on 20 January —his words have already been quoted to him—that

"these plans are consistent, coherent and comprehensive. I would expect nothing less from Andrew Lansley"

Nor would I. I agree that that is a fair description of my right hon. Friend the Secretary of State's proposals. I particularly congratulate my right hon. Friend, and the Government at large, on the fact that, despite that being a fair description of their proposals, they are now engaged in a listening exercise, the purpose of which is to improve a set of proposals that were described by the shadow Health Secretary in the terms I have already quoted.

I particularly welcome the fact that my right hon. Friend and the Prime Minister have made it clear that this will be a listening exercise on the policy substance, not just a process of balancing political forces in order to cobble together a compromise. If we are to be true to our commitment to the health service, as my right hon. Friend is, we need to ensure that we focus on the problems it faces and put in place structures that will deliver solutions.

Mary Macleod (Brentford and Isleworth) (Con): Does my right hon. Friend agree that the Prime Minister has not broken any promises on the NHS, as the shadow Health Secretary has suggested, and that the Government are investing in the NHS and there is no question of privatising it?

Mr Dorrell: I entirely agree with my hon. Friend. The Prime Minister and the Secretary of State made clear during the listening exercise their determination to ensure that proposals are brought forward that improve the capacity of the structures of the health service to deliver the objectives my hon. Friend has just articulated.

Emma Reynolds (Wolverhampton North East) (Lab): Will the right hon. Gentleman give way?

Mr Dorrell: I will give way once more and will then have to make progress, because I have very limited time.

Emma Reynolds: Does the right hon. Gentleman agree that it would have been possible to make the current structures work better? The coalition agreement states, on page 24:

"We will ensure that there is a stronger voice for patients locally through directly elected individuals on the boards of their local primary care trust".

It is possible better to democratise the PCTs and give greater clinician involvement in them, so does he support some of the calls from the professionals to keep the cluster PCTs?

Mr Dorrell: I want to make my speech in my own way. The hon. Lady asked at the beginning of her intervention whether I agree that it would have been possible to introduce quite a lot of this without the need for a long Bill. She does not need to put that question to me, because the Health Secretary made the same point during the last health questions. We are seeking in the Bill to provide a holistic basis—a structure for the health service going forward, and that is an objective, starting from where we are, that it seems entirely reasonable to embrace.

I was seeking to identify the problem that my right hon. Friend's measures must be designed to tackle, because as he and the Prime Minister have said repeatedly, no change is not an option. That should not be a matter of party political debate because the definition of the core problem facing the health service can be found in the NHS annual report for 2008-09, which was published 12 full months before the general election. I quote from it a single sentence:

"We should also plan on the assumption that we will need to release unprecedented levels of efficiency savings between 2011 and 2014—between £15 billion and £20 billion across the service over those three years."

That is what we on the Health Committee referred to as the Nicholson challenge, because it was first articulated in the chief executive's report a full 12 months before the election. That is the challenge that my right hon. Friend has to address, because it is the inescapable challenge in front of the national health service.

In point of fact, my right hon. Friend has made the challenge rather easier than it was in the days of the previous Labour Government, because there is a commitment to real-terms growth in the health budget throughout this Parliament, and because he has given the health service four years to respond to the Nicholson challenge, whereas the original articulation was focused on the three years ending in 2014.

But the substance of the need to deliver unprecedented efficiency gains out of the health service is the constant between the previous Government and the current Government. The articulation of it in the chief executive's report was "£15 billion to £20 billion"; I have always preferred to articulate it as, "4% efficiency gain, four years running".

That is what the health service has to deliver against the background of it never having delivered 4% efficiency in a single year, and of no health care system anywhere in the world having delivered a 4% efficiency gain, four years running. So, Sir David Nicholson, 12 months before the general election, was 100% right to say, "This is an unprecedented challenge," and the challenge was embraced by the previous and current Governments.

Grahame M. Morris: Will the right hon. Gentleman give way?

Mr Dorrell: Will the hon. Gentleman forgive me? I want to cover what I regard as important ground.

I have expressed the challenge as an efficiency target, but the same target can be looked at differently, and it is important for the House to understand that this is a matter not just of dry health economics, but of the way in which the health service delivers clinical care, because so often in such debates we imagine that the normal health service patient is a normally healthy person who goes to see the GP and is referred for an elective acute procedure. It is as well to remember, however, that such patients constitute 11% of NHS expenditure, and sometimes I wish that we would devote the same attention to the remaining 89%, because that includes emergency patients, with 75% being expenditure on patients with long-term complex conditions, most of whose care would be better delivered by integrated services in the community.

The challenge that we ought to address when we think about the future of the health service involves not just another discussion about bureaucratic structures, but how we deliver the change in the service's clinical model to ensure that it delivers efficient and high-quality care to the patients who present for care, rather than to the patients as so often described in the policy pamphlets.

That is why it is so important that the structures that emerge from this listening exercise achieve more radical integration than we have yet achieved in the health service—of primary care, community care and social care. It is why the GPs have to be engaged in the process. Once again, that is not a matter of party political debate; the point is made in all the world-class commissioning documents that I do not have time to quote.

My message for the House is that this is an intensely depressing debate, because it is as if the past 20 years never happened. The reality, when we look through the torrent of rhetoric, is that this policy is not a great break from the past; it is a desire on the part of my right hon. Friend to take ideas that were expressed and pushed through by Labour Ministers between 1997 and 2010, and to seek to make them effective in the context of the challenge that I have defined.

4.54 pm

Grahame M. Morris (Easington) (Lab): I pay tribute to the thoughtful contribution by the right hon. Member for Charnwood (Mr Dorrell), who chairs the Select Committee on Health.

I come to this debate as, I believe, one of the longest-standing opponents of the Bill, both as a member of the Health Committee and as a member of the Health and Social Care Bill Committee. As such, I have consistently raised serious concerns about not only some of the detail contained in the Bill but the direction of travel charted by these reforms since they have developed from manifesto to coalition agreement to White Paper, and finally morphed into the Bill itself. I have become accustomed to the protestations and rebuttals of Health Ministers on every issue that I have raised, so I am somewhat sceptical about the listening exercise.

Those issues include the pace and scale of reform, the lack of a credible large-scale pilot to assess the impact of the changes, the conflicts of interest inherent throughout the Bill, as identified in the Channel 4 "Dispatches" TV documentary, and the threat of privatisation by stealth. *[Interruption.]* Despite the protestations and groans of Government Members, there is nothing in the Bill to rule that out. I can cite some examples, not least in relation to the prison health contract that was recently awarded to Care UK to provide health services for eight prisons in the north-east of England, resulting in 120 NHS staff being displaced and made redundant. There is a clear and present danger of privatisation of the service.

Perhaps the strongest advocate of the Bill, as it stands prior to any changes, has been the Minister of State, Department of Health, the hon. Member for Sutton and Cheam (Paul Burstow), who is no longer in his seat, and who was the Lib Dem steward of the Bill in Committee. On 10 March, he said in an interview in *The Guardian*:

"This is a change that liberals can embrace."

On 17 November, in the Commons Chamber, he called Labour's record on the NHS a "failed status quo" and wholeheartedly backed the Tory NHS reforms. This year, we found out that the Department of Health had at that time been trying to suppress an internal Ipsos MORI poll of public satisfaction with the NHS. That is interesting, because the poll shows record levels of public satisfaction. Perhaps even more disturbing are rumours that next year the Department intends to cancel the commissioning of such a survey. Rather than saying that Labour has failed on the NHS, the survey showed the highest ever levels of public satisfaction.

An even bigger supporter of the Bill, until now, has been the Deputy Prime Minister. On 23 January this year, on the "Andrew Marr Show" he was asked by Mr Marr, of the Health and Social Care Bill,

"Was that in the Liberal Democrat manifesto?"

The Deputy Prime Minister responded:

"Actually funnily enough it was. Indeed it was...I agree it's an ambitious programme of reform—but over time I think it'll leave patients with the feeling that they are at the centre of it."

I am slightly perplexed by the hasty posturing and sudden synthetic explosion of anger by senior Liberal Democrats in the coalition, perhaps in the wake of the meltdown following last Thursday's elections. I take those criticisms with a pinch of salt.

Tony Baldry (Banbury) (Con): The hon. Gentleman is a member of the Health Committee, so one would expect him to be well informed on these matters. I assume that he reads other reports of the House relating to health. I wonder what he would say about the report of the Public Accounts Committee that was recently published, under the chairmanship of one of his right hon. Friends, which says:

"The trend of falling NHS productivity will have to be reversed if the NHS is to deliver, by 2014-15, savings of up to £20 billion each year for reinvestment in healthcare."

The PAC found that there were serious problems with productivity—

Madam Deputy Speaker (Dawn Primarolo): Order. Interventions, by their nature, must be brief, particularly when so many Members are waiting to speak.

Grahame M. Morris: I am grateful, Madam Deputy Speaker.

Indeed, that was the point that I wanted to make when the right hon. Member for Charnwood was speaking about the level of the challenge faced by the NHS. Sir David Nicholson rightly pointed out that major efficiency savings have to be made and he identified the figure. However, he did not advocate massive organisational change on top of the drive for efficiencies in the system.

During the 28 sittings of the Public Bill Committee, I raised countless issues and made numerous interventions against the health reforms. Unfortunately, the Secretary of State was unwilling to take them earlier in this debate. I have followed this matter very closely. The hon. Member for Banbury (Tony Baldry) asked if I had read the Bill. As a matter of fact, I have read it inside out and could probably give some lessons to a few Members who are in the Chamber. My conclusion is that the policy has remained basically the same, and that only the public relations strategy and the spin has changed.

Mr Chuka Umunna (Streatham) (Lab): Will my hon. Friend give way?

Grahame M. Morris: I will give way just one more time.

Mr Umunna: My hon. Friend said that he sat on the Public Bill Committee and he is also a member of the Health Committee. Has any clarification been given during this reorganisation on the operation of the Transfer of Undertakings (Protection of Employment) Regulations 1981 and 2006 with regard to employees in the NHS?

Grahame M. Morris: That is a key point, and I know that whether TUPE will apply under the terms of the Bill is a legitimate concern of trade unions. However, I will leave it to the Minister to give a definitive response.

My argument is that we need an end to the gesture politics and a radical shift in policy. The Conservatives' rhetoric and that of their coalition partners must match the reality on the ground. If the opportunity to

"pause, listen, reflect and improve"

is the Health Secretary's chance to engage with NHS staff, the 98% vote of no confidence against him by the Royal College of Nursing must have been a major hiccup.

It seems to me that this week's strategy is to let the Deputy Prime Minister flex his muscles. He said yesterday:

"Protecting the NHS, rather than undermining it, is now my number-one priority."

Perhaps he can tell us what has changed since the White Paper was published in July last year. So far, we have heard that as a result of the listening exercise there may be tweaks to GP-led commissioning consortia to make them more inclusive and accountable, that scrutiny arrangements may be strengthened and that the pace of change from PCTs to GP consortia may be slowed. If that is all the Deputy Prime Minister can negotiate as No. 2 in the Government, it demonstrates, particularly to his own supporters, that he has prostituted his party and the NHS for a position in power.

The Deputy Prime Minister must take heed of the lesson from the Royal College of General Practitioners:

"Intensifying competition in the NHS will lead to the service breaking up, drive up costs, damage patient care, and mean less integration of services."

The future of the NHS requires him to put aside gesture politics and use his clout to force out the central privatising elements of the Bill; drop Monitor, the economic regulator of the health service; protect national pay terms and conditions for NHS staff; and limit the ability of private health care companies to enter the NHS at every level. He must ensure that the Government do not privatise the health budget, but bring GPs and other health professionals into PCTs to achieve clinical excellence in commissioning, without there being ulterior motives for private profit.

I know that time is short and that many Members wish to speak. My final point is that if the Deputy Prime Minister is serious about protecting the NHS and achieving substantial and significant changes to the reforms, he must force his coalition partners to drop the Bill and start again.

5.4 pm

Dr Sarah Wollaston (Totnes) (Con): I have no doubt that one of the main reasons I was elected to the House was that I promised to bring my clinical experience to bear on the health debate and to stand up for our NHS. I would therefore like to set aside party politics for a moment and give my personal take on the direction that I hope the proposed reforms will take and where we should go from here.

At the heart of the Bill lie issues of choice, competition and clinical commissioning. My right hon. Friend the Member for Charnwood (Mr Dorrell) set out clearly the huge funding challenges that face the NHS. We have always had rationing in the NHS, but we are squeamish about discussing it. In an ideal world with unlimited resources, unrestricted choice would of course be a good thing, but it is not deliverable. Because of the limited budget, we need to focus on getting the very best value while openly and honestly involving communities in how we do that fairly. If that happens locally, one person's local commissioning becomes another person's postcode lottery.

The central problem with unrestricted choice in the form of the "any willing provider" model is that it forces commissioners to act as bill payers and has the potential to undermine good commissioning. What is the point of commissioners designing high-quality, locally responsive clinical pathways that deliver good value for money for the whole community if patients have a free choice of any willing provider and commissioners have no choice but to write the cheques?

Mr Umunna: The hon. Lady has long experience of working in the sector. One of my concerns about the "any willing provider" model is how it will potentially disadvantage teaching hospitals. *[Interruption.]* The Minister of State, the right hon. Member for Chelmsford (Mr Burns), might want to listen to this, because one of the hospitals involved is St Thomas's, which serves the House, and if he fell ill here he would probably go over there. One of my concerns is about how teaching hospitals will be able to compete with other providers given the extra burdens of training and supervising those who are learning to work in the NHS. Does the hon. Lady share that concern?

Dr Wollaston: Of course, one of the greatest burdens on many hospitals is that of the private finance initiative, and I will come to the issue of training later. I am not

[Dr Wollaston]

opposed to competition in the NHS, but it should not be an end in itself. It can have a role in improving some services—take, for example, the provision of mental health services and talking therapies, on which I am repeatedly told that the voluntary sector delivers better results. If I were facing a long wait for an MRI scan, for example, I would not mind if it was provided by the private sector as long as it was free to me at the point of use as part of the NHS.

The point is that competition should be used only where there is evidence that it can deliver real benefits for patients and value for money for the whole patient community. If competition becomes an end in itself, that can actually increase costs and risk fragmentation. For that reason, I hope that as the Bill moves forward, there will be fundamental changes to the role of Monitor. The NHS cannot operate like a regulated industry, and I believe that concern about the proposed role of Monitor is the impassable barrier to co-operation from the professions, without which we will not achieve the great success that we need from these reforms.

We must return to the original promise of the reforms, which was about clinical commissioning and a focus on outcomes rather than targets. For years, commissioning has failed because decision making in primary care trusts has not been clinically led. The NHS has been dogged by illogical care pathways, top-heavy management and a target-driven mentality, often completely divorced from any evidence base. The idea that clinicians should be put at the heart of decision making is still very sound, and it has become divisive only because of the stipulation that GPs should hold all the cards and be the sole commissioners.

Where clinical commissioning is already successful, that is achieved through a collaborative process with multi-disciplinary input. I hope that as a result of the Government's welcome listening exercise, the call to broaden the membership of commissioning consortia will be heeded, along with the need for a more graduated and phased introduction so that consortia are authorised only when they are ready. The same should apply to foundation trusts. They should take on functions only when it is right for that to happen.

If commissioning consortia are to achieve the best results for their patients, they will need to focus on the integration of health and social care, as my right hon. Friend the Member for Charnwood said. I pay tribute to Torbay, which was at the forefront of moves that were widely applauded nationally and internationally, including by the King's Fund, and that achieved real results for patients, driving down unnecessary admissions and improving outcomes. The integration of health and social care is complicated to achieve, so perhaps Monitor could have a relevant role in it—not arbitrating in disputes about competition law, but driving down costs and facilitating integration. We know that splitting tariffs, for example, could benefit community hospitals. Again, that is complex to achieve, so perhaps Monitor could also help in that regard.

For consortia to succeed, not only do we need to focus on the make-up of their boards, but they must be geographically logical and, I am afraid, cater for geographically defined populations. Giving a free choice to register with any consortium risks encouraging consortia to cherry-pick their patients. One striking feature of the Bill is its sheer scope. All junior doctors will remember the fiasco of MTAS—the medical training application service. We currently have a successful model of deaneries in this country. I hope that we can retain them as the Bill goes forward, because they have a vital role to play in encouraging quality. Of course they are not perfect, and they need to look at regional variants, but we should keep our deaneries.

Speaking of quality, at present, PCTs play a vital role in maintaining what is called the performers list, on which all GPs have to be registered in order to practise in an area. As we move forward, we need to clarify who will take over that role. That is particularly important because we have a crisis with many doctors coming here, particularly from the European Union, who do not speak adequate English, as we saw in the case of Dr Ubani. We need to ensure that the person responsible for the performers list can get rid of this nonsense, so that all doctors not only have the necessary qualifications, clinical skills and experience, but have good spoken English.

I welcome this listening exercise, which I believe is genuine, and I hope that the Opposition will engage with it constructively. The public's affection for the NHS is well justified. At its best, the NHS is outstanding. Where that is the case, it is not competition that has delivered those good results, but a relentless focus on what is right for patients. We need to do the same in this House.

5.12 pm

Valerie Vaz (Walsall South) (Lab): It is always a pleasure to follow the hon. Member for Totnes (Dr Wollaston) and to serve with her on the Select Committee on Health.

I welcome this debate, which is the first chance that the House has had to debate the NHS after the pause—the listening, reflecting and engaging exercise—since Second Reading of the Health and Social Care Bill. Something about this debate made me think of the words of The Beatles song "Hello, Goodbye". Madam Deputy Speaker, you can imagine the discussion in No. 10 between the Secretary of State for Health and the Prime Minister: "You say stop, I say go. You say, 'Why?' I say, 'I don't know.'" I promise it sounds better when sung. We can see now why *The Daily Telegraph* said this Saturday that the Secretary of State was to get first aid from the No. 10 spin doctors.

It is right that the Government should take on board the voices in this House and outside—those of the experts, the patients, our constituents—not in reselling their proposals, but in fundamentally changing them. I wish to cover three main areas: accountability, costs and other concerns. On accountability, as a member of the Health Committee, which is so ably chaired by the right hon. Member for Charnwood (Mr Dorrell), we have heard evidence from expert after expert—from the BMA, which I promise was not whingeing, to GPs, nurses and public health clinicians—all of whom expressed concerns about the lack of detail on the ideas in the White Paper. Matters did not become much clearer even on Second Reading.

Our latest report, "Commissioning: further issues", published on 5 April, said that there should be no doubt that the Secretary of State has ultimate responsibility,

but that is not clear from the Bill. We have concerns about accountability and the governance arrangements for the consortia that will be responsible for £60 billion of public money, but that issue is not clear in the Bill. There are concerns that private and voluntary providers will not be covered by the Freedom of Information Act 2000, which is not dealt with in the Bill either. Concerns remain about conflicts of interest in respect of GPs who are commissioners and providers, but that is not clear in the Bill.

Some PCTs were working with clinicians to provide a more integrated service. A more evolutionary and cost-effective approach would be to remove the non-executive directors of the PCT boards and replace them with GPs. That would have been not a top-down reorganisation, but a progressive and less disruptive approach.

I am staggered by the uncertainty surrounding how much this reorganisation will cost the taxpayer. The proposals in the White Paper were neither costed nor explained, and the spending is not committed, so it must come out of revenue. Professor Kieran Walshe, of Manchester Business School, put the cost at £2 billion to £3 billion, but the Government's figure is £1.4 billion. The redundancy costs alone amount to £852 million. Sir David Nicholson said that the running-cost envelope was £5.1 billion for the running of the current service and the development of the consortia. In an written parliamentary answer to me, the Minister said that the spend and operational arrangements of pathfinder consortia are not being monitored. That smacks of fiscal incompetence and a Department that has lost control of its budget. It is so out of control that the head of Monitor wrote to foundation trusts, telling them that the NHS must find savings of 6.5% rather than 4%. That is an extra £1.1 billion on top of the savings demanded by the Department.

Members will be interested to know that the head of Monitor compared the NHS under the Government's proposals to privatised utilities. Does Ofgem have trouble regulating the utilities? It was ineffective in dealing with companies' unfair pricing practices and companies that made large profits during the recent severe weather.

Lilian Greenwood (Nottingham South) (Lab): Does my hon. Friend agree that the Government's plan to abolish the cap on income from private patients is a real concern when hospitals are starved of cash, because it could result in them putting private, fee-paying patients ahead of NHS patients?

Valerie Vaz: I absolutely agree with my hon. Friend.

We were told by Sir David Nicolson that very little work has been done on what will happen in 2013-14. Just for the record, the UK had the second-lowest debt in the G7 in 2007-08, before the global financial crisis. Which Government are out of control with their spending?

Finally, there are many unanswered questions. I have tried to obtain the legal advice on whether EU competition law applies to the provisions of the Bill from the Secretary of State, but apparently, it is in the public interest not to disclose that to the public. However, in a recent article in the *British Medical Journal*, Rupert Dunbar-Rees, a GP, and Robert McGough, a solicitor, say that

"the technical argument reinforces the logical argument that the reforms further open up the NHS to EU competition law."

Who will account for the training of doctors, and indeed health care professionals? That cannot be left at a local level. In A and E, an increased percentage of patients wait more than four hours, the maternity service in Maidstone has been closed despite GP opposition—

Madam Deputy Speaker (Dawn Primarolo): Order. I am very sorry to interrupt the hon. Lady, but the clock is not correct. If she is following that, she will not know that she does not have that much time left—the clock stopped and did not start again. I would advise her to take about another minute and a half only.

Valerie Vaz: At Barts specialist regional cancer care unit, 20% of staff have been cut in two weeks.

An Ipsos MORI poll found that 71% agree that the NHS is the best in the world and that 72% express satisfaction with the NHS, but that was published by the Department only under pressure.

Finally, there have been 6,000 responses to the White Paper. The people of England have given their proposals, but they have not given their verdict on the Bill. They want the Prime Minister to keep his promise. If he does not do so, they will be ready to give their verdict at the next general election.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. May I apologise to the hon. Lady for the error with the timing? It was very gracious of her to ensure that she stayed within the time, which allows others to speak, but I think she will find that she got her time anyway.

5.19 pm

John Pugh (Southport) (LD): This is déjà vu. In the last Parliament, it seemed like every other Opposition day debate was a health debate, normally called by the Secretary of State as the then Opposition spokesman. I trust that his enthusiasm for these debates is undimmed, although given that he has left us, possibly it is.

The Opposition allege that the Bill prepares the ground for the complete privatisation and fragmentation of the NHS through the introduction of an open market, pricing and competition regulation and the general disengagement of Government. However, the often very pained response of Ministers—this was certainly true in the Bill Committee—is that they are building and improving on previous policy, linking clinical decision making to cost control and adding a dimension of accountability that has not existed hitherto. All those statements are true. I noticed that in the Bill Committee, Ministers talked all the time about "refracting mirrors", "Opposition fantasies" and "deliberate distortions". In turn, the Opposition talk of "hidden agendas".

On reflection, I have come to the conclusion that there has to be an explanation for this strange phenomenon, this persistent conflict between interpretations of the same legislation, this clear non-meeting of minds.

Grahame M. Morris: Will the hon. Gentleman give way?

John Pugh: I was just about to give the answer, but I will give way.

Grahame M. Morris: Is there not a simple solution? It is the Government's Bill, so why did they not explicitly rule out price competition in the Bill?

John Pugh: I have a different explanation, which is that both interpretations can be sustained by a reading of the Bill. It is a kind of Jekyll-and-Hyde thing. I have a vision of the Bill being drafted during the day by a sane, pragmatic Dr Jekyll-like Minister, but during the night some rabid-eyed Mr Hyde with right-wing ideology breaks into Richmond House and changes many of the sentences. That is the only way I can explain the fact that the explanatory notes to the Bill provided in Committee explained very little.

The House might know that I am a long-term critic of the Bill and the White Paper before it. At the annual Liberal Democrat conference in October, I and the Minister of State, Department of Health, my hon. Friend the Member for Sutton and Cheam (Paul Burstow) went around with a double act on the Bill—him for, me against. This is not, therefore, as the hon. Member for Easington (Grahame M. Morris) might think, a hissy fit following poor election results. Like nearly everyone in the House, I do not disagree with the Bill's objectives: more clinical involvement, less bureaucracy and more local accountability. Like everyone else, I am concerned not about its objectives, but about its likely effects. I have met no one who takes issue with the Bill's avowed intentions, but I have met many who dread its consequences.

According to one reading of the Bill—the Mr Hyde version—the eventual outcome of the Bill will be that the NHS opts out of direct health provision and becomes simply a funding body; NHS hospitals, services and clinics become indistinguishable from private ones; everyone competes on business terms for a slice of whatever funds the Government have allocated for health purposes; and what health care a person gets depends on what can be purchased on their behalf in a largely unconstrained, privately run health market. That is a perfectly consistent view of how a health service can be run, but in our country any party that advocates it commits political suicide. Furthermore, of course, it is likely to accentuate health inequalities and overall costs.

The question for us is this: what will prevent such a situation from arising out of a Bill that appoints a competition regulator along the lines of Ofgem to promote competition, that blurs many of the lines between private and public provision, and which removes the Government's duty to provide a comprehensive health service? Hence the importance of today's debate, which, knockabout apart, is crucial to the wider debate on the Bill. To be alarmed by the prospect I have set out is not to oppose competition in principle. The previous Government set up competition and collaboration panels to encourage a degree of challenge in the system. In fact, if hon. Members look at their record, they will see that they were knee-deep in competition initiatives. Neither is holding these concerns to be alarmed by the presence of private business in delivering NHS services. There is not a person here who has not used a private optician or a private pharmacist when they need it. There is a long tradition of involvement by the private sector in the NHS.

Rather, to be concerned about the proposals is to be alarmed by the fear of an unconstrained, uncontrolled market in health—this is a point that has been made previously—partly because it can lead to fragmentation, potential conflicts of interest, profiteering and so on, but mainly because identifying competition as the main engine of improvement in health care ignores the simply enormous gains in service quality, cost reduction, efficiency and patient experience that can be gained through co-operation, collaboration and integration of services.

The NHS is built on the principle of co-operation, in which we, the hale and hearty, make a moral compact to support the lame and the sick. To make commercial competition the main driver of improvement in the NHS, even if it is not competition on price, would be a serious mistake. It would be to subscribe to a perverse and misguided form of social Darwinism. Competition is a mechanism; it is not an end in itself. The role of competition in the NHS, as seen by the Government, is the real issue. The problem is made a lot worse by the hopeless lack of clarity over how European competition law will apply. We struggled with that issue in Committee. We did not resolve it, and I do not think that we will do so.

Owen Smith (Pontypridd) (Lab): Does the hon. Gentleman share my concern that in today's debate, as in the long period we spent together in the Bill Committee, the Government have failed to clarify how competition law will apply? Indeed, they have sought repeatedly to imply that it will not bite any harder on the NHS. Does not that verge on disingenuousness from the Government, if not downright dissembling?

John Pugh: I think that that is a bit unkind to the Government. I have been to the Library and borrowed some very big books on EU competition law, and the main conclusion that I have drawn is that the law is not at all clear when it comes to the provision of public services. But that adds to the risks created by the legislation, and gives rise to the awful thought that the fate of our local services, about which we all care, could be decided not by the NHS, not by the Government and not by the public but by case law—European case law, at that—and in the courts.

If we subject clinical services to the same regime to which we have subjected non-clinical services, we will not get the innovative social enterprises strengthening existing provision that people would like to see; we will get large companies financed by private equity muscling in and challenging tendering processes, backed up by legal teams and looking for every weak link or failure to comply with EU regulations. Indeed, that is already happening with non-clinical services.

That is why there is a problem, and it is why private equity is licking its lips. We cannot additionally expect the private sector to come into this game to bid for the unprofitable, high-risk, complex work and not cherry-pick. That is not what businesses do. Good businesses pick cherries, because they need to make a profit. To suggest, as Clare Gerada of the Royal College of General Practitioners has done today, that there is not a problem of untrammelled competition in the legislation is entirely to miss the point. We are not anti-private sector, and we are not anti-competition; we want to see a level of robust pragmatism supported by those with a lifetime's experience of running health services, and a recognition that good health care is essentially a collaborative exercise. If we cannot get that recognition and the acceptance of

the professional bodies for what is embodied in the Bill, everything we say here and every amendment that we make will be utterly pointless.

Several hon. Members *rose*—

Madam Deputy Speaker (Dawn Primarolo): Order. A large number of Members still wish to speak, and we simply will not get everyone in unless I reduce the time limit further, so that is precisely what I am going to do. The time limit for contributions to the debate from Back-Bench Members is now five minutes.

5.28 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): It is a pleasure to follow the hon. Member for Southport (John Pugh). A lot of water has passed under the bridge since the middle of March, when we last debated the NHS. The Committee tasked with scrutinising the Health and Social Care Bill, on which I served—a baptism of fire—finished its deliberations at the end of March. I believe that it was the longest running Bill Committee since 2002, so it was a marathon stint in which we debated 280 clauses and 600 amendments. During those eight weeks, the Government did not accept a single amendment. Some hon. Members made exceptional speeches, dissecting the Bill in detail and arguing against it. I remember in particular a debate about regional specialist services and how they would be commissioned in future. I am afraid, however, that that was as far as it went when it came to changing the Bill. I was therefore nonplussed when, the day after the Committee finished its proceedings, the Prime Minister and the Deputy Prime Minister expressed their concerns about the Bill and announced a pause in its enactment.

At the same time as the Public Bill Committee was sitting, we saw growing public anxiety about what the Bill would mean to patients and their families. I was contacted by hundreds of my constituents and received a petition signed by nearly 300,000 people from across England. Perhaps that was the motivation for the Government's change of heart, or was it just political rhetoric with the elections looming? There has certainly been no pause in NHS reorganisation in many areas, including my own, where, as I mentioned the other week, it has actually been brought forward.

The public are beginning to see an erosion of the considerable improvements made in the NHS under Labour, and this is what is fuelling public concern. In Greater Manchester, as Peter Thornborrow, one of my constituents found out to his cost, there are much stricter criteria for cataract surgery, as there are for hip and knee replacements.

Andrew Bridgen (North West Leicestershire) (Con): Recent OECD research shows that, despite the last Government's spending splurge on the NHS, Britain still has the eighth worst record of all its members for preventable deaths—we are down there with Poland, the Czech Republic and Mexico. It also shows Britain has the seventh highest potential for efficiency savings in health care—that is, for improving patient outcomes without spending any more money. Is that not a damning indictment of the last Government's health policy and does it not mean that reform is essential for the future of the NHS and for improving patient outcomes?

Debbie Abrahams: How will breaking up the NHS improve that? The hon. Gentleman should be concerned that some of the measures PCTs are having to take are increasing the risks of cardiovascular disease for many patients. As for international comparison of our NHS, it is known to be one of the most cost-efficient health systems in the world.

Bariatric surgery provides another example of where the National Institute for Health and Clinical Excellence guidelines have been replaced with more stringent criteria, rationing access to care in order to balance the books. There are many other examples. According to one survey published last week, demands for bariatric surgery have risen by 17%, but approval for such surgery has fallen by 22%. These are the so-called efficiency savings, as we heard from the Secretary of State, of £20 billion nationally and 4% each year.

Guto Bebb (Aberconwy) (Con) We hear a lot about the effect of efficiency savings on the NHS in England. Under Labour party proposals, Wales is not suffering from efficiency savings, but from cuts of £435 million in the NHS budget this year and £1 billion in the next four years.

Debbie Abrahams: Does not the hon. Gentleman think that that is why we won the election in Wales?

The savings required are 4%, and if the Government get their way with the new economic regulator Monitor, they could go as high as 7% each year—far more than our NHS is capable of coping with.

My constituent, Peter, was refused a cataract operation, yet his vision was so poor that he was able to see the world only through a haze; as a precision engineer, furthermore, he was not able to do his job and faced the threat of redundancy. In other cases, non-compliance with NICE guidelines—on familial hypercholesterolaemia, for example—is leaving people at extreme risk of untreated cardiovascular disease.

Health professionals have almost without exception castigated the Bill for what it will do to the NHS in completely opening it up to the market, with competition law applying in full and allowing private health care providers to cherry-pick profitable services. A hospital medical director said last week that he did not know how his hospital could continue to provide care for unprofitable patients.

The unprofitable services for most hospitals are elderly care, mental health, paediatrics and maternity, which are essential services for all communities. Instead of service providers and commissioners working together to provide the best quality care they can for their patients, the trend is for hospital trusts to maximise income and compete against each other. We are already seeing that lack of co-operation when PCTs look at alternatives in commissioning. Trusts are reluctant to collaborate when they see that it might reduce their income, even if it improves the quality of patient care. Similarly, the Bill gives GPs a financial interest in restricting or refusing treatment in order to make savings and to get bonus payments from the NHS commissioning board.

Labour wants genuine savings that will enhance patient outcomes rather than produce the diminishing effect that we are currently seeing, and we believe that we can

[Debbie Abrahams]

achieve that. We want hospital specialists and GPs to work together to deliver clinical care pathways that improve the quality of patient care and bring care closer to home. One local PCT is trying to introduce the use of drugs that are cheaper—and unlicensed—to treat age-related macular degeneration, but it is under severe pressure from the pharmaceutical industry. That is another way in which we could reduce costs.

There is no doubt in my mind that, unamended, the Bill threatens the founding principles and values of the NHS. It removes the duty to provide a comprehensive health service, and provides an opportunity for the new NHS commissioning board and GP consortia to charge for services. It involves a costly, ideologically driven reorganisation of the NHS that has no mandate from the British people, and no support from health professionals and that will mean the end of the NHS that we know and love. As I have said before, the NHS is not just an organisation that plans and provides our health care; it reflects the values of our society on which this country set such store.

I know that there are many members on this side of the House—

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Lady's time is up.

5.36 pm

Tony Baldry (Banbury) (Con): When in government, the Labour party acknowledged that the NHS would have to make considerable efficiency savings over the next few years. My right hon. Friend the Member for Charnwood (Mr Dorrell), the Chairman of the Health Committee, has described that as the Nicholson challenge. The more I listen to speeches from Opposition Members, the more I am convinced that their opposition to the Bill is a cynical exercise. Given the Nicholson challenge, if at any time any hospital gets into difficulty, the Opposition will simply say, "That's a consequence of the health reforms."

All of us in the House want to ensure that we get the health reforms right. I suspect that for all Members of Parliament the NHS in their own constituencies is one of the most important political and, indeed, constituency issues, but for me one of the main issues was, for much of the last Parliament—and still is—the need to retain the full range of services at Horton general hospital in Banbury. If there are difficulties in the NHS, it is hospitals such as the Horton that will experience them first. It is therefore imperative, for me, that we get the reforms right, but I have every confidence that the Secretary of State and his ministerial team will get them right.

The Secretary of State, the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), and pretty well every other health Minister has been to Banbury to visit the Horton. As the Secretary of State made clear to GPs in Banbury not so long ago, GP commissioning enables GPs to put their confidence in their local hospitals by commissioning services for them. In my county we will be replacing an Oxfordshire-wide PCT with an Oxfordshire-wide GP-led commissioning body, with GPs in the county working collaboratively.

In the brief time I have to speak, I want to make two points to Ministers. While I am sure it is right for us to pause and listen, we should also recall that GPs are keen to get on with this task. I have had public meetings in my constituency that have been open to every GP on my patch, and the message that I have received from them is that they want to be catalysts for change: they want to be able to shape health services in Oxfordshire.

GPs throughout the county recently elected Dr Stephen Richards to lead the development of the Oxfordshire GP consortium. His first comment was this:

"GP practices are the bedrock of the NHS. Now, the whole GP community, from partners and sessional doctors through to GP trainees are in a unique position to reshape health care for the population of Oxfordshire.

The new Consortium Lead and the Locality Leads in OGPC"—

the Oxfordshire GP consortium—

"will have much greater influence over the improvement of patient care. These GPs will be accountable to their GP colleagues"

and

"to the public... I aspire to Oxfordshire leading the way in developing 'Evidence Based Commissioning'. A new form of commissioning that offers contracts based on incentives and agreed improved patient outcomes."

Andrew George: Will my hon. Friend give way?

Tony Baldry: No, I am not going to give way as I am conscious that many Members wish to speak, and Madam Deputy Speaker has already told me off this afternoon for taking too long.

Madam Deputy Speaker (Dawn Primarolo): Order. I was not telling the hon. Gentleman off; rather, I was reminding him of the convention.

Tony Baldry: I can recognise a chastisement when I see it!

GPs want to get on with things, and while it is important that we should pause and have a listening exercise, we also need to give GPs the confidence so that they continue to plan for GP-led commissioning.

The more I listen to the contributions in the debate, the clearer it becomes that each Member has their own agenda of changes that they wish to be made. Much has been made of the 98% vote against my right hon. Friend the Secretary of State by the Royal College of Nursing, but I listened to Peter Carter, chief executive and general secretary of the RCN, on "The World at One", and I was so struck by what he said that I took down a transcript. Martha Kearney put it to him—

Madam Deputy Speaker (Dawn Primarolo): Order.

Tony Baldry: Am I out of time, Madam Deputy Speaker?

Madam Deputy Speaker: Yes. Thank you.

5.41 pm

Frank Dobson (Holborn and St Pancras) (Lab): The current situation is extraordinary: the Liberal Democrats originally denied our criticisms of the Bill, but they have now suddenly jumped on board, and all I can say is that they are very welcome.

Both Lib Dem and Tory Ministers have claimed that the NHS is a failure, and the Secretary of State said today that he had inherited Labour's mess. Labour's mess was to leave the national health service in the best situation it has ever been in: more successful than ever before and improving rapidly, with waiting lists and waiting times reduced to the lowest they have ever been, and with massive improvements in survival rates. From listening to Opposition Members, people would never imagine that when we came to power 5.9 million operations were being carried out in NHS hospitals, yet when the current Government came to power we—or, rather, the people working in the national health service—had increased that to 9.7 million, which is a rise of 64%. For instance, the number of cataract operations carried out each year had increased from 165,000 to 346,000.

There have been massive improvements, and I personally do not give a toss what the OECD says. The national health service is more cost-effective than practically any other system, and it achieved that by making many different sorts of local changes—not structural changes, but by people going about their professional business trying to do things better. The Labour Government facilitated that in a body that is essentially co-operative in its organisation, ethic and culture. That is because it is based on the pooling of costs: all of us pay in, and if we get ill we get treated without having to pay. That is not going to happen any longer, because under the Bill's provisions both the commissioning bodies and the hospitals will be able to decide to charge for some of the services that are currently free. The new chief executive at the Whittington hospital has told us all that.

There is not just a pooling of cost and risk in terms of patients. There is a pooling of risk and cost across the national health service, so that these co-operative organisations share the costs of providing treatment and care. That will not prevail if they are forced to compete with the private sector because, as the hon. Member for Southport (John Pugh) pointed out, the first, and only, legal priority of private sector organisations is to look after the interests of their shareholders. They will therefore concentrate on creaming off the profitable work, leaving the national health service to try to provide the services that are too expensive for the private sector.

I did not support the bits of privatisation that the previous Labour Government introduced so, unlike the Tories, I have been consistent. UnitedHealth took over three GP practices in my area not that long ago and that American-based company has just sold those three franchises to another supplier without any consultation with local people, patients or staff. It regards its function as taking part in a commercial set-up and a commercial transaction, and that is what we face if this Bill goes through.

The problem is that the transaction costs—the bureaucratic costs—will actually rise. Before the previous Tory Government introduced the internal market, the money spent on NHS bureaucracy was just 4%, but that has increased to 12%. I am willing to bet any Member on the Government Benches that the level will go well above 12%, because once legal contracts are required, once the lawyers, accountants and God knows who else gets involved and has to be paid, and once we end up with court actions, the transaction costs will rise. That is why these proposals are a disaster.

5.46 pm

Andrew George (St Ives) (LD): It is a pleasure to follow the right hon. Member for Holborn and St Pancras (Frank Dobson) and I was glad that his speech contained an element of recognition of the excellent contribution made by my hon. Friend the Member for Southport (John Pugh), who set out far more articulately than I could many of the concerns about the Bill that underpin this evening's debate. These concerns have been raised by Liberal Democrat Members and I know for a fact that a number of Conservative colleagues feel the same way about aspects of the reform, although that has not been articulated this evening.

I wish to get one piece of rough and tumble out of the way before I commence with the substantive comments I wish to make in the short time available to me. I will not be supporting Labour's motion this evening because to do so would be to endorse Labour's history of having introduced the following: independent treatment centres, which wasted hundreds of millions of pounds of taxpayers' money; alternative providers of medical services enforced through primary care trusts; and many other top-down reorganisations, which Labour Members now pretend they are against. It would also mean endorsing their approach to the whole concept of top-down reorganisations, the billions that Labour wasted on NHS IT systems and Labour's failure to address the unfair funding formula, which set back my part of the country significantly and left it in significant debt, from which it is still trying to escape.

I set out my position in the Second Reading debate on the Health and Social Care Bill, on 31 January, when I refused to support the Government because of the criticisms and concerns that I raised then. I do not need to repeat them now, but I also made it clear then, as I do now, that I would vote against the Government on Third Reading if the Bill were to look in any way like the measure that we saw come out of the Committee and that will come through to the Report stage. I therefore look forward to the outcome of the listening exercise, and hope that it is a genuine listening exercise and that substantial changes will be made to the Bill. The changes that I wish to see are so substantial that they would take the guts out of the Bill.

To the concept of commissioning proposed in the Bill and the idea of handing all that power to one narrow group of clinicians—GPs—there is, despite what the hon. Member for Banbury (Tony Baldry) said about GPs in his area, at best a resigned reluctance and at worst outright hostility about what GPs are being asked to do. I do not go along with the hon. Gentleman's view that they are keen to get on with it. They are responsible people and responsible professionals; they recognise when they are being asked to do something and they will get on with it, but I must say that they will not do so with any enthusiasm.

Secondly, the substantial elephant in the room is not the risk of privatisation of the NHS, as the hon. Member for Easington (Grahame M. Morris), who is no longer in his place, described it, but the marketisation of the NHS. My hon. Friend the Member for Southport (John Pugh) put it well: the cherries will be picked by the private sector. Any decisions on commissioning could easily be unscrambled by a process whereby decisions that were intended to try to integrate services could be challenged because they were structured uncompetitively. Those are two fundamental failings in the Bill.

[Andrew George]

This comes to the heart of what coalitions are about. No one gets their own way, as Labour knows from being in coalition in other places, and it is silly to be childish about that. In a coalition, the parties work together when they agree and seek a compromise where they fail to agree. I would argue that when they cannot come to any kind of agreement or compromise, they should allow Parliament to decide. What I do not like about what is happening is the fact that the Secretary of State is largely implementing this—

Madam Deputy Speaker (Dawn Primarolo): Order.

5.51 pm

Owen Smith (Pontypridd) (Lab): I am delighted to follow the hon. Member for St Ives (Andrew George) and to hear him say that, were this a Third Reading debate and the Bill had remained as it is, he would vote against it. He should not hold his breath, because we have not heard any indication from those on the Treasury Bench that they propose to listen to the reasoned and substantive opposition that we heard in the Public Bill Committee, of which I was a member and where the Government rejected all 250 to 300 suggested amendments, or to that in the rest of the country, where doctors and all the medical professions are united in opposing the Bill.

Earlier, those of us on the Opposition Benches were admonished for the sound and fury coming from us. Mr Speaker was right to admonish us for shouting, but that sound and fury is not born of cynicism; it comes from three things. The first is our outrage at how the history of what the Labour Government did in office is being rewritten and at the suggestion that this Bill represents an evolution of what we did with the NHS. It is not an evolution, but a revolution.

The second is the shameless way in which the Government are misrepresenting that which sits at the heart of the Bill. They present it as trying to bring about patient focus and GP-led improvements to the NHS, but in truth it is about competition and the Government's belief that competition in health care, like in telecoms or the energy market, is the best way to drive improvements in the efficient allocation of resources, allowing consumer-driven demand to drive efficiency. We fundamentally contest that. We do not think that it is true in many aspects of life, but it is certainly not true in the NHS, a body built on collectivism, co-operation and integration. Those fundamental ethics—the ethos of the NHS—will be undermined by the Bill.

Thirdly, the Bill is a completely unnecessary intervention. We did not need a top-down reorganisation of the NHS, because we got record patient satisfaction and increased productivity in all the ways that matter, as described earlier by my right hon. Friend the Member for Holborn and St Pancras (Frank Dobson). Crucially, we have a far more efficient and better-resourced system than previously. That prompts the question of why the Government are pursuing this change. They are doing so because they fundamentally believe that the way to drive the NHS forward is an unfettered market and greater deregulation.

That brings me to my substantive point. I want to rebut the notion which we have heard repeatedly from the Government that competition will not bite harder on the NHS as a result of the changes. The Government have told us repeatedly that nothing in the Bill says that competition will impact on the NHS to any great extent. As we all know, however, in 100 of the 300 clauses Monitor is established as an Office of Fair Trading-style competition overlord for the NHS, because as soon as the NHS is opened up to multiple entrants in the market and there are multiple providers of health care services in this country, we will no longer be able to argue that it is a state service that ought to be protected and therefore should not be subject to the vagaries of the market and EU competition law. As soon as we allow multiple health providers into the market, we will have to apply EU competition law, and European case law and arguments between lawyers will inevitably lead to the progressive fragmentation of the NHS.

There is one other point with which I want to take issue. Privatisation is a pretty difficult word to bandy about in politics, but I do not shy away from using it in this debate. We are going to see a progressive and creeping privatisation of the NHS. To argue about marketisation and privatisation is to argue about semantics. We will increasingly see many more aspects of the NHS either in the hands of or being delivered through the private sector. Earlier, the Secretary of State asked us to point out where in the Bill it showed that there would be an increased number of private providers in the NHS. My challenge to the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), who is now back in his place, is to point out to me where in the Bill it says that we will not see more private providers entering the marketplace. The Bill provides for that to happen and what will arise from that is the break-up, fragmentation and, eventually, privatisation of the NHS. Those on the Government Front Bench know that—

Madam Deputy Speaker: Order.

5.57 pm

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I agreed with very little of what the hon. Member for Pontypridd (Owen Smith) said when we were on the Public Bill Committee together, and I am afraid that I will not change my view after hearing what he has said today. He touched, however, on the important issue of health economics. In a thoughtful speech, the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) made some good points about health economics. Much as I would rather talk just about patient care, given my medical background, health economics are at the centre of the discussion about how we will reform and improve the NHS.

The comprehensive spending review announced that the NHS would see its funding rise by 0.4% in real terms over the next four years. Despite the current economic climate, the Government have stood by their commitment to increasing NHS funding over this Parliament—we are very proud of that—but, even so, it is the smallest increase in NHS funding for decades. Ever-increasing patient demand for health care coupled with Britain's demographic time bomb means that over the next few years the NHS will have to achieve value for money for its patients on an unprecedented scale.

Our NHS needs to make efficiency savings just to stand still and to continue to deliver high-quality patient care. My right hon. Friend the Member for Charnwood

(Mr Dorrell) hit the nail right on the head when he said that we need to think about not just the worried well but the 80% to 85% of patients who have serious medical co-morbidities or present as emergencies with acute medical problems in accident and emergency. That desire lies at the heart of the Government's proposed reforms.

People are living longer, and as they do the number of people living with multiple medical co-morbidities also increases. The majority of people require their health care in the later stages of their lives and if we are to have an NHS that is truly responsive to the demographics of this country, we need to ensure better integration of health and social care. We must stop the silo working that often exists between local authorities and the NHS and ensure that we have a more locally responsive NHS. At the heart of the Bill is a desire to see better integration of adult social care and NHS care, which can only be a good thing in view of this country's demographics and of the health economics of looking after people in the later years of their lives.

Debbie Abrahams: Does the hon. Gentleman share the concern that many councils that will be responsible for the delivery of public health are not ring-fencing the money and are using it to offset some of the cuts that they face?

Dr Poulter: I can only say that my Conservative-run, Suffolk council is doing exactly the opposite of what the hon. Lady describes. The Government have committed to putting almost £2 billion into adult social care, looking at the demographic time bomb and looking at better integrating health care with adult social care. I would be very concerned to see councils doing what she describes, because that is not what they are given that money for. If she has had a problem with that at her local authority, she needs to take it up with that authority.

The key to unlocking potential in the health sector lies in cutting the red tape and pointless form-filling that wastes the time of so many front-line staff. Of course, our NHS must have a level of regulation that ensures that products and services are thoroughly tested and that ensures patient safety. However, the over-excessive regulation introduced by the previous Government has been damaging not only to patient care but to staff morale. It has also diverted vital resources away from the front line and away from patients, who are, after all, what health care should be all about. This Government are rightly looking to take simple, obvious and positive steps in improving the overall efficiency of the NHS by scrapping the health quangos that waste £2 billion a year—money that could be much better spent on front-line patient care.

Another issue that I want to highlight in the time left to me is another area of wasteful spending in our NHS—management. Under the previous Government, the number of managers and unproductive non-medical staff increased in the past decade, with the number of managers and senior managers in the NHS almost doubling to 42,000. In many hospitals, more new managers than new nurses were recruited in that time. That cannot be right—it is bad for patients and money is being misspent. As I witnessed at first hand, NHS managers were rewarded at a better rate than front-line staff—at around 7%, compared with 1.8% pay rises for front-line medical staff. That is not a good thing.

The Opposition are very concerned about staff morale, but let me tell them why staff morale is so low: it is because the contributions of front-line staff were badly undervalued by the previous Government while the contribution of managers were over-valued. I believe that what we and the Government need to do is make sure that more money goes into front-line patient care and front-line staff rather than being wasted on management and bureaucracy.

Grahame M. Morris *rose—*

Dr Poulter: If the hon. Gentleman will forgive me I will not give way because time forbids it.

In conclusion, the NHS needs to be reformed and needs to improve the care it delivers to patients. We can no longer afford to sustain the amount of wasteful spending on management and bureaucracy that occurs in the NHS. We need a less bureaucratic NHS—a clinically led NHS that can once again put its patients first. The NHS has become obsessed with management and process but if we want to reform it, then it must be the patient who counts.

6.3 pm

Clive Efford (Eltham) (Lab): I must confess to being somewhat confused about where we have got to with the Bill. I have been here for 14 years and I cannot recall a Bill being halted after it had been through Committee so that we could go back and consult the public. I will be corrected by Members who have been here longer than me, but I cannot remember anything like this extraordinary situation.

Yesterday, I listened to the Deputy Prime Minister on the "Andrew Marr Show". He said:

> "Let me stress this, it's not a gimmick, it's not a PR exercise. We will make changes, we'll make significant and substantive changes to the legislation".

We have not heard any of that tonight. No one has got up and said, "We are listening," or, "We are pausing," or "We are reflecting and we are going to see substantial changes to this Bill." The Secretary of State is in his place: I would like him to intervene on me and tell me that in relation to GP commissioning, the full £80 billion will be transferred to GPs, as he has frequently stated it would; that they will be in charge of commissioning and that we will not see that altered in any significant way as a result of the interventions of the Prime Minister or the Deputy Prime Minister. Members of the Government are trying to say that they are listening and that they are not responsible for all this, but I have here the White Paper that was published back in January, the foreword of which was signed by the Prime Minister, the Deputy Prime Minister and the Secretary of State for Health. They all signed up to it, but all of a sudden we are back to pausing, reflecting and listening.

What or who are we listening to? We have heard from the Secretary of State tonight that there are no cuts in the NHS, but let me tell hon. Members the story of Mrs Bell, a constituent of mine who was referred by her GP to a consultant last spring about cataract operations. She received the first operation within 18 weeks, and when she went back for a second consultation about the other eye she was referred for another operation. After 18 weeks, she rang the local health care trust to say that

[Clive Efford]

she had been waiting for her cataract operation for 18 weeks, but she was told that that was no longer a deliverable target. She ended up waiting more than 26 weeks for that cataract operation, so no one can tell my constituents or anyone else that we are not seeing cuts to the NHS and longer waiting times for patients.

What is fundamentally wrong with the Bill is that it places the market at the head of commissioning and planning services. The coalition document said that the coalition was going to introduce some element of democracy into primary care trusts, but PCTs got demolished as part of the proposals. My local PCT has been absolutely decimated, because although the Bill has not gone through Parliament yet, people are acting on it: they are voting with their feet and they have all gone. Currently, my area has no one who is responsible for the oversight and planning of our local health care services. Moreover, no one who will ultimately be accountable to local people is responsible for planning local services. All of that has been frittered away; it has disappeared. What we need is some form of democratisation of the commissioning process so that local people can know quite clearly who is accountable and who is not.

Tonight's vote presents the Liberal Democrats—after we have paused and listened and reflected and after all they have said over the weekend about changes to the legislation—with an opportunity to send a message to the Government. This morning, the hon. Member for North Norfolk (Norman Lamb), the Parliamentary Private Secretary to the Deputy Prime Minister, said on the "Today" programme that there will be significant changes to the Bill. If the Liberal Democrats want to send a message to the Government, they should join the Opposition in the Lobby tonight and send the message that the Bill has to be changed. But I will tell them what will happen when it comes to Third Reading. The Whips will get to them, they will be as spineless as ever and they will go through the Lobby defending the Bill's Third Reading—

Madam Deputy Speaker (Dawn Primarolo): Order.

6.8 pm

Jeremy Lefroy (Stafford) (Con): I would like to take this opportunity briefly to raise three matters and I hope that my right hon. Friends on the Front Bench will, in the spirit of the listening exercise, take note of them. I know from previous experience that these issues concern them. They arise in relation to the public inquiry that is going on at the Mid Staffordshire NHS Foundation Trust.

First, the motion refers to an NHS that refuses to tolerate unsafe care and that achieves quality and outcomes that are among the best. I do not think that any right hon. or hon. Member would disagree with either of those aims. One thing that has come out of the Mid Staffordshire inquiry is the whole problem of unsafe care, particularly the quality of care that elderly patients receive. Mid Staffordshire is by no means the only place for which that has been a problem. It has been highlighted in a recent report as being an issue for other parts of the country as well. For me, the key question is how patient care and safety can be upheld to the highest possible standards across the NHS. Occasionally people have cited the example of civil aviation in this country. Both the Civil Aviation Authority, which has a first-class safety record, and the NHS serve the public. The CAA emphasises continuous improvement and risk-based monitoring. I urge my right hon. Friends to look at the example and practices of the CAA and consider how those might be incorporated in the work of the NHS.

The Health and Social Care Bill contains helpful provisions on patient safety. GP commissioning will bring commissioning closer to patients. It will ensure that if there are problems, they will be heard about more quickly. The health and wellbeing boards will ensure greater local accountability and, again, problems should come to the attention of the authorities more quickly, which did not happen in my own trust. Healthwatch will be established and there will be more foundation trusts.

However, there is a risk of a fragmented approach to patient safety. We have the Care Quality Commission, but as hon. Members who served with me on the Public Bill Committee know, there are concerns about the additional work load that will be placed on the commission. Will it be able to cope with the volume of work? Will it be able to ensure that patient safety and quality of care are upheld across the NHS? I should like to hear the Minister of State's comments on that. It has been suggested that the critical question of patient safety should be brought to the top of the NHS, perhaps with a directorate within the Department of Health reporting directly to the Secretary of State on patient safety. I should also be interested in his comments on that.

The second point that I wish to make is about foundation trusts, which were key under the previous Government and will continue to be so, but I am concerned about the level of training available to governors and directors. I should like to hear my right hon. Friend's comments on that. I refer particularly to foundation trusts that are responsible for district general hospitals, which many hon. Members have in their constituency, as do I. Those are the trusts that will probably come under most pressure in the current constrained financial circumstances, and that would have been the case under any Government.

My third point relates to the length of contracts that are awarded. Whatever the position is with competition under the Bill on Report, it is clear that contracts, whether with NHS or outside providers, will be of the utmost significance. I am concerned that contracts are sometimes awarded for only a short period. Hence, a considerable amount of time is taken up with tendering and retendering. I ask for some comments on that.

In conclusion, the Francis inquiry, which we expect to report later this year, will be one of the most significant reports on the national health service in the past 20 or 30 years. I urge the Government to take good note of its conclusions and implement them as far as possible.

6.13 pm

Alex Cunningham (Stockton North) (Lab): At a time when the Health Secretary is being criticised from all sides, it is vital that the message gets through and the listening exercise works, but from what we have heard today there is grave doubt about whether there will be any real change.

The shadow Secretary of State told us about the warning from the Royal College of General Practitioners that the NHS could unravel if the Health and Social Care Bill goes ahead in its current form. The British

Medical Association says that the plans are too extreme and too rushed, and will negatively impact on patient care. Nurses voted overwhelmingly for a vote of no confidence in the Health Secretary, and even the Tory-led Health Committee criticised the plans, saying that they were unlikely to improve patient care.

I attended a Save the NHS rally in my constituency on 30 April and spoke to local nurses, doctors and patients to hear their views. One of the GPs who was there to speak on behalf of the BMA stressed how worried they are that increased competition will lead to the fragmentation mentioned by so many other hon. Members. She also made it clear that although the Government boast that 90% of GPs have signed up to participate in a commissioning role, vast numbers of doctors have done so only because they feel they have no option. They know that it is a bad Bill, but feel the Government are imposing a way of working on them and they have no option but to co-operate.

Four weeks earlier I joined health service workers at another public event to demonstrate opposition to the Bill. Even policemen and women passing in their vans and cars were tooting in support of the demonstration, but we know that even the police have learned that the Government have no care for public services, whether health or policing. I also spoke to local nurses who feel that they are being sidelined by the Bill and want more involvement in decisions about the future of the NHS. I, for one, support them and wear my nurses day badge with pride, albeit a few days early.

Nurses certainly do not want a situation where GPs effectively control everything. Why, they ask, should GPs have such universal power? What about other clinicians? What about nurses? Are they not professionals with a tremendous knowledge of what our people need from their health care? I also question why local authorities and councillors who have extensive knowledge of the health needs of their communities are not to be involved in commissioning. Good local authorities work very closely with existing PCTs. Why are they being excluded?

On Teesside we have had nothing but bad news for the NHS since the coalition was formed. One of the first rounds of spending cuts saw plans for our much needed new hospital scrapped in June last year. I know that the North Tees and Hartlepool NHS Foundation Trust took the Government at their word when they said the trust had powers to raise the funding itself and it prepared a new business plan on that basis. To make it move from new business plan to new hospital, we need to remove the uncertainty in the NHS, particularly about privatisation and competition, and we need the Government to provide a loan guarantee to help keep borrowing costs down. Without that, some of our communities with the greatest health needs will have to make do at a time when budgets are under pressure.

More recently, people in Billingham in my constituency were told that their new £35 million community health centre would not be going ahead as the Government would not allow the public finance initiative credits for it. Under Labour we made good progress in reducing health inequalities. The new hospital and health centres were part of the strategy to build on that progress, but again the Government have shown their ignorance of the health needs of people in our less affluent communities. Jobs, too, are going—80 jobs from NHS Stockton over the next three years, with 42 jobs set to go at the North East ambulance service, and that is only the start.

Unison, of which I am proud to be a member, has highlighted the fact that there will be more than 20,000 redundancies across the health service as a result of the reorganisation. This represents a personal tragedy for those affected and a colossal waste of talent and resources at a time when the NHS can ill afford it. Redundancy payments alone may be £1 billion. To top it all, we know that waiting times are on the increase. According to the quarterly monitoring report from the King's Fund, waiting times have hit a three-year high. What message does the Health Secretary have for the people in my area and patients waiting for operations, who know that they will have to wait much longer not only to escape continual pain, but to see their quality of life improved?

My message today is simple. The Government must take on board the criticisms that have been made and come back to the House with significant changes. As a priority, we must keep the NHS protected against the full force of competition law, drop plans for a free market NHS and give others their proper role in commissioning services.

6.18 pm

Emily Thornberry (Islington South and Finsbury) (Lab): This has been an interesting and important debate at an important time for our health service.

Tony Baldry: Where are they?

Emily Thornberry: I am being heckled already. I do not intend to make a habit of this—the hon. Member for Banbury (Tony Baldry) can heckle as much as he likes—but I will answer on this occasion. There is another draw this afternoon. My right hon. Friend the Member for Doncaster North (Edward Miliband) is speaking, but I understand that my hon. Friends will be coming in a moment.

We have heard a number of interesting and important speeches from Members who have shown great expertise and have been serving the community and the public through their work on Select Committees, including the Health Committee. We heard from my hon. Friends the Members for Easington (Grahame M. Morris), for Walsall South (Valerie Vaz), for Oldham East and Saddleworth (Debbie Abrahams) and for Pontypridd (Owen Smith), and from the hon. Members for Central Suffolk and North Ipswich (Dr Poulter) and for Stafford (Jeremy Lefroy). Listening to their contributions, we have had a taste of the quality of debate that took place in the Health and Social Care Public Bill Committee. It is a shame that the Government did not give an inch as a result of those debates.

We have heard from the Liberal Democrat representatives, including the hon. Member for Southport (John Pugh), who talked about the Jekyll and Hyde drafting of the Bill, and the hon. Member for St Ives (Andrew George), who said that he is likely to vote against it on Third Reading. We heard a characteristically passionate, robust and articulate speech from my right hon. Friend the Member for Holborn and St Pancras (Frank Dobson). My hon. Friend the Member for Eltham (Clive Efford) asked a very simple question that I will repeat in the hope of getting an answer: what changes will be made as a result of the pause?

I hope that the Secretary of State was listening to my hon. Friend the Member for Stockton North (Alex Cunningham) because he brought a dose of reality to

[Emily Thornberry]

the debate by explaining the effect the reorganisation will have on his poor constituency and the redundancies it is suffering.

Andrew Bridgen: Will the hon. Lady not concede, perhaps even reluctantly, that the real reason her party is acting as a roadblock to essential NHS reform is that it pays far more attention to its union backers and paymasters than to NHS patients and taxpayers?

Emily Thornberry: The great strength of being in opposition, in many ways, is the opportunity it gives us to listen to interested groups of every type, including representatives of the work force, experts and the public, and to hear their concerns about the Bill. Those concerns translated into more than 300 amendments that we tabled in Committee and more than 100 votes. As I have said, the Government considered it wise not to give an inch. However, on the day after the Committee finished its considerations, the Government decided that there ought to be a pause so that they could think again. The very fact that they decided to think again tends to encourage us to think that we might have been right in the first place. What a shame it was that they did not listen to us earlier.

For the Health Secretary, it must seem a lifetime since the Prime Minister said about him:

"He is probably the Health Secretary in the last 20 years who has the greatest understanding and greatest passion for the NHS."

His Deputy Prime Minister stated in the foreword to the NHS White Paper that the reforms were

"rooted in the coalition's core beliefs".

Patient groups, professional bodies and health experts gave the underlying principles of the White Paper a cautious welcome, but I ought to explain to the Secretary of State that there is a difference between giving a cautious welcome to the underlying principles of a White Paper or Bill and reading the Bill and realising that it will not deliver on those underlying core principles. That is why there has been an increasing chorus of opposition. Our difficulty is that, although there were more than 6,000 responses to the White Paper, those concerns were largely ignored. When the Bill was published, those concerns increased to alarm and the criticism became less diplomatic, less polite and more forthright, and yet the Secretary of State continues not to listen. More people began to join the Opposition's side of the argument. Although at the beginning the Secretary of State might have felt encouraged that he had many people in his "liberate the NHS" team, as more people realised just what the Bill was about, more and more of them decided that they had been on the wrong side of the argument and that the Bill was wrong and so crossed the room.

I pray in aid the comments made by the hon. Member for Totnes (Dr Wollaston), who talked about throwing a hand grenade into the NHS, and those of the Royal College of Nursing, which passed a vote of no confidence in the Secretary of State, with 98% of the vote. Its general secretary said that the Bill

"could well turn out to be the biggest disaster in the history of our public services".

The British Medical Association called for

"a halt to the proposed top-down reorganisation of the NHS".

When I listened recently to the hon. Member for North Norfolk (Norman Lamb), I was reminded of Luke 15.7 —there shall be more joy in heaven over one sinner who repenteth than over 99 just persons who do not need to repent. The number of people who are moving over to our side of the argument are becoming a flock. They say they realise that the Bill is not what they had first thought it was, that it needs to be fundamentally changed, and that if it is not fundamentally changed it needs to be scrapped.

Lord Owen has said:

"The coalition unexpectedly and inexplicably forged ahead with legislation for NHS reforms of staggering ineptitude."

Lord Tebbit, who I believe is the Secretary of State's former boss, has said:

"What worries me about the reforms, however, is the difficulty of organising fair competition between the state-owned hospitals and those in the private sector."

I could go on. Michael Portillo has said of the Tories:

"They didn't believe they could win an election if they told you what they were going to do because people are so wedded to the National Health Service."

The whole of the Liberal Democrats have also crossed the room. Evan Harris has talked about the Bill being "disastrous". Although I heard the right hon. Member for Charnwood (Mr Dorrell) say encouragingly that the Bill would give

"a holistic basis—a structure for the health service, going forward",

the Health Committee's report has not been so enthusiastic, if indeed what he said today could be characterised as enthusiastic. Lady Williams has said that the Bill is "completely misconceived", and the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) has said that it needs "fundamental change".

The Health Secretary must be feeling increasingly lonely. Perhaps the most deadly time was when the Chancellor of the Exchequer stated:

"I want changes too, and so does David Cameron".

I appreciate that the Health Secretary has the Minister of State, the right hon. Member for Chelmsford (Mr Burns) and the Under-Secretary of State, the hon. Member for Guildford (Anne Milton) on his side, along with the hon. Member for Banbury (Tony Baldry). I respectfully suggest to the Health Secretary that he holds very tightly to the hand of the Minister of State, the hon. Member for Sutton and Cheam (Paul Burstow). It must seem a very long time ago that the Prime Minister said:

"I have been involved in designing these changes way back into opposition with Andrew Lansley. I take absolute responsibility with him for all the changes we are making."

We will see just how long it is that the Prime Minister stands shoulder to shoulder with his Secretary of State.

There has been great excitement in SW1 bubble land on what effects the NHS reforms will have on the coalition and what the Lib Dems will do next, but the fundamental point is that it really does not matter what happens in SW1; what matters is what happens to our national health service. The Bill is a threat to our national health service. Leaving aside the political shenanigans and the saving of the Deputy Prime Minister or the Liberal Democrats' soul, what is important is what happens to our national health service. We should be looking at the fundamental principles in relation to that. Everything else is just words, words, words. We are told that we must not rush GPs into consortia, but the

majority of them have already been rushed into consortia and their PCTs are being abolished. If that is the extent of the fundamental reforms that the Liberal Democrats want, that would be very disappointing.

We in the Opposition have five tests: delete part 3 of the Bill; keep waiting time guarantees; ensure that consortia are not too small, involve wider expertise and require openness and accountability; ban GP bonuses, stop conflicts of interest and do not allow commissioning jobs to be done by the private sector; and keep a cap on the number of private beds. Let us do that, which would be a fundamental change to the Bill. Most importantly, let us delete part 3.

Instead of wasting time, energy and money on unnecessary top-down reorganisation, the Conservative party should have been building on Labour's achievements. When we handed over the NHS to the Conservatives, we did so in trust. They should have built on our achievements. I am not saying that the NHS was perfect, but it was much better than it was when it was handed to us. These reckless, costly and ideologically driven reforms are not doing well for the health service. As the hon. Member for Totnes has said, while competition has a role, it is not an end in itself. If we allow competition to run rife within the NHS, it will fundamentally undermine its essence, which is that it is built on a culture of collaboration and co-operation. It is an expression of our fundamental commitment to equality.

6.28 pm

The Minister of State, Department of Health (Mr Simon Burns): At the instigation of the Opposition, we have spent the past three hours debating the future of the national health service, and yet in not one single speech from their Members did we hear any mention of what they would do for the future of the NHS. We heard from the right hon. Member for Holborn and St Pancras (Frank Dobson), who is always a joy to listen to. He objected to the Blair/Brown health service reforms and to our proposals to improve the NHS, apparently without fully understanding them. We heard speeches from the hon. Members for Pontypridd (Owen Smith) and for Easington (Grahame M. Morris) that were simply a continuation of what we had to listen to for eight long weeks in the Bill Committee.

We had a sensible and reasonable speech by my right hon. Friend the Member for Charnwood (Mr Dorrell). My hon. Friend the Member for Totnes (Dr Wollaston) made an interesting speech and was right—absolutely right—to encourage the greater integration and seamless provision of social care and health care, because that is so important.

We had an excellent speech from my hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter), which was based on his experiences of having worked in the national health service, and we had a good speech by my hon. Friend the Member for Stafford (Jeremy Lefroy), who raised a number of questions. Time does not permit me to answer them all, but I remind him that, because of my right hon. Friend the Secretary of State, the Care Quality Commission started an unannounced investigation of nursing in hospitals to look specifically at dignity, respect and safety.

During this debate there have been times when the facts seem to have been obscured, so it is time that we had a reality check: our population is ageing—in 20 years' time 2.5 million people will be over the age of 85; the cost of new medicines has almost doubled in the past 10 years, from £6.7 billion to £11.9 billion, rising last year alone by £600 million; and new surgical procedures are breathtakingly effective but expensive.

Those are the pressures facing the NHS at a time of economic turmoil inflicted on this country by the previous Labour Government. As a result, there are real challenges that the NHS must meet, so it does no one any good to scream "privatisation" as soon as we start exploring the best ways to safeguard the health of our children and of our children's children. It is scaremongering of the lowest order, because this Government will never privatise the NHS. We have been, and we always will be, committed to an NHS free at the point of use for all eligible to use it.

In fact, when the Labour party was in government, it introduced private companies into the NHS on a scale that would have produced howls of outrage if we had done the same, but it was not privatisation then and it is not privatisation now. The previous Labour Government gave £4.7 billion to private companies in 2009-10 alone, and, unbelievably, to add insult to injury, £250 million of that money was given to private providers as payment for operations that never even happened.

We want to see a much fairer relationship, one that does not undermine the NHS but means increased choice for patients and better outcomes. That means saving thousands of lives every single year from conditions such as heart disease, respiratory disease and cancer. It means people with long-term conditions having their quality of life revolutionised with the seamless provision of care; the care that people receive being as good it possibly can be, based not on percentages or pie charts but on people's real experiences; and the relationship between patients and doctors being humanised rather than seen as a means to an end—a relationship of equals based on trust, transparency and the best available treatment from the best available provider.

Every sensible-thinking person in the House knows that patient care can be improved if the NHS becomes more efficient. Efficient treatment is faster, cheaper and more effective. The previous Government knew that as well. We are carrying on their plans for £20 billion of efficiencies, plans that the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) brought in, whereby every penny saved will be reinvested in patient care.

To those who say that the plans are happening too fast, let me remind them that this coalition Government are giving the NHS an extra year to find those efficiencies, over and above what the Opposition would have allowed. On top of that, we are protecting front-line spending and, in fact, increasing the NHS budget overall in real terms.

We also want to see the quality of our clinical care improve so that a patient's care will be among the best in the world, whatever they are being treated for. But these are not just pretty words and noble intentions; we are making real changes and patients can already see a real difference.

We are removing layers of unnecessary management so that clinicians have the freedom to look after in-patients rather than inboxes, and there are examples of improvements in care throughout the country. To look

[Mr Simon Burns]

at just one, Oxford's John Radcliffe hospital has invested in an electronic blood transfusion system that cuts the time taken by staff to deliver blood and reduces transfusion errors to improve services for patients. That saves the NHS £1 million every year to reinvest in patient care, because it is more efficient. That is the reality of efficiency, and it goes hand-in-hand with innovative, forward-thinking care.

Underpinning all our plans is the philosophy that a more integrated NHS is a better NHS—ending stop-start care and making sure that, from the point of diagnosis, every patient has seamless care that spans health care, social care, mental health care and, of course, a reliable support network afterwards so that patients can just concentrate on getting better.

We want GPs and other health care professionals, social care providers and local councils to come together to provide seamless services, whereby, for the patient, the lines drawn between those organisations fade to nothing. Giving autonomy to clinicians, in the form of consortia, will allow that to happen, and I hope that that reassures my hon. Friend the Member for Totnes.

Let us ask Dr Howard Stoate, who some Members might remember was Labour MP for Dartford until last May. *[Interruption.]* I know that the hon. Member for Islington South and Finsbury (Emily Thornberry) does not like this, but she will have to listen to it once again, because he is leading pathfinder consortia in Bexley. GPs such as Dr Stoate take a broader, more responsible view of care, working with others throughout the country and across primary, community and secondary care to manage, treat and refer their patients.

They are all in an ideal position to design services in collaboration with all the different strands of the NHS and, of course, with those beyond the NHS as well. Patients, who will have their own personal care budgets to spend how they like, will be involved every step of the way.

As I have said before, everyone knows that the NHS has to change. The noble Lord Warner, a Labour Health Minister for more than three years under the previous Government understands that point. *[Interruption.]* I am disappointed that the hon. Member for Leicester West (Liz Kendall) laughs, because at the time she thought that he was a valued Minister in the Department of Health. That point about change is in his book—a thoroughly good book, by the way, which I suggest she reads if she has not already done so. He says that reform is essential, because failure cannot be allowed to carry on taking taxpayers' money and providing a sub-standard service to the public.

Reforming an organisation the size of the NHS is a big challenge, but it is also a big opportunity. What we propose is not simply to tread water or to be satisfied with the NHS just scraping by; we want to see it improve for the benefit of patients in every way.

There is no reason why we have to put up with care that is anything less than world-class, and our plans revolve around that happening: cutting down inefficiency; empowering clinicians; giving them—

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 231, Noes 284.

Division No. 268] **[6.38 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jon
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan

Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Angela Smith and Jonathan Reynolds

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beresford, Sir Paul
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark

Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and
Mr Philip Dunne

Question accordingly negatived.

Welfare Reform Bill (Instruction)

6.55 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I beg to move,

That it be an instruction to the Welfare Reform Bill Committee that it has power to make provision in the Bill to establish the Social Mobility and Child Poverty Commission.

This debate is focused on the motion and I do not intend to go through the purpose and effect of the proposed new clause in detail. Members will have the opportunity to debate the measure in full in the remaining stages of the Welfare Reform Bill, including in Committee. However, it may help hon. Members if I set out the Government's reasons for this change.

We need to be sure that we have the right structures in place to hold the Government to account on child poverty. The previous Government attempted to do that by enshrining in law a child poverty commission. The commission was intended to provide independent scrutiny and to ensure that progress would continue to be made by Government. We supported and still support the concept of an arm's length body to provide such an external challenge to Government. However, having considered carefully how best to establish the commission to ensure that it can fulfil that purpose, we do not believe that the child poverty commission, as currently defined in legislation, has the necessary remit or power to perform that function effectively.

Why do we want to change the commission? There are three reasons, which I will outline for the House. First, the commission cannot assess or comment on the progress made by Government on child poverty, meaning that it has no power to hold the Government to account. Secondly, we believe that the commission's advisory role undermines accountability and provides Ministers with a means to delegate decision making to an arm's length body. For a Government to consult on an important policy matter is absolutely proper, but responsibility should ultimately rest with Ministers. Finally, the scope of the commission is simply too narrow and does not cover issues that are crucially related to child poverty, such as life chances and social mobility. As I have said, this debate is not the place to go into the detail of the proposed new clause. It is intended to address the concerns that I have raised and to ensure that the commission has the functions and power that it needs to drive progress effectively and hold the Government to account.

It is appropriate to use the Welfare Reform Bill to make this change because helping people who are dependent on welfare to help themselves is one of its key aims. The reforms are designed to do that in two distinct ways. First, by ensuring that work always pays and is seen to pay, they will improve work incentives for people who are out of work. Secondly, by simplifying the benefits system, they will increase the take-up of benefits. It is therefore appropriate to use this Bill to make other legislative changes that allow the Government to take forward their new approach to tackling disadvantage, deprivation and welfare dependency in our society, such as these revisions to the child poverty commission.

Why is it necessary to make these changes now? We felt that it was important to consult stakeholders before making changes to the commission. We therefore decided to include our thoughts on the commission in our child

poverty strategy consultation document, which was published in December last year. The consultation closed this February, after which it was necessary to consider the responses before deciding how the commission should be revised. Given that time scale, it was not possible to include the proposed new clause in the original version of the Welfare Reform Bill. Since then, we have set out clearly the changes that we wish to make to the commission and emphasised the need for it to be established as soon as possible. If we had waited for a second-Session Bill to put the required changes to the House, it is possible that a commission would not have been established until 2013, and we do not believe that delay is acceptable.

I restate that our intention is to move a new clause to the Bill, amending the Child Poverty Act 2010 by inserting a new section 8 and corresponding schedule. The new provisions will extend to England and Wales, Scotland and Northern Ireland. We believe that the motion will give us the opportunity to create a stronger and more effective commission, and I commend it to the House.

7 pm

Margaret Curran (Glasgow East) (Lab): I thank the Minister for her contribution, and I wish to make a few comments in response. On behalf of Labour I welcome the Government's motion, and we look forward to the full debate in Committee about the substance of their proposals. However, we are disappointed that we must have that debate in the Welfare Reform Bill Committee, because as she will be aware, a child poverty strategy has been published and there have been a number of criticisms of it. It would perhaps have been better if the commission had been set up first, to inform that strategy. I will return to that point, because that situation perhaps explains why there have been so many comments that the child poverty strategy is insubstantial. I appreciate that the substance of those comments will be featured in Committee, but if I may I wish to make one or two points about issues that the Committee will cover as it examines the Government's proposals.

The child poverty commission was a significant element of the Child Poverty Act 2010, which received cross-party support and was regarded as a landmark piece of legislation. It was to be a commission of status and influence, which would be evidence-led, examine different approaches, engage with those with direct experience, harness the experts' views and, as the Minister indicated, work with the devolved Administrations. I hope that when the Committee has discussed the matter, she will ensure that the commission does exactly that.

I am sure the Minister is aware of the substantial point that some child poverty organisations have made in questioning the legality of the Government's approach to date, given the status of the 2010 Act. They say that because the child poverty strategy has been produced before the setting up of the commission, the Government are acting illegally. I hope she will address that point.

The broadest point that needs to be made is about the Government's decision to widen the scope of the commission from purely being about child poverty to also embracing social mobility. I appreciate the substance of the argument about social mobility, policy on which underpins any Government action. Of course there are links between child poverty and social mobility, and as I understand it the commission would already have had powers to examine those links. However, the Minister will appreciate that broadening the scope of the commission so far has raised many concerns among organisations, and indeed among many Labour Members. There are links between child poverty and social mobility, but they are not the same thing. There is deep concern that including social mobility means that the commission will lose its edge and its focus on dealing with child poverty. It may well dilute the urge to tackle child poverty.

I have a number of questions to put to the Minister. Given that the matter is now going to the Welfare Reform Bill Committee, may I ask that the commission be established urgently and that there be no further delay? Once its scope has been established, it should go ahead. Will the Minister consult the devolved Administrations on their wider child poverty strategies as a matter of urgency? May we have a guarantee that commitments on child poverty will not be delayed or watered down because of the extension of the commission's scope to social mobility?

May we have clarity on what the Government's child poverty targets actually are? The Minister will know that the Prime Minister made a categorical and unequivocal commitment to maintaining relative poverty income measurements. Can she guarantee that that will still be central to the Government's proposals? Finally, can she guarantee that the commission will retrospectively examine the already published child poverty strategy so that its fundamental weaknesses can be addressed and we can have an altogether more substantial plan? I appreciate that the meat of the subject will be discussed in Committee, but given that we are making a decision this afternoon on whether to enable the Committee to establish the commission, it would be very helpful if she addressed those points.

7.5 pm

Kate Green (Stretford and Urmston) (Lab): I very much look forward to a full debate on the merits of the Government's proposal in the remaining stages of the Welfare Reform Bill if the instruction is agreed to. However, I cannot wholly share the Minister's reasoning on why it is appropriate to approach the expansion of the child poverty commission's remit in this way.

The Minister said that allocating an advisory role to an arm's length body would in some way weaken the Government's accountability. I am confused about why advising should mean becoming responsible, and no doubt she will want to explain that. However, I welcome her acknowledgment of the importance of wide consultation. I hope that that will continue to be the case on the subject of the expanded remit that we are discussing.

I believe the Minister is mistaken to think that the planned child poverty commission would have had as limited a remit as she seemed to imply. As she acknowledged, the 2010 Act and the functions and remit of the commission had cross-party support, and the Act uses a wide understanding of what child poverty encompasses. That includes a number of the building blocks of social mobility, including on parenting, housing and education, that she seems to suggest would be missed. I hope that she can assure us that when the debate is passed on to the Welfare Reform Bill Committee, with its much narrower remit of considering employment and social security reforms, the vital focus on child well-being in its broadest sense will not be lost. That is what child poverty measures are fundamentally intended to address and improve.

[Kate Green]

I agree with the Minister that two central thrusts of the Government's welfare reform agenda lie at the heart of our ambitions on social mobility. She is right that parental employment is crucial to how we tackle and address child poverty. Unless parents can access employment that genuinely lifts them and their children out of poverty, the child poverty targets cannot be met. She is right, too, to say that the Welfare Reform Bill is an appropriate vehicle for the discussion of child poverty. It is clear that neither child poverty nor social mobility can be addressed unless the right financial support is put in place for families with children. That includes the social security support that the Bill targets directly.

The reason I mention those two points is that there is considerable international evidence that parental earnings have as much impact on social mobility as other factors such as educational opportunity, and that the most socially mobile and equal countries are those with generous, albeit short-term, social security benefits. That is in striking contrast to the position that tends to pertain in this country and the United States, which is very ungenerous social security benefits that people rely on, in many cases, for quite a long time. It is therefore right that we should debate those issues in the context of the Welfare Reform Bill. In that sense, the Minister's proposition absolutely stands up. However, this debate also gives us the opportunity to highlight the contradictions and inconsistencies in the Government's agenda.

The meat of the Welfare Reform Bill includes issues such as the benefits cap, which will seriously damage families' well-being, and the reduction in support for child care—we are still waiting in the Welfare Reform Bill Committee to see exactly what the Government will propose, although I think that the Opposition will have concerns about it—as well as access to the labour market for second earners or potential earners in couples and the disincentives that seem to be emerging in the design of the universal credit. They are all issues crucial to child poverty and social mobility, and it is right that they should lie at the heart of the Bill.

In conclusion, it is right to debate those issues in the context of the Welfare Reform Bill, albeit not just in that context. Doing so gives us an opportunity to remind ourselves that we tackle poverty, inequality and social fluidity not by individualising and pathologising problems, but through the structural solutions that only Governments can provide. Those solutions include ensuring access to education and training, ensuring that parents can access good quality child care, ensuring income adequacy, ensuring the redistribution of income and wealth to reduce the inequality gap, and ensuring the conditions for sustainable, good quality employment that genuinely enables parents to lift their families out of poverty.

The Government need to be aware that they have at least the beginnings of a credibility problem with those outside this House who are watching and monitoring closely their commitment genuinely to improving the well-being of children and lifting them out of poverty, as the coalition parties, in common with all other parties, last year signed up to do. I very much hope that what we are seeing this evening is not a proposition to marginalise or downplay hard-won gains in securing understanding of the inter-connectedness of poverty, inequality and social fluidity, and, at their heart, the importance of family incomes.

7.12 pm

Jenny Willott (Cardiff Central) (LD): I am not as cynical as the hon. Member for Stretford and Urmston (Kate Green)—I am sure that she does not mind my saying that—although I appreciate that the motion before us is limited and should not be broadened into a big debate about child poverty. There is a great deal of cross-party agreement that tackling child poverty and social mobility is extremely important. There is also cross-party agreement that child poverty levels in the UK are still worrying and that much work remains to be done to improve the situation. Those are areas about which I am sure we will have much more extended arguments in the Welfare Reform Bill Committee. I look forward to having those debates in the next few weeks.

We have learned that if we are really to tackle child poverty, we need to tackle social mobility at the same time. The two are so completely interrelated that working in silos will not be effective in the long term. It is not enough just to tackle the income coming into families; we also need to look much more broadly, including at the education and work opportunities available to the parents. The hon. Lady made the point about income levels in families, but we know that if children and their families really are to be lifted out of poverty, we need to talk about a lot more than that. I therefore welcome the fact that the Government plan to look at the issues in the round, combining the two areas together.

Guto Bebb (Aberconwy) (Con): I agree entirely that bringing child poverty and social issues together is important. However, the Child Poverty Act 2010 does not apply in Wales, so we also need certainty that the social mobility elements will be looked at carefully in the Welsh context.

Jenny Willott: There are issues with child poverty in Wales. The hon. Gentleman and I represent Welsh constituencies. Child poverty levels in Wales are, I believe, higher than in other parts of the UK, just as incomes are much lower. If we are going to tackle the issue in Wales, just as in England and in Scotland, we need to look not just at welfare packages but more broadly at the opportunities available to children and young people, as well as their parents, so that they get the best opportunities. I hope that the Minister will say what she is doing with the Welsh Assembly Government and the Scottish Parliament. We need a lot of co-ordination with the devolved Administrations, because many issues affecting social mobility are devolved matters such as education. If we are to take the issue seriously, we need to ensure good communication and liaison between the devolved Administrations and Departments in Whitehall.

I look forward to debating the issue further in Committee, but I would be grateful if the Minister responded to a couple of issues this evening. First, can she let us know more about why she feels that combining the expansion of the commission with the proposed change in its remit will increase accountability or ensure that the Government achieve their objectives? For many years Governments have talked the talk, but they have not necessarily walked the walk. I would like the Minister to say more about why she thinks the change will make a difference by delivering good progress on tackling child poverty. I would also be grateful if she gave more detail

about the timing of the child poverty and social mobility strategies, how they will interact with the establishment of the new commission and how the process will work.

I welcome today's proposal and look forward to debating it in Committee in the coming weeks, in what I am sure will be significantly more depth.

7.16 pm

Mr Frank Field (Birkenhead) (Lab): Let me add two brief comments to our debate today. The first is directed towards the Liberal Democrats, as I read in the papers that social mobility is an issue that the Deputy Prime Minister is going to take under his wing. I feel in a good mood, so may I offer them some advice? We in this House might know what social mobility means, but if my constituents are anything to go by, nobody out there knows what the hell the Government or the Liberal Democrats are going on about when they talk about social mobility. My constituents all understand the phrase "life chances" and whether the Government have a strategy in place to ensure that every child in this country has a chance to get a better job than their parents, but if we continue to talk about social mobility, they turn the volume down or switch off. Although I do not mind facing the electorate in such circumstances, the policy is too important to allow the Government or the Liberal Democrats to continue to go over the top, shouting language that neither supporters nor enemies can understand.

Jenny Willott: I completely understand what the right hon. Gentleman is saying. We would all agree that the phrase does not mean very much to most people, but given that it is the jargon that has been used for many years by Governments of all colours, can he suggest a phrase that would be more helpful and productive and that people would understand?

Mr Field: Quite honestly, when we resume debate on the Bill, I would favour the phrase "life chances and poverty" or calling the commission the poverty and life chances commission, because poverty is the aspect that we are trying to break.

That brings me to the second, perhaps slightly more substantial point that I would like to contribute to today's debate. When the Prime Minister asked me to conduct and submit a report to him about the foundation years, there was concern on the Opposition Benches that the huge intellectual and political efforts and the resources that the Labour Government had put into trying to tackle and finally abolish child poverty might somehow be dissipated, as though that report would be used as some terrible smokescreen. What is so good about today's debate is that the discussion has moved on from there. I cannot emphasise enough how much I welcome that. However, I want to suggest that building up the foundation years should become a goal, so that a first building block in any strategy would be for many more children to start their first day of education better able to benefit from that education, rather than have primary schools spending most of their efforts doing rescue work. That has not occurred before. If the Government are concerned with that objective, and also with Labour's commitment to abolishing child poverty by 2020, initially, in the short run, there is no conflict.

I draw the House's attention to a report commissioned by the Joseph Rowntree Foundation that was published a couple of years ago. It looked at what ways are open to the Government if they are serious about reducing the number of children in child poverty as Labour defined that in the 2010 Act. There is a medley of ways, but the one that held the greatest prospect for the quickest advances was building up high-quality child care. As my hon. Friend the Member for Stretford and Urmston (Kate Green) said, if that were in place, many more parents would make the effort to take themselves out of poverty.

In a not-so-recent letter to the Chancellor, I asked him whether he will make a decision soon on the recommendation in my report. I asked him not to increase automatically benefit rates for children, but to see whether some of that money, in some years, could be better spent on building up the foundation years, as we call them in my report. Clearly, if some of that money were transferred from future years into building up high-quality child care, and if we avoided cutting such provision, as my hon. Friend the Member for Stretford and Urmston said, more children might be ready to benefit from their full-time education from their first day of school onwards. That is the best move the Government can make to reduce the number of children in poverty, year by year.

I rose to welcome the measure, which takes the debate forward. Hon. Members can get excited about it, but if the Government are serious about talking to our voters, they need to drop the term "social mobility" and come up with a phrase that we can all understand.

7.22 pm

John McDonnell (Hayes and Harlington) (Lab): I welcome the proposed instruction to the Committee, on the same basis that my right hon. Friend the Member for Birkenhead (Mr Field) welcomes it. A wider debate on life chances will assist in the tackling of child poverty. I also agree with him on early years provision, although, frankly, we disagree on the method of funding.

I support the concept of commissions, which was begun by previous Governments. The last one in particular sought to establish a number of standing commissions, and I am glad this Government are doing likewise. I welcome the idea of a standing commission of experts who are free to comment at will—critically at times, but on the basis of objective analysis. That helps the Government, whichever party is in power.

In its representations, Save the Children raised three anxieties on the commission, and I would welcome a Government response to them—I am sure they will respond positively. First, Save the Children says that it is concerned that the commission could have its powers watered down, particularly in relation to commissioning research and consulting relevant experts and groups. It would be worth while reassuring Save the Children that that will not occur.

Secondly, Save the Children says that the commission has an important role to play in maintaining the profile of child poverty as an issue. Therefore, it is essential that the commission's ability to advise and inform the public debate on child poverty remains within its broader remit. Once again, it would be worth while Ministers giving that assurance to Save the Children. Will there be

[John McDonnell]

full publication and openness and transparency? Will the commission have the ability to publish independently, without Government interference?

Thirdly, on life chances and social mobility, Save the Children would like us to examine and explore the Government's thinking on the expertise they will seek to bring on to the commission. Once again, the Government could reassure the poverty lobby on that. If the proposals are amended in that way, the commission will undertake a worthwhile exercise, be open and transparent, and contribute to and heighten the profile of the wider debate on child poverty.

I agree with my hon. Friend the Member for Stretford and Urmston (Kate Green) about the Government's solutions to the problem, because some Government policies are driving more children into poverty, but at least we can agree that we need a commission that will provide research and independent advice so that we can have an informed debate. On that basis, I welcome the instruction.

7.25 pm

Margaret Curran: With the leave of the House, Mr Deputy Speaker, may I make one or two comments in response to the debate, and thank hon. Members for their contributions? I will not go through them all, because I might overstretch my opportunity.

My hon. Friend the Member for Stretford and Urmston (Kate Green) made the important point that connecting welfare and welfare measures is at the heart of tackling child poverty. I hope that when we get to the substance of the debate we examine the proposals for universal credit, which are a substantial change in the welfare system.

I always listen to my right hon. Friend the Member for Birkenhead (Mr Field) on these matters, and I will continue to do so. He commented on the centrality of child care, the child care proposals, and the impact of the introduction of universal credit, which is enormously significant. Regrettably, the Government have not fully clarified what will happen in respect of child care, which goes to the heart of the commission's work. I hope that the commission examines that aspect as well.

Finally, in response to a number of points, I understand the arguments, but we cannot lose sight of the fact that defeating the scourge of child poverty is a central part of Government work. We cannot afford to lose that focus. I take the point made by the hon. Member for Cardiff Central (Jenny Willott) on the consensus that has been established to deal with that scourge. Let us not lose that. Irrespective of other matters, we must target, measure and take action to tackle child poverty. I hope the widening of the commission's scope will not dilute that, and I look forward to substantial and lively debates in Committee.

7.26 pm

Maria Miller: With the leave of the House, Mr Deputy Speaker, I should like to respond to some of the comments made in the debate, and first of all to thank the hon. Member for Glasgow East (Margaret Curran) for her support for the motion. It was interesting and useful to hear the comments of right hon. and hon. Members in this debate, and I am grateful for the points that they have raised.

The right hon. Member for Birkenhead (Mr Field) raised an important point on the language that we use to describe such issues to people who perhaps do not live and breathe them in the same way that we do. That is important, but it is not, along with a number of issues raised by hon. Members, fully within the scope of today's debate. We should debate such things in Committee, on Report or on Third Reading.

Tonight's motion is on extending the scope of the Bill to enable that debate, and I am glad that so many hon. Members agree that the measure is appropriate. The right hon. Member for Birkenhead spoke of the importance of child care and getting full responses to his report, particularly on the early years. I remind him and hon. Members that we are committed to consulting on various options on child care and universal credit, although I am asking your indulgence, Mr Deputy Speaker, in straying that far.

The hon. Member for Glasgow East made a number of points, and I hope to cover a few of them. I point her and other hon. Members who commented on the broadening of the commission's role to our consultation on the various ideas in our child poverty strategy. I remind them that we received 280 responses to that consultation, which was more than those received to the consultation on the original Child Poverty Act 2010. Only around 6% of people who responded felt that broadening the commission's role was inappropriate. That shows that people understand the value of broadening the issues that are examined when we address child poverty, and that we cannot view children in isolation from either their communities or their families. Hopefully, hon. Members understand and agree with that.

The hon. Member for Stretford and Urmston (Kate Green) made a number of important points. She asked whether the Government remain committed to the 2010 Act. I should like to say a very clear, loud yes to that. The Government are clearly committed to the income targets in the Act, but as I outlined and as I am sure she will agree, tackling child poverty is not just about lifting people above an arbitrary income line; it is about ensuring that they have the support, incentives and skills necessary to create a better life for themselves. I hope that she would also agree on the importance of incorporating that principle into the commission's work. We are looking at the root causes of poverty, not simply dealing with its symptoms and moving finances and moneys about.

My hon. Friend the Member for Cardiff Central (Jenny Willott) raised a number of issues, but I would particularly like to pick up on the one about how tackling child poverty is about more than income. She has my wholehearted support for her sentiments. Using targets in isolation has in the past focused policy on short-term solutions, leading to vast sums of money being spent on financial support without fundamentally changing the causes of poverty. I welcome her support for our approach and the opportunity that will no doubt be afforded by her membership of the Welfare Reform Bill Committee to debate the detail and substance of some of the issues she raised.

The hon. Member for Glasgow East talked about the broadening of the commission—in fact, this was also raised by the hon. Member for Hayes and Harlington

(John McDonnell)—and was worried that we were diluting the powers of the commission. I would challenge that; we are doing quite the opposite. We are actually reinforcing the commission's powers by giving it the opportunity to range more broadly over those issues that really affect the life chances of young people in this country. The commission's duty to report annually on progress towards reducing child poverty will ensure that the issue remains high on the Government's agenda, and I am sure that nobody needs reminding that it is also in our coalition agreement.

The hon. Member for Hayes and Harlington mentioned the expertise on the commission, which might be an issue that we can discuss in Committee or perhaps on the Floor of the House on Report. One reason we believed that it was important to move to a child poverty and social mobility commission, rather than simply remaining with the legislation as it was, was precisely the one he raised: we wanted to ensure that that broader expertise was put in place.

Many other issues have been raised today, but I want to touch on just one more before I close. Hon. Members asked why we believed that the reformed child poverty commission would be more powerful, and why it mattered that instead of having an advisory function, its role should be to hold the Government to account. We believe fundamentally that Ministers are responsible for the strategies put forward. However, section 10 of the 2010 Act clearly allows the Secretary of State to devolve to the commission responsibility for establishing a strategy or to act on advice in a way that could place on it responsibility for that strategy. This is really important and is at the heart of the coalition Government's approach to ministerial responsibility. We do not believe that the commission should be responsible for the strategy; that is the role of Ministers. That is one of the fundamental changes that we are making, and it will ensure that the role of the commission is to hold us to account for the work we are doing. We do not want to defer responsibility to a commission that after all is not accountable at the ballot box. That is one of the important changes we have made.

In conclusion, we believe that these changes will ensure that the commission is an effective and efficient public body with the necessary powers to fulfil its duties and to hold Government properly to account. Moreover, they will remove the requirement on the commission as currently defined. It is a public body that cannot provide the taxpayer with value for money. There will be further opportunities to debate the content and detail of some of the issues raised today as we move through the various stages of the Bill. However, I hope that I have reassured hon. Members that allowing these changes is both necessary and beneficial to the cause of tackling child poverty, and I commend the motion to the House.

Question put and agreed to.

Trafficking in Human Beings

[Relevant document: The Twenty-fourth Report from the European Scrutiny Committee, HC 428-xxii.]

7.34 pm

The Minister for Immigration (Damian Green): I beg to move,

That this House takes note of European Union Document No. PE-CONS 69/10, relating to the Directive of the European Parliament and the Council on preventing and combating trafficking in human beings and protecting its victims, replacing Council Framework Decision 2002/629/JHA; and supports the Government's intention to apply to opt in post-adoption under Article 4 of Protocol 21 on the position of the UK and Ireland in respect of the area of freedom, security and justice.

I thank members of the European Scrutiny Committee for giving us the opportunity to set out why the Government wish to opt in to the EU directive on human trafficking and the benefits it will bring to the UK. I hope that this debate will secure the Committee's support for this important measure, which I believe further strengthens the UK's position on tackling human trafficking. I also welcome this debate as a step forward for parliamentary scrutiny. We welcome the Committee's consideration of the Government's intention to opt in and its detailed report, in which the Committee acknowledged that the objective of preventing and combating trafficking cannot be sufficiently achieved by member states alone and can, by reason of both its scale and effects, be better achieved by action at EU level. Our intention to opt in is consistent with that view.

I know that Committee members recognise that human trafficking is an abuse of human rights that feeds on the exploitation of victims—men, women and children. The victims of this appalling crime are mere commodities in the hands of organised crime groups, and their exploitation causes severe and lasting harm. We are clear that tackling this crime is of the highest priority. Human trafficking is a complex, covert and cross-border crime that demands an international response. The UK is a world leader in its anti-trafficking work, but that does not mean that we should stand still. Rather, we have a responsibility to lead the way in the fight against trafficking and develop increasingly sophisticated responses to the changing nature of the organised crime landscape.

Keith Vaz (Leicester East) (Lab): Does the Minister welcome the recent developments in the EU that will provide for more border checks within the Schengen area? When the Select Committee on Home Affairs last reported on this, it found that traffickers could pass through the Schengen area without being stopped. These new arrangements, which the EU seems to be putting in place, will mean more checks within the area, which might mean that we catch more people involved in this terrible crime.

Damian Green: The right hon. Gentleman might well be right. However, it would be unhelpful for me to comment generally on the developments in the Schengen area that, as he and the House will know, might be introduced as a result of events in north Africa. Certainly, however, I agree with the general proposition that each EU member state has to consider its own border arrangements and internal policing arrangements to make it easier for all of us to work together on an international basis in combating what is by definition

[Damian Green]

an international crime. That means that to deal with this problem we have to work closely with our international partners, and applying to opt in to the directive is a positive step that Britain can take towards this goal.

As the House will be aware, we chose not to opt in to the directive when it was initially put on the table last summer, because the draft text had to go through an extensive period of negotiation between the European Council and the European Parliament. We wanted to be absolutely sure that the text would not change during those negotiations in a way that would be detrimental to the integrity of the UK's criminal justice system. We wanted to consider a final text that had no risks attached and would not fundamentally change the UK's already strong position in the fight against human trafficking.

Mark Tami (Alyn and Deeside) (Lab): Does the Minister not think that it sends a negative message that we have taken so long to sign up?

Damian Green: No, I do not, because once the text was available, we looked at it and made the recommendation very quickly, so there has been no practical delay at all. We have examined in great detail the final text and its impacts on the UK, and have concluded that applying to opt in would benefit the UK as well as—most importantly—the victims of trafficking. Applying to opt in to the directive will maintain our position and will continue to send a signal to traffickers that the UK is very serious about tackling trafficking.

I am absolutely clear, however, that merely applying to opt in is not enough. We have much work to do to ensure that the directive is implemented in an effective way across the UK. There has been great interest in how we will implement certain measures in it, which I will deal with in a moment. The UK already complies with the majority of its measures. We have said from the outset that opting in to the directive will require us to make some legislative changes to ensure full compliance, and we are ready to do that. This will include widening extra-territorial jurisdiction. The directive requires us to establish extra-territorial jurisdiction when the offender is a UK national. It also gives us discretion about whether to establish jurisdiction over cases in which the offender is an habitual resident.

I know that that issue has caused much debate; another is that of child guardians. On this, the directive contains a number of important provisions about assistance and support for child victims of trafficking. We are confident that the UK is compliant with those measures. Local authorities have a statutory duty to ensure that they safeguard and promote the welfare of all children, regardless of their immigration status or nationality. We believe that this responsibility should remain with the local authorities that co-ordinate the arrangements for each child to ensure that they are safe and to promote their welfare.

Margot James (Stourbridge) (Con): Does the Minister agree that local authorities are going to need some training, direction and guidance on this matter? The record of child victims of trafficking disappearing from local authority care very soon after their admission is shocking and disturbing.

Damian Green: I agree that there have been severe difficulties in that regard. My hon. Friend will know that there tends to be a concentration of child victims of trafficking in certain local authorities, and one of the things that encourages me is the way in which local authorities—particularly those that are the most affected—are now learning best practice from each other and getting a grip on the problem of disappearance, which has afflicted many child victims of trafficking. For instance, Hertfordshire has, by adopting new systems, reduced the number of children who disappear from 36 to two in 12 months.

Great improvements are clearly needed, but we have already seen them being made in some local authorities, which are developing the kind of systems that are effective in enabling them to fulfil their statutory duty to protect children. They have comprehensive systems in place to do this, and adding another guardian to that framework would risk creating another level of complexity in arrangements that are already strong and that ensure the best interests of the child. Even worse, it would risk creating confusion for children themselves if plans for their care were not effectively co-ordinated.

Tom Brake (Carshalton and Wallington) (LD): What would be the difference between having an independent reviewing officer and advocate, and having a guardian? Is it the Minister's view that the combination of an IRO and an advocate amounts to a guardian?

Damian Green: That is exactly my view, and having another guardian would be confusing and potentially bureaucratic. Indeed, in discussions with the very energetic all-party group on human trafficking, one of its leading officers, the noble Baroness Butler-Sloss, made the point that when the directive talks about a guardian, it does not, in her view, mean a guardian ad litem—a legal representative of the child—who would deal with the courts, as happens in "normal" child protection issues. The truth is that the concept of the guardian in the directive is slightly vague, and slightly declaratory, and we believe that our present system is already achieving what the directive wants us to achieve.

Another provision that has generated great interest is the idea of a national rapporteur on human trafficking. Again, we believe that we have equivalent mechanisms in place that fulfil that purpose, in the form of the UK Human Trafficking Centre, for data collection, and the inter-departmental ministerial group, for oversight. I recognise the concerns expressed by hon. Members and others that this function should be carried out by an independent body, and I will keep those arguments under consideration.

Andrew Selous (South West Bedfordshire) (Con): I congratulate my hon. Friend on these measures, which are welcomed by many of us. Will he tell us what new police initiatives he envisages as a result of the motion, given the evidence of the success of Operations Pentameter 1, Pentameter 2 and Golf? Focused police effort has made a major difference.

Damian Green: My hon. Friend is right to say that good things were done during the focused police action under the two Pentameter operations. One result is that

combating trafficking has become much more a part of mainstream police work than it was a few years ago. There will be further developments on the activities of the national crime agency and, more specifically, on the new trafficking strategy that will be announced in the coming weeks. I will come to that in a second, if he will excuse me.

Mr Peter Bone (Wellingborough) (Con): I absolutely welcome the Government's decision to opt in to the directive, as does the all-party group on human trafficking. We are concerned, however, about the Government's decision on the rapporteur. I am all European and I like that sort of thing, and I hope that the Government have not closed their mind to the idea. I do not think that the mechanism that the Minister has outlined is good enough.

Damian Green: I am sure that the whole House will echo my pleasure at my hon. Friend welcoming this opt-in to a European directive. I cannot say how delighted I am to be on the same side as him in this argument. As I have said, I will listen to the arguments about an independent rapporteur, but I would merely observe that only two EU countries have adopted the mechanism that he favours. It is therefore reasonable to say that the jury is out on whether that is the most appropriate way forward.

I want to be clear that applying to opt in to the directive is only one part of the wide range of work that we are carrying out to tackle trafficking. Despite the difficult financial climate, we have protected funding for adult victims. We have set aside £2 million a year for the next three years to fund support provision for adult victims of human trafficking. As part of our wider work to tackle trafficking, we have introduced a new model for funding specialist support for adult victims. This will ensure that each identified victim receives support tailored to their individual needs and in line with the standards set out in the Council of Europe convention. It will also ensure effective co-ordination and monitoring of the support on offer, while enabling a greater range of service providers to support victims of this crime. These changes will result in a more comprehensive system of care that will take better account of the particular needs of individual victims. The flexibility of the new model will also mean that we are better equipped to meet the victim care requirements contained in the directive.

The strategy on human trafficking will set out in more detail the direction of our work on trafficking, and this will be published shortly. As I have just mentioned to my hon. Friend the Member for South West Bedfordshire (Andrew Selous), the strategy will set out the steps that we will take across four key areas: disrupting trafficking networks before they reach the UK; smarter multi-agency working at the border; more co-ordination of our law enforcement efforts in the United Kingdom; and improved victim care arrangements. As I said during the anti-slavery day debate in the House last October, the strategy will maintain the focus on victims and also put renewed effort into upstream enforcement, without compromising in any way our commitment to victim care. We will continue to work with a range of partners to achieve this. I hope that the House will support the Government's intention to apply to opt in to the directive, and I commend the motion to the House.

7.49 pm

Fiona Mactaggart (Slough) (Lab): I welcome the Government's decision. We asked for it some 40 times before they decided to do it, but that does not make the decision any less welcome. It is a recognition of the need to work between countries in this area of international abuse of human rights. Getting more effective collaboration between countries is critical if we are effectively to drive down the extent of human trafficking.

I genuinely welcome what the Government have done, but I think there is still a gap between refining the law, creating the right procedures and perfecting the administrative procedures that happen on the ground. If we look at our record on apprehending traffickers, we find that the numbers apprehended remain unconvincing. There is a huge gap between the estimated number of traffickers and the number of prosecutions. Victims largely remain invisible unless they are uncovered as a result of raids. Some victims have been identified through the national referral mechanism, but I am concerned about the way in which the NRM seems to have an attrition rate of about 50% after the initial recognition and 50% on the final recognition. Every organisation working in this field believes that a huge number of victims have not yet been identified.

James Wharton (Stockton South) (Con): Does the hon. Lady agree that although, as we heard from the Minister, there are hotspots around the country, there is a danger of forgetting that this can be a problem absolutely everywhere? There is a great deal of unreported trafficking in areas that might not be hotspots but still need to be the focus of Government attention.

Fiona Mactaggart: The hon. Gentleman is absolutely right. I fear that I probably represent a hotspot—one of the few constituencies in which successful prosecutions for child trafficking have been launched—yet I recall hearing a police officer from rural Dorset talking about his experience of finding in a local brothel women who had been trafficked. Police officers involved in the post-Ipswich work were shocked at the number of trafficked women they found in brothels in very nice parts of East Anglia. I think it is clear that this is happening all over the country and that we are not yet drilling down to the bottom of the problem. I know that trafficking is not just an issue across international borders, as it also occurs within the UK. I welcome the fact that the directive reflects that, so that we will be able to deal with internal trafficking around the country, which is a critical issue.

My concern is that, without targets—Pentameter 1 and 2 provided them—the police do not have sufficient incentives to deal with the problem. I agree with the Minister that it is becoming more mainstream police business, but I also know that some police forces have not learned what we have just been reminded of by the hon. Member for Stockton South (James Wharton)—that the trafficking is happening here. It is not given sufficient priority and many victims fail to be identified.

Mark Tami: Is my hon. Friend concerned, as I am, about the level of cuts to the police forces, particularly in areas such as port security, where traffickers probe for a weak point when they are bringing people into the country?

Fiona Mactaggart: My hon. Friend is absolutely right. Under Pentameter 2, an expert team was set up at Heathrow, which was able to identify children who came through the airport without their parents, as they were particularly vulnerable. That team is not replicated at other ports of entry, and there seems to be compelling evidence to show that Eurotunnel is a route increasingly used by child traffickers because that same kind of expertise is not deployed to identify and interdict child trafficking at the port.

Mr Bone: The hon. Lady is making a powerful speech and knows a lot about the subject. Would Her Majesty's Opposition support the Government in respect of the border police, as one of its roles is to make sure that trafficked victims are not brought in through our ports?

Fiona Mactaggart: The Opposition will support any effective border measures that help to protect this country's borders against illegal immigration and to prevent the victimisation of people through trafficking. We are absolutely on side when it comes to both those things. The targets that existed under previous nationally initiated police operations are, in my view, necessary to make this kind of work, which I welcome, operate effectively.

Another theme in the directive is the importance of looking after victims. I am concerned about the recent decision to replace POPPY as the provider of victim care. I think that the POPPY project was the most exemplary pioneer in its work on victim care. One thing it was prepared to do because of its independence was to challenge decisions on behalf of victims who were not identified as victims by the national referral mechanism. Will the Minister give a guarantee that the present arrangements for providing victim care will include a willingness to act on behalf of those victims who have not been identified by what amounts, frankly, to a bit of a tick-box exercise when it comes to the questionnaires issued by the NRM? Will the new victim care arrangements allow decisions by the NRM to be challenged so that people who have not been designated as victims of trafficking can be properly protected?

Margot James: I share the hon. Lady's admiration for the work of the POPPY project. There is no doubt about the excellence of its organisation. It was, however, in receipt of nearly £1 million for doing its work. Does she accept that it is worth at least trying to allow the new organisation, which will provide care for more victims with the same amount of money—we have heard that the actual amount has been increased, but pro rata I believe it will provide care for more—to get on with its job?

Fiona Mactaggart: That is what the contract requires of the new organisation. I did not make any criticism of it because I wish it well. It has the job now, although I am sad that POPPY's talent might be lost as it had powerful experience to bring to bear on the problem. I asked for a specific assurance that the new organisation will be allowed to challenge—and provided with the finance, perhaps retrospectively—in cases where its advisers and support staff believe that a decision by the NRM has been inaccurate. I put that question to the Minister and I am sure he will come back to it in his reply.

I accept that we need value-for-money services. Personally, I thought POPPY provided pretty good value for money for the women victims whom it supported and I hope that the new arrangements will provide a similar quality of support for women, which is gender sensitive and so forth. I know that part of the ambition was to extend it beyond trafficked women to male victims of trafficking—an initiative that I welcome—but I hope we will continue to have the gender sensitivity that is required in the directive and that POPPY so exemplarily displayed.

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): As the Minister who announced the result of the competition this morning, I want to make it clear that although the Salvation Army, which won the contract, will expect to administer directly about 25% of the funds made available by the Ministry of Justice, 75%—£1.5 million a year—will remain available to organisations such as POPPY so that they can provide the services that they have provided in the past. Although the Salvation Army has taken over the leading role, it will not do all the work itself, and we will need to use the expertise of organisations such as POPPY.

Fiona Mactaggart: As the Minister knows—because we have discussed the matter before—POPPY did bid for the provision and his system did not approve the bid. It is quite possible that the requirements that the Salvation Army will lay on the organisation to which it subcontracts will not be appropriate for POPPY. As the Minister knows, POPPY had to bite its tongue a bit to make the bid in the first place, and I encouraged it to do so. We cannot be certain that it will be able to continue—or afford to continue—to provide a service of this kind.

The Minister for Immigration referred to the rapporteur requirement in article 19. I welcome his recognition that—notwithstanding the memorandum that he supplied to the Committee, according to which this was provided by the United Kingdom Human Trafficking Centre and the inter-ministerial group on human trafficking—there is a question to be asked about whether some more independent mechanism might be appropriate. I strongly urge him to adopt that route, and I am glad that he has left the door open.

I believe that the inter-ministerial group has met once since the election of the present Government. I do not think that that suggests a great degree of oversight. It also worries me that UKHTC does not provide public reports of its work or accessible statistics. In contrast, the Child Exploitation and Online Protection Centre, which is part of the same mechanism, provides detailed figures and reports which enable it to hold the body to account. I think that we need a body which will report to this Parliament, and which will provide it with the necessary figures and details.

I talked recently to representatives of ECPAT, an exemplary organisation that supports child victims of trafficking. They said that the most recent figures they could get out of UKHTC did not break down the details of victims of trafficking—even children—according to nationality and age, which would have enabled them properly to understand how that ghastly phenomenon operates. I urge the Minister to establish a mechanism which can report to Parliament, and which recognises that the job of a rapporteur is not to administer but to

find information and report it. At present, the bodies to which he refers in his memorandum do not go in for much reporting.

Finally, let me deal with the issue of child victims. Shortly before the debate, a number of members of the all-party parliamentary group on human trafficking heard an excellent presentation by Barnardo's about its work with children who have been sexually exploited. Some have been trafficked, and some are victims of a sexual exploitation of a kind that has parallels with child trafficking. Barnardo's estimates that there are 1,000 sexually exploited children in Britain today, and that the experience of those children, when they come into contact with the criminal justice system, is of being criminalised rather than treated as victims. I believe that Members on both sides of the House feel shame about that.

There is an urgent need for us to provide proper protection mechanisms for child victims of trafficking, and that will require, among other things, a proper guardianship system. We know that although, in theory, local authorities take responsibility for the welfare of children, that is not always the case in practice. The Minister mentioned some good practice in Hertfordshire, which we welcome, but, as he is aware, that is the exception rather than the rule. We know that trafficked children disappear from local authority care every week, and that, rather than being found a few weeks later, they are never found. It is horrific that those most vulnerable, most exploited children are not being protected. It is not just a question of protecting them against an uncle, or whoever is trying to instruct a lawyer on their behalf when it comes to criminal proceedings; it is also a question of protecting them against continuing re-trafficking, which, as is fairly clear, is unfortunately what is happening to many children in Britain today.

Signing the directive would give Britain an opportunity to make a real difference, but we need a practical strategy to implement its proposals. We were promised that in the spring, and the Minister referred to it again tonight, but progress seems to be at best confused, and at worst even more confused. It is slow and a bit muddled. I have been told by voluntary organisations that have been consulted about what the strategy might include that different Home Office civil servants have been put in charge of it, that meetings keep being arranged and then cancelled, that people are not given papers before meetings, and that the timing of a meeting that was due to happen the following day is changed and no agenda is circulated.

I believe that the increasing number of voluntary organisations that deal with human trafficking—including the excellent Human Trafficking Foundation, which was created by a former Member of Parliament for Totnes—are beginning to feel that the Government are trying to use them as a free research resource without listening to their concerns. We want the strategy, and we want it to be as specific as the last strategy—which, I note, has disappeared from the Home Office website, and which had the benefit of specific targets.

I hope that the Minister for Immigration will be able to reassure us that there will be proper consultation about the strategy, that voluntary civil society organisations will be involved as is required by the directive, that they will be properly involved and not asked to attend meetings without an agenda, and that the strategy will be not merely a high-level document with no specific facts and figures enabling people to be held to account, but a concrete set of promises. It is time that we had such a strategy. It was promised for the spring, and my gardening practice tells me that the spring is very nearly over.

Let me end by welcoming today's decision, which I am sure the whole House will support, and by urging the Minister to do more to make the provision work well in practice. He has some of the necessary ideas, but we need to ensure that they are implemented.

8.9 pm

Tom Brake (Carshalton and Wallington) (LD): I am very pleased that we are having this debate. The fact that we are doing so is a tribute to Members on both sides of the House and others, including the Minister for Immigration, the Home Secretary, the members of the all-party group on human trafficking, Anthony Steen and the hon. Member for Slough (Fiona Mactaggart). It is a collective achievement, therefore.

As Members will know, in Europe alone the estimated value of trafficking is £3 billion, and about 140,000 people are being held in conditions of effective slavery in Europe. This morning, I had a meeting with Croydon Community Against Trafficking, which has done very good work in identifying brothels. From its research, it concluded that there were 65 brothels in Croydon. It passed that information to the police in Croydon, who had identified only eight brothels. This shows the scale of the problem we are facing both in European terms and at the local level, and it highlights the fact that human trafficking, especially for the sex industry, is a significant issue.

I want to thank the Home Secretary again. We have had an extensive exchange of correspondence on this matter over the past three months or so, and there are a couple of points on which I seek clarification relating to the impact the EU human trafficking directive will have in the UK and any additional measures the Government might intend to take. When I intervened on the Minister on the topic of guardians, he said he was confident that the combination of an independent reviewing officer and an advocate was, in effect, a guardian or the equivalent thereof. I am sure he is right, and I hope so too because when we have to respond to the petition on guardians with 600,000 signatures that ECPAT is apparently going to be handing in on Thursday 12 May, it will be much easier if all Members can collectively say that the matter has been addressed. It will save us a significant amount of pain if we are in a position to say that.

It is my understanding that forced begging is already a crime in the UK. I ask the Minister to clarify either now or later whether a comparable legal penalty is attached to that, and whether as a result of the implementation of the human trafficking directive we will follow other countries in recording the figures for forced begging so that we can draw straight comparisons. In my mind at least, there was also some confusion as to whether other offences that are not currently covered in the UK are addressed by the directive and therefore whether we might now have other offences as well as forced begging.

Victims of trafficking receive free medical care, but what support in respect of accommodation, and especially safe accommodation, is there, and does the Minister expect that to be provided to all victims?

[Tom Brake]

On the protection of victims in criminal proceedings, the Home Secretary confirmed that special measures such as witness protection and anonymity are not guaranteed, but are granted on a case-by-case basis. I hope the Minister can give some reassurance that they will be available in cases where that is clearly necessary. Also, there is a suggestion in the response that if legal aid is not available, victims should seek help from non-legal professionals or legal voluntary organisations such as citizens advice bureaux. Given the nature of these crimes, will the Minister consider whether victims should, in fact, receive proper legal support when they require it?

I referred in my opening comments to Croydon Community Against Trafficking, and I congratulate that voluntary organisation on the work it is doing. Following promptings from Anthony Steen, it is trying to expand its network to all the London boroughs. Many of its activities are based on following leads from adverts as they appear in newspapers. I am sure that Members will welcome the fact that Newsquest—which produces many of the local newspapers around the country, including my own, the *Sutton Guardian*—has given a guarantee that it will not carry these ads. That is not the case for others, however, such as the *Advertiser* group. I am afraid that on occasion its papers are in the bizarre situation of featuring on the front page articles about raids on brothels that have resulted in their being shut down, while on the back pages carrying adverts for the services of those brothels. I hope the Minister will address that. He has welcomed the actions of Newsquest, and I wonder whether he might like to put a challenge to other newspaper groups in respect of the adverts they continue to carry.

I also ask the Minister to set out how he sees the time scales developing from now on, in respect of any other measures that might be taken or hoops that might have to be jumped through, before we can finally say that the EU human trafficking directive has been adopted in its entirety and we can once again commend all the actions that have collectively been taken to ensure this becomes part of the UK's legislation.

8.17 pm

Keith Vaz (Leicester East) (Lab): As always, it is a pleasure to follow the hon. Member for Carshalton and Wallington (Tom Brake) in a debate on human trafficking. He served with distinction on the Select Committee on Home Affairs a few months ago when we published our report into human trafficking. That took over a year to complete, not because we were not seeking to inform the House more quickly, but because the more we investigated this very important subject, the more information came before us and the more we wanted to get to the bottom of the root causes of human trafficking.

This is a unique debate because Members on both sides of the House are lavishing praise on the decision of the Minister and the Government. That is an unusual situation for the Minister for Immigration, which he should appreciate and put in the bank for future occasions. He and the Government have done absolutely the right thing in opting into this directive. It will make a huge difference in respect of our uncovering the sources of human trafficking and dealing with those criminals who make such a vast amount of money—£32 billion worldwide, which makes trafficking the second largest illegal industry after drugs. If as a result of what the Government are doing today we catch more of these criminals, signing in will be worth it.

It is right that we pay tribute to Anthony Steen for the work he has done for many years. Even though he is no longer a Member of the House, his spirit lives on in the all-party group and I am sure he is watching the deliberations of the House today and that tomorrow I and other Members will be getting an e-mail pointing out all the things we should have said on this matter and all the things he feels we can help him with in the future.

I pay tribute to the hon. Member for Wellingborough (Mr Bone), who took over as chairman of the all-party group and has done a fantastic job in ensuring this issue remains at the forefront of the work of Parliament. Given his views on Europe, he is going to make a piece of incredible parliamentary history today in supporting an opt-in to something that has been proposed by the European Union. We should not forget this important piece of parliamentary history. We will hear from others involved in tackling trafficking, and may I say what a good thing it is that the House is relatively full for this time of night?

As has been said, this is of course an issue for this country, but we need primarily to go to the sources of human trafficking to try to find out why and how people are trafficked. As part of that, we need to examine the developments in the European Union, and I raised that issue when the Minister spoke just now. The recent developments on the Schengen arrangements will help us to try to catch some of these criminals. This country is, rightly, not part of those arrangements, so we are observers and we have no direct interest in those matters. We are not the decision makers—this will be done without the United Kingdom's involvement—but of course we are the beneficiaries of any changes to the Schengen arrangements that mean that the borders of Schengen countries are protected and measures are in place to ensure that those who seek to use the freedom of movement in the European Union for criminal purposes, be it illegal immigration or human trafficking, are checked very carefully. I hope that, although we are only observers, the Minister and the Government will make relevant comments to our colleagues in the European Union about how these measures will affect not only illegal immigration, but, more particularly, because of the nature of this debate, the way in which we deal with those involved in human trafficking. These measures are not an end but a beginning and this Government, Members of this House and others have a constant desire to make sure that we are vigilant against those who are trafficking people.

Justin Tomlinson (North Swindon) (Con): I have spoken in debates on this subject before and I must say that a lot of the trafficking goes unnoticed. It is now being targeted in new development areas that have a high prevalence of rented property, where people cannot name their neighbours and do not necessarily spot anything untoward when people come and go at early hours. We need to be vigilant in our communities to ensure that we are feeding that information to the police and the local authorities.

Keith Vaz: The hon. Gentleman is right about the need for vigilance. We sometimes talk about trafficking as if it were a global problem—and of course it is—but

it is found in our neighbourhoods. It is a problem for local communities and we need to collect that information and make sure the police are in a position to act on it. In a real sense, this is a neighbourhood watch issue; it is about whether people are prepared to spot what is happening locally and report it to the police.

During the recess, I took the opportunity to visit Tandarei, in Romania. I felt that I had got closure, because I had been trying to do that for a number of years, including with my Select Committee. We had heard about this town in Romania that had been transformed because of the money that had been sent by children who had been begging on the streets of London, Madrid, Paris and other major European cities. We received the co-operation of the Romanian Government, and I wish to pay tribute to the excellent work that they have done. I also wish to pay tribute to the work of the Romanian police, in concert with the Metropolitan police, on Operation Golf, which was mentioned by the hon. Member for South West Bedfordshire (Andrew Selous), who is no longer in his place. That international co-operation goes beyond directives of the kind that we are discussing, but the close co-operation of the Metropolitan police and the Romanian police led to many people being arrested in Tandarei.

In Tandarei, we saw a number of very expensive villas that had been built as a result of the proceeds of trafficking and a number of very expensive cars. We spoke with the mayor and other officials there and I must put on the record the fact that they, of course, denied any involvement in human trafficking and denied that children were being sent from this remote Romanian village to London, Madrid, Paris and other major cities. However, they did say that money had been flowing into Tandarei. The figures that we were given showed that £2.8 million had been transferred through legitimate means—through Western Union and by other means of transferring money—into that town last year, and it is estimated by the authorities that many millions more had gone there. Those who live in that town have said that the children go voluntarily, with the consent of their parents, to raise money for the betterment of their local communities. We therefore have a duty to engage with these communities, through the excellent work of the Romanian authorities and the Romanian Government, to try to explain that this is not the right thing to do with young children and that the best place for them is with their parents and families. As neighbours, partners and colleagues in the European Union, we should also provide whatever help is necessary.

Some people may think that this problem cannot be solved, but I think that it can. I believe that this will be solved by going to the source countries, such as Moldova, a third of whose population has left that country over the past 10 years, and origin countries in north Africa from which people are being trafficked. We have read the stories of those who are now coming from Libya, some of whom are paying huge sums to get out of that country. Some of them end up in Italy, and I spoke this morning to the Italian ambassador about the problem. Last week, I spoke to the Greek ambassador about the number of people from Moldova and Afghanistan who end up in Turkey. Many of those people have just one ambition, which is to live in the United Kingdom, and they will pay any amount of money in order to do so.

Mr Mark Spencer (Sherwood) (Con): A lot of tonight's debate has focused on the supply and the trafficking, but does the right hon. Gentleman agree that we need a double-pronged approach and that we should also put emphasis on those who use these establishments? Does he agree that the police and local authorities need to educate and prosecute the people who make use of these establishments?

Keith Vaz: The hon. Gentleman is right. Of course, the previous Government introduced legislation making it an offence for someone to engage in sexual relations with someone who may have been trafficked. We had a debate about that and it is an absolute offence. He is right to say that we must limit the supply by intelligent policing and co-operation, and that we must reduce the demand by being very firm on those who are part of that system—he leads me to an excellent place to end my speech. If this Parliament can do that and if the Government can opt into this directive, we will have moved a step closer to eradicating this terrible, terrible problem.

8.28 pm

Mr Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the right hon. Member for Leicester East (Keith Vaz) and, as usual, I agreed with every word he said. I very much appreciate his kind words about me and, in return, I shall say that the work of the Home Affairs Committee under his chairmanship is most welcomed in this field.

It would be wrong of me to start without mentioning the two excellent Ministers on the Treasury Bench, the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), and my hon. Friend the Minister for Immigration, who have played an important role in bringing us to where we are tonight. They have both had the time and the patience to talk to the all-party group on human trafficking and we appreciate that.

I welcome the directive and I should also congratulate the previous Government, because, on a non-party political basis, we are building on their work. They took us into the Council of Europe convention on action against trafficking in human beings, which is now being embodied in EU law. The all-party group, under Anthony Steen, did much in the previous Parliament to push that Government in that direction and it is the role of our group to continue to push this Government. Although we welcome the debate and will lavish praise on the Government tonight, we will return to particular points and push the Government hard. My great concern about the EU directive, which I have expressed on many occasions, is that it must be seen as the minimum, not the maximum. We must go much further than it does.

For me, the great thing about opting into the directive is that it sends a message to EU countries that in this country we are serious about the problem, which will encourage other EU countries to do more. We cannot stop human trafficking on our own; we must work with our European neighbours to stop it. To that end, I am pleased with the all-party group's initiative to try to set up similar all-party groups in other parts of the EU. We have obtained a grant from the EU to do that.

I praise both Ministers for the decision on victim support. The Under-Secretary has not blown his own trumpet enough tonight, as, at a time when there are

[Mr Peter Bone]

cuts, it is quite amazing that the Government have managed to increase the funding for victim support. Personally—this is my view, not necessarily that of the all-party group—I think it was right to award the contract for looking after adult victims to the Salvation Army. I have seen the proposal and how it will spread a network of safe homes across the country, involving many different organisations. In a way, it is a big society solution to the problem. Although the POPPY project did an excellent job, it was very London-based. More victims will be looked after better by the new solution and I congratulate the Ministry of Justice on that.

There is one great scandal on which we will continue to press the Government. Adult victims of human trafficking are looked after in this country, previously through the POPPY project and now through the Salvation Army, and they are put into safe homes and helped back into normal life. They can either go home to their country of origin or settle properly into this country and they are given help in bringing prosecutions against the dreadful people who do the human trafficking. It must be far worse for a child victim of human trafficking than for an adult. A young child, aged 15 or so, might be brought into this country having been told that they will have a job in a store, but might suddenly find that they are in a brothel and repeatedly forced to have sex. That must be far worse for a child than for an adult.

What happens to those child victims? As a child, the local authority has to look after them, but there is no particular provision for local authorities to look after trafficked children. They do not even identify them—the provision is a bolt-on to the local authority system. All that happens is that these children are taken into care and then re-trafficked. That scandal must be sorted out. I am pleased that the Government have just awarded a grant to Barnardo's to set up a safe-home system for children. Admittedly, there will be only 16 children to start with, but that has to be the way forward. We must treat trafficked children differently from ordinary children who come into local authority care. The all-party group will be pressing the Government on that issue over the next few months.

I also welcome the Government's four-pronged approach to trafficking and to setting the new goals. I also welcome the fact that they are taking time to reach a decision, as I would prefer them to take as long as possible and to get it right. I do not really care whether in Government terms the spring finishes at the end of July, so long as we get it right. There was much criticism of the Government before, saying that they would not opt into the EU directive, but they have done so. Now, there is a lot of chatter that the Government will make a mess of the strategy on human trafficking, but I do not believe that. I hope that when it comes before us we can have another debate and can push the Government further. We are clearly moving in the right direction.

There are two issues about the directive that I want to mention which I think the Government are going to have to consider seriously over the next few months. The first concerns the rapporteur—I have only just learned how to say that word because it is foreign. It seems to me that the Dutch model is better than any of the others. It has a rapporteur and a secretary and they account for the whole cost of the system, so it is a minimal amount of money. The rapporteur reports independently to Parliament once a year on how trafficking is going in the Netherlands and how the Government's policies work—that is her entire role. It would be really good if we could replicate that system in this country. Of course, I think that our first rapporteur should be Anthony Steen, who was in the Palace of Westminster earlier talking about this very debate, but whomever we might consider for the role, we should look into doing that.

The second issue, which is perhaps more difficult, is the requirement under the directive to have guardianship. I shall be at No. 10 Downing street on Thursday, helping to deliver a petition about guardianship that I believe has more than 600,000 names as a result of a campaign by the Body Shop and ECPAT—End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes. This is a difficult issue—I do not want to pretend that it is not—but we have to get to grips with it and I hope that we in the all-party group can work with the Government to find a solution.

The Government have done an excellent job on this and I respect the effort and time that the Ministers have put in, as well as the constructive criticism that has come from the Opposition. This is a night to celebrate, but I shall come back in future weeks to criticise.

8.36 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): It is a great pleasure to be here this evening to welcome the Government's proposals. I know that we are going through the European scrutiny process and that we have a right to our debate, but there might be a small tinge or last flourish of Euroscepticism in the forcing of a debate after the date on which the Government had hoped to sign up to the directive. I have seen the letter to the Chairman of the European Scrutiny Committee, so I know that the Government have respected the scrutiny process and the Committee's wish to have a debate on these issues. That is to be commended for scrutiny purposes and I do not think it will take anything from the eventual signing up to the directive.

I once asked the Prime Minister about his moral compass in relation to this issue, and it seems that our collective moral compass has come through the magnetic storm of Euroscepticism and out the other side pointing in the right direction. I welcome that greatly. I do not think that the probing questions asked by those who perhaps did not want us to do things on the basis of an EU directive, but wanted us to set up 27 arrangements with other countries, were unhelpful because they made the Government think hard about what was in the directive. Some of the issues that I pressed hard on, such as extraterritorial jurisdiction, are very important and I hope that the Government might join the European Parliament in getting the same clause on extraterritorial jurisdiction into the directive on sexual exploitation and the abuse of children, as that is currently being resisted.

We have done this just in time. The ECPAT and Body Shop petition has been running for some months and when I looked after it had been closed on 5 May it had 887,575 signatures calling for guardianships to be set up as part of our response to the trafficking of children. I believe that the petition will be presented on Thursday at No. 10 Downing street on behalf of those organisations. ECPAT has also been supported by the Body Shop financially in its work.

A month ago, the Commissioner for Children and Young People in Scotland reported on his research into the trafficking of children. From the evidence he had collected, he said there were at least 80 cases he could verify and possibly 200 of which he had had notice. For a small country such as Scotland, that is a lot. If the figure were extrapolated for the UK, the number would be massive—much higher than the figure of 1,000 mentioned by my hon. Friend the Member for Slough (Fiona Mactaggart), and that is just for children. It worries me that there is a massive amount of trafficking going on—perhaps for the purposes mentioned by my right hon. Friend the Member for Leicester East (Keith Vaz), who talked about what he had seen in Romania. Clearly, there is a lot of trafficking going on that we have yet to find out about—much more than some estimates. Some of it might be just to reunite families; some of it might be for benefit fraud; some of it might be for exploitation through cheap labour or begging, as I have seen in other European countries; and some of it might be for other, more nasty, reasons, including sexual exploitation and abuse.

We have a long way to go. According to the reports I have seen, there were only eight successful prosecutions for people trafficking in England last year. What seems to happen, according to the data that I have, is that the accused plead guilty to a lesser charge. There is not supposed to be plea bargaining in this country, but we know that it happens. The number of proper cases and final prosecutions is very low. There was one well publicised case of a woman police officer who pressed for research into human trafficking, because she had seen it going on, and was told by her senior officer, "We're not interested in human trafficking. In this force we're interested in burglaries." In a case reported today by Barnardo's, a judge commented to a 14-year-old who had been trafficked and used in a sex ring that it was just a lifestyle choice that she had made. That is frightening in this day and age.

We have much to do about the scale of the problem. I sent the Minister a number of parliamentary questions. I was told that the trafficking toolkit from 2003 was available to all law enforcement agencies. That was the answer to my question about how many people had been trained by the police forces in this country to handle human trafficking. It was confirmed today by the people from Barnardo's that only a quarter of police forces have proper child protection units running, so we have a long, long way to go.

I have received information from contacts throughout the EU. The Human Trafficking Foundation run by Anthony Steen is keen that we should reach out and form organisations such as the one run by the hon. Member for Wellingborough (Mr Bone) in all the countries of Europe. For example, when I went to Hungary, I met representatives of three organisations who could give me lists of 400 women trafficked and re-trafficked—turned over, new women brought into Switzerland by one organisation, and children trafficked from Kosovo to Albania and elsewhere in that part of the world for begging, theft and possibly sexual abuse. It is important that we get round Europe, make contacts, recognise the scale of the problem and see it as a European problem and one that is much wider than the EU.

We need a new approach to victims, as was said from the Front Bench and supported by the hon. Member for Wellingborough. We should realise that, if we can separate the victims from the traffickers, we can deal with the traffickers better, but when they are mixed up and it is suggested that those involved in prostitution rings are somehow accepting of it, we blur the images and people start to think that those in the brothels are the trouble and the problem. It is a massive money-making operation exploiting women as they have been exploited for generations, but now that is transnational and we must do something about it.

We should take a new approach to the many active organisations. I do not know how the Salvation Army bid will work and who it will work with, but following the debates that we have had here on slavery and trafficking, I have been contacted by organisations that work with Moldova, for example, as my right hon. Friend the Member for Leicester East (Keith Vaz) mentioned. One organisation in London works with an organisation in Moldova trying to stop the young girls coming out of care homes being picked up immediately and offered work which ends up as prostitution in other European countries. We must break the cycle in the country of origin, as was said from the Government Back Benches. There are many organisations actively working in this field that we must pull together and see as a great force.

Barnardo's commented that sometimes the authorities think that people who act as guardians—that was not the term used, but the role is similar—looking after the women and children coming out of those rings are treated as though they are amateurs, because they are not professionally paid and they are not formal social workers. In fact, they are more highly skilled and have done more sensitivity training and skill training than many receive in their wide curriculum as social workers. We must start treating such volunteers as part of the force that we can turn to the advantage of those children.

I will finish by making one further point, as the Under-Secretary of State for Justice, the hon. Member for Reigate (Mr Blunt) is present. We have had a debate on the EU directive on combating the sexual abuse of children. I hope that our Government, who do not have a statute of limitations on sexual abuse crimes, will persuade the EU that in its directive there should be no statute of limitations on those crimes. The current bid from the European Parliament is for a 15-year statute of limitations, which would expand provision in many countries. We need that to be taken out, so that when we catch a person involved in such crimes, at any time, they will be prosecuted and jailed.

I have been made a UK representative of the Council of Europe's ONE in FIVE campaign, which is intended to promote the Council of Europe convention on the protection of children against sexual exploitation and sexual abuse, which the UK has signed up to but not yet ratified. I think that we should ratify that convention. I hope that Members who are listening to the debate do not see this problem just as something that happens on their streets and that they have to worry about only in the context of their constituencies. Every time Anthony Steen went abroad with the European Scrutiny Committee, he took the chance to reach out by making contacts, talking about the issue and convincing people that they should join in and act as the all-party group does here, and I will do the same every time I go abroad. When Members who are listening to the debate are in contact with parliamentarians in other parts of Europe and beyond, they should talk not just about the positive things, but about the need to come together to shut down that

[Michael Connarty]

network and protect the people who are exploited from country to country, for whatever reason. That will defend the people on our streets and in our communities much more than thinking that we can do it alone.

8.46 pm

Mark Hendrick (Preston) (Lab/Co-op): The details of this European directive are to be welcomed. They will strengthen Britain's ability to prosecute those who carry out these horrendous crimes and ensure that adequate care is provided for victims of human trafficking. This debate is taking place close to the 224th anniversary of the first meeting of the Society for Effecting the Abolition of the Slave Trade. On 22 May 1787, 12 men, led by Thomas Clarkson, met in a printing shop in London and sparked a movement that led to the abolition of the slave trade within the British empire in just 20 years.

Human trafficking is a modern-day version of the slave trade. When people think of slavery, they think of 17th-century ships transporting Africans across the Atlantic. When children study slavery, they look at the role slaves played in the British empire or the impact slavery had on the American civil war. For many, the issue is resigned to the history books. However, the United Nations estimates that 12 million men, women and children are enslaved today. This is likely to be a conservative estimate, with the actual number closer to 30 million. In other words, slavery and human trafficking is very much a contemporary issue. The nature of slavery has changed dramatically, so it is important that we continue to review how we combat human trafficking.

The changing nature of slavery can be demonstrated by a study conducted on the retail cost of a slave. The study looked at slavery over the past 4,000 years and concluded that in the period up to the 20th century, the average cost of a slave was around £24,000 in today's money. After advances in technology and the population explosion of the past 100 years, the cost of a slave today is estimated to be around £55.

Rather than being kidnapped, many of those enslaved today walk into it. They are searching for employment in order to improve their families' lives. When a seemingly legitimate offer of moving away from home with the promise of a decent paid job is made, many take it. They give all their savings to groups or individuals who transport them thousands of miles away from home. However, they soon find that the job is not what they were promised, and when they try to leave, they are forced through violence, or the threat of violence, to stay. Given that they are often in a country illegally, with no documentation, they have no choice but to stay. Those who are most at risk from human trafficking are therefore among the world's most vulnerable people. In addition to providing support and prosecuting those who commit criminal acts, we need to ensure that the root causes of why people become trafficked are addressed.

In conclusion, the measures in the EU directive will strengthen our ability both to prosecute criminals and to support victims. Britain has a long history of leading and shaping international responses to issues such as human trafficking, a crime that is transnational and in all our interests to eradicate. I hope that Britain will continue to do that under this Government, and that any latent Euroscepticism will not get in its way.

8.49 pm

Damian Green: We have seen that this is a matter of considerable importance to everyone in the House this evening, and there has been a remarkable degree of cross-party consensus. I am very reassured by the level of support for our intention to opt in to the directive. The right hon. Member for Leicester East (Keith Vaz) said that it was a unique experience for an Immigration Minister to receive unanimous support from the House, but I think that he was being characteristically understated: the House appears to have given unanimous support for opting in to a European directive. This debate may have been low key, but it is genuinely historic in that regard. In the last few minutes of it, let me address the points that have been raised.

I am grateful for the support of the hon. Member for Slough (Fiona Mactaggart), who speaks for the Opposition. I smiled at her opening remarks, because I remember sitting in her position when the previous Government were deciding whether to opt in to the Council of Europe convention. I spent about 18 months urging them to, and I probably used exactly the same words as she did when I welcomed their decision eventually to do so. I take her point about wanting more referrals under the national referral mechanism, and, as several hon. Members on both sides of the House have said, the new national crime agency and the border command within that will be helpful in toughening up the whole response to trafficking, including the police response to the national referral mechanism.

Several hon. Members questioned the police commitment in certain areas to fight trafficking, and there is more to be done. That is one reason why we are introducing the national crime agency, but in defence of the current system I should say that tackling organised immigration crime is the second-highest priority of the Serious Organised Crime Agency, after fighting drugs, so it is high on the list of those who fight organised crime.

The hon. Lady mentioned the POPPY project, and the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt) explained the new system, whereby there is not just a new provider in the Salvation Army, but a new process of using a prime contractor. Different contracting agencies will buy a range of skills, and I hope that that will make the new system less London-centric, as my hon. Friend the Member for Wellingborough (Mr Bone) rightly pointed out.

There were also questions about protection at the railway border, St Pancras, where Eurostars arrive, but I should point out that Operation Paladin, a successful exercise run jointly by the UK Border Agency and the Metropolitan police, operates there, so it is not true to say that the station is a soft spot. Of course, all passengers on those trains will already have gone through controls in France or Belgium, too.

The hon. Lady also asked whether the new protection regime would allow for the challenging of NRM decisions. All support providers are asked to, and helped to, provide information about victims' experiences and circumstances to the competent authority precisely to ensure that the correct NRM decision is reached and to advocate on behalf of victims in the provision of services. That will continue to be the case under the new contract.

I slightly parted company with the hon. Lady when she said that the process of coming to the new strategy had been slow and confused. I gently point out to her

what she, as a former Minister, will know perfectly well: this is the first day for six weeks that the Government have been able to make policy announcements, because we have been in pre-election purdah. That is one reason why the definition of spring in Whitehall is reasonably elastic. We have this period every year when we simply cannot make announcements, but it is now coming to an end.

I am grateful for the general support of my hon. Friend the Member for Carshalton and Wallington (Tom Brake). He asked about forced begging and criminal offences, but the directive requires the UK to criminalise only trafficking. The UK is already compliant with that requirement, subject to the requirements that I mentioned to amend our offences regarding extra-territorial jurisdiction and internal trafficking for labour exploitation. The required penalties for the offence of trafficking are as set out in article 4 of the directive. There is no requirement for any penalties specifically relating to forced begging or any other provisions about forced begging or other offences. I hope that that answers the question. He also talked about legal representation. In the UK, victims of crime are not a party to criminal proceedings and therefore do not need assistance with legal representation.

My hon. Friend mentioned the role of the local press and the acceptance of adverts that many of us would prefer not to see in local papers. I completely agree with the points he made. It has always struck me that this is an example of where consumer power might be useful. If the readers of those newspapers told them that they found such adverts offensive and therefore would not buy the newspapers or products that were advertised in them, I dare say that newspaper groups would stop carrying those adverts.

On the time scale, as I said, we are applying to the Commission to opt in because the directive has already been completed. The Commission has to decide within four months to let us in, which I presume will not be a problem, and then, over a period to be determined by the Commission—a number of years, possibly two—any primary legislative changes will need to be put through this House.

I particularly welcome the remarks of my hon. Friend the Member for Wellingborough about the Salvation Army. I hope that this measure leads to a spread of expertise and a greater tapping into new expertise in helping victims. I am grateful for his kind remarks, and I echo what he said about Anthony Steen and praise his own successor chairmanship of the all-party group on human trafficking.

The hon. Member for Linlithgow and East Falkirk (Michael Connarty) has developed great expertise in these matters. In response to his first remarks, we are seeing the scrutiny procedure working. The substance of this measure is very important, but the process is quite important as well. Proper parliamentary scrutiny of a European directive is leading to a good legislative result in this country, so this is good for Parliament as well.

The hon. Gentleman talked about the number of convictions. Since May 2004, there have been 166 convictions for trafficking, including 153 for trafficking for sexual exploitation, of which three are for conspiracy to traffic. Since December 2004, there have been 13 convictions for labour trafficking and six for conspiracy to traffic. Those figures all run to the end of January this year.

Finally, I am grateful to the hon. Member for Preston (Mark Hendrick) for putting the matter in its proper historical perspective.

The measures set out in the directive very much reflect the existing position in the UK and the work that we are already doing to combat human trafficking. Subject to Parliament and the Commission agreeing with our intention to opt in, I look forward to working closely with the Commission, the practitioners and our corporate partners to implement those measures. It is simply intolerable that in 2011 human trafficking still plagues this country. We should not rest until we have it under better control, and opting in to the directive will mark an important step towards achieving that aim. I commend the motion to the House.

Question put and agreed to.

Resolved,

That this House takes note of European Union Document No. PE-CONS 69/10, relating to the Directive of the European Parliament and the Council on preventing and combating trafficking in human beings and protecting its victims, replacing Council Framework Decision 2002/629/JHA; and supports the Government's intention to apply to opt in post-adoption under Article 4 of Protocol 21 on the position of the UK and Ireland in respect of the area of freedom, security and justice.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Companies

That the draft Companies Act 2006 (Consequential Amendments and Transitional Provisions) Order 2011, which was laid before this House on 3 March, be approved.—*(Angela Watkinson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Climate Change

That the draft Greenhouse Gas Emissions Trading Scheme (Nitrous Oxide) Regulations 2011, which were laid before this House on 22 March, be approved.—*(Angela Watkinson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Defence

That the draft Defence Science and Technology Laboratory Trading Fund Order 2011, which was laid before this House on 24 March, be approved.—*(Angela Watkinson.)*

Question agreed to.

PUBLIC ADMINISTRATION

Ordered,

That Mr Charles Walker be discharged from the Select Committee on Public Administration and Alun Cairns be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Country of Origin Marking

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

8.59 pm

Gavin Williamson (South Staffordshire) (Con): It is a great privilege to open this important Adjournment debate. I must begin by declaring my interest, as outlined in the Register of Members' Financial Interests.

We are all passionate about developing our manufacturing base. It is vital that we, as politicians, do all that we can to promote British manufacturing and production to begin to rebalance our economy. I will place an emphasis on country of origin marking for manufactured products such as consumer goods, but I am sure that other Members will raise other areas.

This debate comes at a useful time, because only last week or the week before, Stoves, the cooker manufacturer, released information from a survey it had conducted with consumers, which found that half of British consumers were baffled about what products were made in Britain and what products were not. It also showed that two thirds of British consumers wanted to see a "Made in Britain" mark on products. I could not agree more with that sentiment, except for one small point: it should not be "Made in Britain", but "Made in Great Britain".

Mr Mark Spencer (Sherwood) (Con): I hope that my hon. Friend recognises that the food industry is different from other industries in that it is possible to make a chicken pie in Nottinghamshire using south American chicken, and say that it is made in the United Kingdom. Does he agree that there are many loopholes that need to be closed?

Gavin Williamson: My hon. Friend makes a pertinent point. The manufacture of chicken pies is not an area of speciality for me, but I am fortunate that in the village of Wombourne in my constituency, there is a McCain factory that produces some of the finest smiley faces in the world. Members will be pleased to hear that they are all made from British potatoes. It is not only McCain's smiley faces that are important. British people want to see British brands manufacturing in Britain once more. We need to give those companies an incentive by making it clear what products are manufactured in Britain.

Chris White (Warwick and Leamington) (Con): Does my hon. Friend agree that if a customer is given more information, such as the country of origin, there is a high probability that businesses will move to countries with better records in ethics and sustainability?

Gavin Williamson: My hon. Friend makes an important and prescient point. I will go on to touch on the ethics of where products are manufactured.

Forty per cent. of British consumers have stated that if they knew that products were made in Britain, whether they be food products or consumer products such as chinaware, glassware or clothing, it would influence positively their decision to buy those products. We want to promote manufacturing. If the Government can do anything to promote our products and encourage people to buy them, they need to do so.

Heather Wheeler (South Derbyshire) (Con): The Toyota plant at Burnaston is making the new hybrid Auris, and they are being branded as, "Made in Britain". It is really interesting that manufacturers are starting to do that themselves.

Gavin Williamson: Absolutely. There is a real sense of pride. That pride was felt even by the Department for Business, Innovation and Skills when, not long after the general election, a JCB—another great product from my home county of Staffordshire—was proudly displayed in front of the Department in the full livery of a Union flag. Well, if it is good enough for BIS, I say it is good enough for the rest of the country.

Britain is still a great manufacturing nation, despite the many years of decline and the fact that employment in manufacturing has declined from 4.3 million to 2.5 million. We should not be disheartened, because we can rebuild this great manufacturing nation and have a second industrial revolution, with manufacturing businesses spawned right across the nation—hopefully, most importantly of all, in South Staffordshire. I am sure all Members would agree with that.

Heather Wheeler: Or South Derbyshire.

Gavin Williamson: Yes.

Mr Richard Bacon (South Norfolk) (Con): Or South Norfolk.

Gavin Williamson: Anywhere with the compass direction "south" in its name.

The Government can make the simple move of ensuring that all manufactured goods have country of origin markings. That can help in various sectors—food has been mentioned, but I particularly wish to point out chinaware, glassware, clothing, domestic electrical appliances and furniture. People would know when they made their purchases that they were buying British, supporting the British economy and making a real difference.

Guto Bebb (Aberconwy) (Con): The manufacturing sector in my constituency is very small, but we do have a growing food production sector and are trying to add value to locally produced food. One of the big issues is that people want to buy ethically produced food and be sure that animals have been treated properly. In buying British, they know that that is the case. My hon. Friend's points are therefore very important to the food sector in my constituency.

Gavin Williamson: I know that my hon. Friend has been involved in promoting all manufacturing businesses in his constituency, including a Welsh cake shop in Betws-y-Coed, which I am sure is there as a direct result of his interventions and help.

My hon. Friends who have mentioned ethics touch on a vital issue. Country of origin marking makes it very clear where products come from and the standards to which they have been produced. I always notice, Mr Deputy Speaker, what a fine and wonderful suit you sport on occasions such as today. I can only imagine that it was manufactured by one of the finest tailors in all of Savile row, as you always look so elegant and wonderful as you sit there looking nobly over us all.

Without a shadow of a doubt, that is a direct result of fine English craftsmanship. Many Members do not have sufficient income to support such fine wear, but when we go to the tailor's, the gentlemen's outfitters, Tesco or wherever we go to purchase our suits, we make our choice based on price, quality and design. We need transparency about where products come from.

When I have been to China and Vietnam and seen some of the factories that produce consumer goods for the UK, I have seen that it is not just the wages that are different from those in the UK but the working conditions and the humanity with which the work force are treated. I did not think I would often make a speech in the House and find common cause with the TUC, but I agree that we need to tell people in Britain that when they buy something cheap, they are not paying a high price for it but other people are. We need to make it clear which products are British and which are Italian, German or from any other part of the world, such as China or Indonesia.

Justin Tomlinson (North Swindon) (Con): I congratulate my hon. Friend on an extremely passionate speech, which I am sure will gather much support throughout the House. I agree with his point about informing consumers, because in debate after debate, we are told that we need consumer power to influence matters. However, we can deliver that only if the consumer is informed, so I fully echo his comments.

Gavin Williamson: My hon. Friend touches on an important point. Indeed, supposing I went back to my old trade of being a potter and I set up a company called Gavin Williamson English Chinaware, what country does my hon. Friend the Minister think a plate sold by my company would have been produced in?

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I think my hon. Friend is asking a rhetorical question, and I would like him to give the House the answer.

Gavin Williamson: My hon. Friend gives a very wise response. The simple reality is that such a plate could come from any country. It would not have to come from England, which is a great tragedy, because that is misleading consumers. We should treat customers with honesty and dignity so that they can make their choices on prices, design, value and so much more.

Mr Spencer: My hon. Friend is being very generous with his time. There is a thirst among consumers for information. He makes a strong case about ethics, so would he support extending labelling to detail not just place of origin, but whether a food product contained genetically modified materials or whether a meat product was halal, so that the consumer could be informed?

Gavin Williamson: I am fearful, because as soon as we get on to meat products I am always at a disadvantage—I can talk about chinaware. My hon. Friend makes a point about the integrity of products, which is something that we need to encourage. We only have to look at Waitrose to see a business that puts the highest standards on telling its consumers where its products come from, and people reward it with their custom.

Mr Bacon: Let me help my hon. Friend on meat products, particularly pork products. Is he aware that 70% of imported pork in this country is produced overseas to standards that would be illegal here, yet it can still be packaged in a way that makes consumers believe that it is British?

Gavin Williamson: That is a great tragedy, and it is common not just in food manufacturing. So many of the products that we see on the shelves of so many retailers right across the country are passed off as British when actually they are not. They are often manufactured to far lower standards. We have to take a lead on this issue.

I must confess that when I got this debate my heart fell slightly. In my heart of hearts I know that the Minister will probably not quite be able to give me answers that I so desperately want to hear coming from his lips—that he is a passionate believer in country of origin markings and that this is something that we will roll out as a Government, helping manufacturing businesses large and small, right across the country. I had a look through something that the Department for Business, Innovation and Skills had produced setting out some of its concerns. I know that the Minister always listens closely to Members of Parliament, as we want to guide him away from the sometimes, let us say, constraining influence of officials and give him some exciting information to go back and challenge them with.

One thing that officials constantly say is that the benefits to consumers are questionable. I cannot understand how any official could ever say that the benefits to consumers were questionable, when all that we would be doing is telling them where products come from. What could be more pure, more innocent or more helpful to consumers than telling them about the integrity of the products that they are buying—that is, about whether they are right and true—or where they have come from? Officials will probably say that country of origin marking will increase costs. I assure the Minister that it will not, for the simple reason that companies that are significant producers in furniture manufacturing, domestic appliances, chinaware, glassware or other sectors will already have to do country of origin labelling if they want to export into the US, Japan, South Korea and China. I remember exporting an awful lot of chinaware to China, and I always had to put the country of origin on the product. There is therefore no extra cost to manufacturers, because we already do it.

I spoke just this morning to the chief executive of Royal Crown Derby, Hugh Gibson. I asked him, "Why do you want this country of origin marking?" and he said to me, simply, "Gavin, on every piece of ware that I produce, I put my Royal Crown Derby back stamp on it, and proudly, 'Made in England'." He added, "Other producers put their back stamp on products but no country of origin. I can only assume that they are ashamed of where they produced that product."

Jeremy Lefroy (Stafford) (Con): My hon. Friend makes a powerful case. Does he agree that such labelling is in the interests of British exports? All around the world, whenever I pick up a coffee cup in a hotel, I automatically, as a true Staffordshire man, turn it over to see whether it has come from Staffordshire, whether from Steelite,

[Jeremy Lefroy]

Dudson or one of the other fine companies that the hon. Member for Stoke-on-Trent North (Joan Walley) so ably represents.

Gavin Williamson: We cannot forget that "Made in England" and "Made in Great Britain" have value for consumers in this country, but probably more so around the globe. If we are not seen jealously to guard the labels "Made in England", "Made in Great Britain", "Made in Staffordshire" or "Made in the West Midlands", and show that they are important to us, why should they mean anything to the rest of the world? We need to show the world that we are proud of "Made in Great Britain", but if we do not insist upon having such labels on our products, why should the world believe it?

The Department for Business, Innovation and Skills will probably say that it is difficult to enforce such a provision. However, if we introduced it initially to some sectors and then further, it would be self-enforcing, because businesses that are involved in the manufacture of the product will be on to trading standards immediately if they see any products that do not have country of origin marking. I must speak very highly of Staffordshire trading standards. I am sure that it and Stoke-on-Trent trading standards and many others throughout the country would be very proactive in enforcing the measure and in ensuring that the law and writ of the land is obeyed by all.

The Minister's officials might say that businesses do not want such a measure, but manufacturers do. Oddly enough, retailers and importers do not want it, but 95% of companies that employ people to manufacture products in this country will say, "Yes, we want it. Yes, we need it," because that labelling is showing our added value on the products that we produce in this country when we create British jobs.

I should like to extend an invitation to the Minister. I shall put a week of my recess aside to take him around as many manufacturing businesses that produce goods in this country as possible, so that he can listen to every single one of them say, "Yes, we want country of origin labelling on products so that people know that 'Made in Britain' means something in this country."

Joan Walley (Stoke-on-Trent North) (Lab): With the hon. Gentleman's permission, I was hoping to have the opportunity to make a few comments before the Minister speaks. I am just taking out an insurance policy to ensure that I do.

Gavin Williamson: Yes—I was just coming to the end of my speech.

Finally, officials might be concerned about what message country of origin labelling sends out to the world. They might say that country of origin marking on our products says that we are not a free-trading nation. I assure the Minister that there is not a country out there that does not recognise Britain as one of the most laissez-faire nations in trade and promoting world trade around the globe. No one would doubt our commitment to that, and I am quite sure that no foreign nations would do so either. This is a real opportunity to send a message to British business, industry and manufacturing that we are proud of what they do, and that we value the British work force and British products. I therefore urge the Minister to support country of origin labelling.

9.20 pm

Joan Walley: I congratulate the hon. Member for South Staffordshire (Gavin Williamson) not only on securing the debate, but on bringing it to the Chamber in the manner he did. In calling it a generic debate about origin markings, he not only talked about issues affecting the ceramic and pottery industry, which is of major concern to me as a representative of parts of north Staffordshire—as opposed to South Staffordshire, which he represents—but made it clear that this is an issue for all kinds of trade. Hopefully the food that we eat—whether labelled as genetically modified or for the quality of the pork, chicken or whatever—is all served off plates and ceramics made in and from Staffordshire. I am grateful, therefore, for the permission of the Minister and the hon. Member for South Staffordshire to speak briefly in this important debate and to put a few comments on the record.

In Staffordshire, this debate has all-party support. MEPs on all sides have led the debate on the ceramics and potteries industry in the European Parliament. For that reason, I believe that the Minister has a particular opportunity to think again and perhaps to listen to some independent thoughts, as was the case in the preceding debate. Given the decision taken in the European Parliament approving a proposal for origin markings, it is possible for the UK no longer to oppose the idea in the discussions involving the Department for Business, Innovation and Skills. Objections to the proposal have been raised—by Germany, I think, as well as the UK—but we now have a unique opportunity not to be afraid of going along with what the European Parliament has said. It is in all our interests to have country of origin markings.

For the potteries and ceramic industry, it is clear that this issue has been going on for far too long. Time is now available to debate this matter, and much progress has been made in Europe. From the point of view of jobs, it is certainly in our interests to have "Made in Britain" markings. Like my colleagues, I have been talking with the British Ceramic Confederation, which at times has been wholly in favour of this proposal. Some of its members have not been in favour, but perhaps they have been those who like to think that what is manufactured under their brand is not manufactured here. Nevertheless there are real issues about transparency. We hear so much about choice, and when people go out and buy a product, they want to be able to make an informed decision. They want information consistent with the best trading standards practice so that they can know what they are buying and where it was manufactured.

By reconsidering their opposition to origin markings, the Government could give us the opportunity to enable British manufacturing in Stoke-on-Trent to proceed in the way it needs to. We have lost so many jobs in the pottery industry, and it is not in our interest for people buying ware—whether for wedding gifts or whatever—to have the impression that they are buying a brand-name product manufactured in Stoke-on-Trent, if it has been manufactured in the far east, the United Arab Emirates or elsewhere. I hope that the Minister will recognise the long-standing complaint and that the European Parliament

has given its support to the proposal. Rather than kicking this idea into the long grass, the British Government have the opportunity to do what they say they want to do and support UK manufacturing, the importance of which the Chancellor has spoken about. Items of ceramic ware designed and manufactured in places with the best innovation need to have on their turn-it-over side an origin marking stating "Made in the UK" or "Made in Britain", and ideally "Made in Stoke-on-Trent, Staffordshire" as well. If the Minister could look again at this issue, in the spirit in which the debate has been brought to the House today, we could really make some progress on it. I urge him to liaise with all the MPs and MEPs who have been working for so long on this campaign, to see what progress we can make.

9.25 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I congratulate my hon. Friend the Member for South Staffordshire (Gavin Williamson) on raising this issue and on the passion with which he spoke. I am aware of his background in the ceramics industry, and he has shown the House his knowledge this evening. Ceramics is a UK sector with a well-deserved worldwide reputation for the design and quality of its products. It is also a sector that has had to restructure, often painfully, to remain competitive and successful in the global marketplace. I am also aware of the importance that the UK ceramics sector attaches to the clear origin marking of its products, and its strong, consistent support for the European Commission's proposal for an EU regulation on the compulsory labelling of certain imported products.

I share my hon. Friend's pride in products that are made in Britain. The Department for Business, Innovation and Skills is also proud of Britain, and we have been showcasing British design, engineering and manufacturing in exhibitions every two months in the entrance to the BIS headquarters across Parliament square at No. 1, Victoria street. Those exhibitions have been a celebration of the success of UK engineers and manufacturers. The companies' products that were showcased were excellent examples of cutting-edge UK innovation and ones that were vital to contributing to a low-carbon future. The companies have come from a cross-section of UK manufacturing and, in the context of this debate, I am extremely pleased that one of the leading UK ceramics companies—Dudson, one of the world's leading specialists in the manufacture of ceramic tableware—has been part of the showcase. Other UK ceramics producers have a similar global reputation. We are proud of British manufacturing, and my hon. Friend rightly referred to what the Chancellor of the Exchequer said in his Budget speech about driving the UK back into growth through proclaiming what is made in Britain, invented in Britain and designed in Britain.

The Government are not opposed to labelling, or to labels such as "Made in England", "Made in Scotland", "Made in Wales" or "Made in Northern Ireland". That is positive country of origin marking, and it should be done because UK manufacturers believe that it is the right thing to do, for themselves and for their customers. That does not need legislation, however; it can be done voluntarily. There is no legal bar to such marking, and many producers already do it. Of course, in most circumstances, there is no legal requirement in the UK or anywhere else in the European Union for goods to be marked with an indication of their origin, but producers may do so if they wish. If overseas competitors see origin marking as a marketing benefit, they will follow suit. It is essential for the consumer that any such labelling is clear and accurate, and does not mislead. Indeed, it is a criminal offence under the Consumer Protection from Unfair Trading Practices Regulations 2008 to give consumers misleading information. However, it is important to recognise that UK business, including the ceramics sector, operates in a global economy. The days when the majority of goods bought by British people were manufactured here have unfortunately passed. The UK is a trading nation, and it relies on open global markets, as I am sure my hon. Friend recognises. This provides consumers with benefits such as lower prices and greater choice through variety, quality and price of products.

I agree about providing appropriate consumer information, but we must be clear about what is important to the consumer. A Eurobarometer survey across all 27 EU member states last autumn asked a number of questions about consumers' purchasing attitudes towards country of origin labelling. I accept that the ceramics sector was not covered by the survey. However, in relation to textiles and clothing, 75% of those questioned said that origin did not affect their purchasing decisions. For electronic products, the figure was 68%. That is not to dismiss my hon. Friend's comments; I simply want to highlight the need to be clear about how consumers rank price, design, brand name and origin in their purchasing decisions.

Gavin Williamson: Does my hon. Friend accept that country of origin labelling is even more important for luxury products, to which this country is increasingly geared to manufacture? That is why we need to be proud and specific about what is produced in this country and to protect that market.

Mr Davey: There is absolutely nothing wrong, as I have said, with British manufacturers being able to describe and label their products as "Made in Britain". The question is whether or not they wish to do that; it is totally voluntary and there is nothing to stop them doing so.

Joan Walley: The Minister referred to the 2008 regulations, and I was very much involved in trying to get them on to the statute book. The point about having transparency and ensuring a level playing field is important. The real issue is that goods are being sold in a confused way, and consumers are buying products without realising that they are not manufactured, designed, decorated and so forth in the UK. They are paying large amounts of money, without knowing that the goods are being manufactured overseas. If our manufactured goods, when exported, have to have the country of origin indelibly marked on the underside of the wares or on the packaging, why can we not have the same rule applying in this country, which would not be inconsistent with the general agreement on tariffs and trade?

Mr Davey: As I said, the hon. Lady knows that British manufacturers are completely free to put country-of-origin markings on their products. Many of them, particularly in the ceramics industry, believe that so doing gives them a marketing edge. I will come on to

[Mr Davey]

deal with the European Commission proposal, which both the hon. Lady and my hon. Friend mentioned. It is important to do so because that is part of the policy debate on which we are focused.

As currently drafted, the EC proposal would require the compulsory country of origin marking of certain imported, mainly consumer products. It might well be to this matter that my hon. Friend is directing his remarks. Let us be clear about what these products are. They include crushed and finished leather, including footwear components, saddlery and travel goods; textiles, clothing and footwear; ceramic products, glassware, jewellery, furniture and brooms and brushes. Those items are all defined by customs code classification. In the case of ceramics, the Commission proposal covers floor and wall tiles, tableware, kitchenware and giftware.

The European Parliament, voting on the draft regulation last autumn, proposed that the scope should be narrowed to cover only end-consumer products. This would limit it to products subject to further processing or assembly in the EU, although some flexibility was proposed for certain textile and footwear components. At the same time, the European Parliament proposed adding to the list of products covered by the regulation: tyres for agricultural vehicles, tyres for forestry vehicles; certain inner tubes; metal fasteners such as screws, nuts and bolts; non-electric hand tools; furniture casters; and taps, cocks and valves.

The House will perhaps understand from that list one of the reservations held by the UK about this proposal. It is the absence of any objective criteria for determining why a particular product is or is not within the scope of the proposed regulation. In our view, it is not enough that a particular EU industry believes that its imported competition should be origin-labelled. At the moment, the best the Commission have offered as "criteria" is where its consultation has shown that there was "value-added" by requiring origin marking. Even the Commission admits that this is a pretty loose criterion. The European Parliament has not even addressed the issue, so I invite suggestions from my hon. Friend—perhaps he is about to make one—and others, on what might constitute meaningful and objective criteria in this regard.

Gavin Williamson: I must confess that I am no expert on the numerous EU regulations, but I have always believed that this Parliament is sovereign. If we think that we have a good idea that will benefit British business—that consumer products coming into this country or manufactured in this country should have country of origin labelling—let us just ignore the EU, create our own Bill and put it on the statute book. I say we should just ignore Brussels, start from scratch and enact what we think will make a difference for Britain.

Mr Davey: I think that my hon. Friend misunderstands the position. It seems to be Brussels that agrees with him and, I am afraid, his Government who do not. I do not think that he can blame Brussels, and indeed I expected him to pray Brussels in aid. He, like Brussels—or some parts of it—wants to regulate, while the Government are saying that we want to think twice before adopting the regulatory route. I hope he recognises that the premise of his intervention is not entirely valid.

Mr Spencer: My hon. Friend the Member for South Norfolk (Mr Bacon) mentioned the pork industry. The United Kingdom Government introduced regulation of pork production that applied higher animal welfare standards to British pigs. By not labelling products that come from other parts of the European Union, we are effectively allowing meat from pigs that have been subject to poorer welfare standards to sit on shelves next to our pork and to command the same value.

Mr Davey: The position is quite complicated. We are discussing the current European Commission proposal about country of origin marking on goods imported from outside the EU. The hon. Member for South Norfolk (Mr Bacon)—whose point has been repeated by the hon. Member for Sherwood (Mr Spencer)—was referring to agricultural products imported within the European Union, from other EU countries. That involves a slightly different regime. The United Kingdom has supported a political agreement on the "Food information for consumers" dossier, and we are pleased to see that it has reached the second reading stage.

I hope that the hon. Gentleman will not question me in much more detail, because this is a matter on which Ministers in the Department for Environment, Food and Rural Affairs are focusing. I think I have it made clear that his question relates to a different issue, to which a different approach is taken. I should add that my wife never allows me to buy any pork other than British, and that I would not want to do so anyway.

The proposal that may well have sparked tonight's debate was originally presented by the Commission in 2005. At that time, it provoked a very mixed response from member states. Many saw it as primarily a protectionist measure, because its origins lay in concern in the Italian textiles and clothing sector about imports from China. Others argued that there was a need to address persistent breaches of copyright and design protection in relation to consumer products. That was coupled with the view that consumers needed such information to avoid being misled about the origin of products. While the UK recognises the validity of all of those concerns, we do not believe that this proposal is the best way of addressing them, and we continue to have strong reservations about it.

Gavin Williamson: I too have some reservations. What I was trying to convey in my earlier intervention is that I would always be very sceptical about whether anything that came out of Brussels was a good idea. Why do we not put together our own set of proposals for Britain, building on what is good in the EU proposals, and put them on our statute book?

Mr Davey: I think that my speech will deal with many of the issues that my hon. Friend has raised. I am afraid that he is in danger of supporting the Brussels-based regulation while the Government support a British deregulatory approach, but I hope that as I continue my speech I may be able to win him round to our approach.

As I have said, we have strong reservations about the proposal, but, unlike some member states, the UK does not oppose it outright. The Government have been ready to engage directly with the Commission and supporters of the proposal, notably Italy, and to explore ways forward. My Department consulted widely when

the proposal was first issued. We consulted UK business and other interests, including other interests within Government, and that consultation has been repeated on a number of occasions to ensure that we remain abreast of the latest developments.

A clear majority of UK interests were, and remain, opposed to the Commission's proposal. They include the CBI, the British Chambers of Commerce, the British Retail Consortium, the hallmarking association, and a number of sector as well as consumer interests. Within Government, the UK Intellectual Property Office and Her Majesty's Revenue and Customs have also consistently opposed the proposal.

Joan Walley: The objections largely come from retailers, who have a vested interest in being able to import without making the full information available, so there is not transparency at the point of purchase. Why will the Minister not listen to manufacturers such as Steelite in my constituency, which does everything the Government are asking yet cannot compete fairly?

Mr Davey: First, the views of British retailers and consumers are not to be discounted. Both this Government and the previous one have paid a lot of attention to getting a good deal for consumers in respect of competition policy and consumer policy. However, the list of business interests I set out a few moments ago included the CBI and the British Chambers of Commerce, who do not represent retail interests alone.

The Commission's proposal, while never formally withdrawn, is now actively back on the Brussels table. The European Parliament is pushing the proposal hard, deploying its new powers under the Lisbon treaty in the trade policy area. Last autumn, it gave its formal support to the proposal and proposed a series of amendments. The proposal is now back with the Council to consider, but there remain deep divisions between member states, close to a 50:50 split. Nevertheless, technical level discussions began in February and are ongoing in the commercial questions council working group. These involve trade policy and customs officials from the 27 member states. The UK is participating fully and constructively in these discussions. However, there has been resistance from the Commission to recognising that the trade policy landscape has changed since 2005. It has refused a request from many member states for an updated impact assessment, and I am sure my hon. Friend the Member for South Staffordshire agrees that regulations should have an impact assessment.

A number of free-trade agreements have been negotiated by the EU over the last five years, all of which contain a provision explicitly prohibiting discrimination between EU-produced and imported products. Only recently, World Trade Organisation members raised concerns in Geneva about the compatibility of this proposal with WTO rules. While it is true that some other WTO members have country of origin requirements—in the case of the US, these are both long-standing and comprehensive—our research has not shown, as many claim, widespread comparable requirements in most other countries.

The UK retains its position of having strong reservations, but however strong they might be, reservations are capable of being overcome. So far however, neither the Commission's explanations nor the European Parliament's amendments have allayed our concerns. Our main concerns in addition to those arising from our overall approach to new regulation and the absence of objective product coverage criteria, to which I have already referred, relate to the need for this regulation and the costs imposed on business and on public authorities. There are genuine issues in relation to trade mark and design breaches and mislabelling of imported goods from some sources, but the Commission has yet to demonstrate that this proposal adds anything other than an additional administrative and cost burden to existing EU legislation, which includes the EU intellectual property rights regulation and the unfair commercial practices directive. The latter makes it an offence across the EU for products to be labelled in such a way as to mislead consumers. This includes information about the country of origin of products.

The proposal is also likely to impose increased costs on producers, distributors and consumers. We estimate the proposal could prove more costly than the Commission has claimed—experience in the North American Free Trade Agreement area suggests up to 2% of the sale price, which is twice the Commission's estimate.

There is a further important cost dimension in this time of public expenditure constraints. The enforcement regime would, despite Commission claims to the contrary, impose additional burdens on national customs authorities. The proposal envisages additional physical control at the border. This detracts from efforts to strike a balance between effective control and facilitating free movement of legitimate trade across borders. The increased resources needed to implement this regulation, for example, those relating to the need to make verification inquiries, to which not all countries are legally obliged to respond, could have a negative impact on the priorities of UK and other customs authorities in respect of tackling illegal drugs and dealing with alcohol, tobacco, and firearms.

Finally, I wish to address the issue of consumer information. UK consumer interests have been opposed to the Commission proposal from the outset, partly because they consider existing provisions to be adequate but primarily because they saw it as a protectionist measure. Similarly, the Commission's own consumer consultative group came out against the proposal. The proposal is still being considered by the Committees that scrutinise European legislation in this House and in another place. The Government have undertaken to keep them abreast of developments in Brussels, and I wrote to them last on 12 February with an update. I am sure that those Committees will also take note of tonight's debate, particularly the passion with which my hon. Friend the Member for South Staffordshire introduced it. May I end by congratulating him on his remarks, on securing this debate and on ensuring that this House had a full chance to hear the arguments on both sides?

Question put and agreed to.

9.46 pm

House adjourned.

House of Commons

Tuesday 10 May 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

DEATH OF A MEMBER

Mr Speaker: I regret to have to report to the House the death of David Cairns, the Member for Inverclyde. David was a most assiduous Member serving as Parliamentary Under-Secretary of State and Minister of State in the last Parliament, and was much respected by the House. David trained and served as a priest before beginning his political career. I am sure that Members in all parts of the House will join me in mourning the loss of a colleague, and extending our sympathy to the hon. Member's partner Dermot, his father John, his brother Billy and his many friends and family.

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Monetary Policy Framework

1. **Helen Goodman** (Bishop Auckland) (Lab): What recent assessment he has made of the effectiveness of the monetary policy framework. [54721]

The Chancellor of the Exchequer (Mr George Osborne): I begin by expressing my own personal sadness and shock at the death of David Cairns, whom I knew pretty well. I went with him on a trip to the United States some years ago and spent some time with him, and I know that he was principled, gentle—in the best sense of the word—and genuinely liked and respected in all parts of the House. His sudden and premature death is a tragedy, and my sympathies—and, I suspect, those of everyone here—go to his partner Dermot and his family.

The Government have set up a new macro-economic framework to restore economic stability. The building blocks of that framework are an independent Monetary Policy Committee that will continue to target inflation, a new Financial Policy Committee to operate macro-prudential tools, so that we can assess overall levels of debt in the economy—something not done in recent years—and, crucially, a credible, coherent and independently monitored fiscal policy that allows interest rates to stay lower for longer while remaining consistent with the inflation target. It is now widely accepted that this framework is far more effective than the one that went before it.

Helen Goodman: May I associate myself with your tribute, Mr Speaker? David Cairns was a highly valued colleague, and I am sure that all our thoughts and prayers are with his partner Dermot and his family.

I am grateful to the Chancellor of the Exchequer for his answer, and I was wondering whether, in his more reflective moments, he would agree that Portugal, Greece and Ireland face a major problem, in that they cannot run an independent monetary policy attuned to their particular needs. That being the case, will he stop making rather childish comparisons between the UK and the eurozone countries?

Mr Osborne: The hon. Lady is right that those countries do not have a flexible exchange rate. That is because they are in the euro, which I campaigned to keep Britain out of. I do not know how she has campaigned in recent years, but the last time I checked I think it was still official Labour party policy to join the euro in principle. Perhaps the shadow Chancellor will clear that up when he gets to his feet. The comparison I make is a good one: a year ago almost to the day, people were looking at the British budget deficit, which was larger than those of Portugal and Ireland, and asking whether Britain could pay its way in the world. Our credit rating had been put on negative watch. Now, however, thanks to the policies of this coalition Government, Britain has economic stability again.

Sir Peter Tapsell (Louth and Horncastle) (Con): I also wish to pay tribute to the memory of David Cairns. May I ask the Chancellor how the co-ordination is organised to achieve a synthesis between our tight fiscal policy and our lax monetary policy?

Mr Osborne: Obviously, monetary policy is independent—the MPC sets it in the way we all know—so there is no co-ordination in that sense. I do not have a direct influence on monetary policy, but it is clear that by setting a credible fiscal policy, we give the MPC maximum room for manoeuvre and the freedom to keep interest rates lower for longer. The Governor of the Bank of England made that clear when he gave his Mansion House speech last year, and it is an observation also made by many independent observers of the British economy. Interest rates would be higher if we had a less credible fiscal policy.

Ms Angela Eagle (Wallasey) (Lab): I would like to thank you, Mr Speaker, and the Chancellor for your tributes to David Cairns, our colleague, and to add our tributes from the Opposition side of the House. David was one of those very rare people who caused a change in the law in order for him to be able to take his seat in this place, and when he arrived his presence was not a disappointment to anyone. He was a great colleague and friend, and our hearts go out to his family and friends. We would like to add our deepest condolences at the shocking news of his untimely and very early death today.

Before the last election, both parties now in government pledged no rise in VAT, but with inflation running at double the Bank of England target, people are facing the biggest and longest squeeze in their living standards for 80 years. How does the Chancellor think that increasing VAT by 2.5% has helped them to cope with this issue?

Mr Speaker: Order. Whatever may be said about the question, I am sure that the Chancellor will focus on the monetary policy framework. That is what he can be relied upon to do.

Mr Osborne: Actually, monetary policy is the thing that I am not directly in charge of, but the point I would make is that the VAT rise is part of a credible fiscal policy. The person who was Chancellor of the Exchequer before me has made it pretty clear in interviews since the election that he, too, was considering a VAT rise, and he would probably have gone ahead with one if Labour had been re-elected.

Ed Balls (Morley and Outwood) (Lab/Co-op) *indicated dissent.*

Mr Osborne: The shadow Chancellor shakes his head. I know that in government he tried to do everything to stop a credible fiscal policy being developed, and he is now doing everything in opposition to stop Labour developing a credible economic policy. Long may he continue to do so.

Mr Andrew Tyrie (Chichester) (Con): The Chancellor will shortly publish draft legislation on financial regulation making the Bank of England the most powerful central bank of its type in the world. The word "Governor" simply does not do justice to the empire over which Mervyn King will shortly preside. What specific proposals does the Chancellor have to ensure full democratic accountability of the reformed Bank to both Parliament and the country?

Mr Osborne: I thank my hon. Friend for advance notice of his important question. Both the Governor of the Bank of England and the Government take the accountability of the Bank very seriously. Clearly the Bank will receive considerable new powers for its prudential regulation of our financial system and in its macro-prudential tools. We are looking at specific ideas for enhancing the Bank's accountability, including to this House, but it would be appropriate first for me to appear before my hon. Friend's Committee—I know that he has contacted my office seeking a date—and to await the Treasury Committee's findings, so that we can listen to what it has to say before coming up with our confirmed proposals.

Bank Lending (Small Businesses)

2. **Tessa Munt** (Wells) (LD): What recent assessment he has made of trends in levels of bank lending to small businesses. [54722]

The Financial Secretary to the Treasury (Mr Mark Hoban): Repayment of debt by small businesses is running ahead of lending to the same sector. As a consequence, net lending fell in the first quarter of this year. However, the availability of credit to business in the same period increased.

Tessa Munt: I would like to draw attention to the situation affecting my constituent George Archer, a business man who has had a £5,000 overdraft that was unused for three years, with the exception of four days when he requested a £20,000 extension. The bank—which is one of the big four—offered him £25,000 on rates that he initially refused, before beating it down to acceptable rates. On paper, that bank has increased its lending to a small or medium-sized business by £20,000, but I wonder what the Minister can do to halt this duplicity and ensure that loans are real, active, needed and utilised.

Mr Hoban: I cannot comment on the particular circumstances that my hon. Friend has raised, although I am happy to look at them more carefully. I am sure that she would welcome, as does the whole House, the commitment of banks to increase their capacity to lend to businesses of all sizes.

Chris Leslie (Nottingham East) (Lab/Co-op): I wonder whether the Minister still thinks that Project Merlin was such a great deal with the big banks. Lending to small businesses continues to fall, while the charges for those loans are rising. The banks' promise to support the big society bank looks less generous, as we learn that money will be lent only on commercial terms, and now we hear that Santander is pulling out of the business growth fund, which was a key plank of the deal. Is this a failure of Project Merlin or a failure of the Government?

Mr Hoban: It is rather churlish of the hon. Gentleman to be critical of Project Merlin. When his party was in office it was able to secure lending commitments from only two banks. We have achieved a comprehensive package with all banks, including Santander, to increase the amount of money that they will lend to businesses, including small businesses. The business growth fund, which he also raised, is an opportunity for businesses to seek equity finance in a way that is currently not available and that meets the equity gap, which the previous Government did little to resolve.

Business Costs

3. **Esther McVey** (Wirral West) (Con): What fiscal measures he is taking to reduce the costs faced by businesses. [54723]

The Chancellor of the Exchequer (Mr George Osborne): As well as dealing with the deficit, this Government are helping business. To support a private sector recovery, we have cut corporation tax by 2% this year, with 3% to come. We have cut small companies' tax and extended the small business rate holiday for another year. We have stopped Labour's jobs tax, expanded enterprise and research tax breaks, announced new enterprise zones and, crucially for millions of businesses and families, we have abolished the fuel duty escalator and cut the duty.

Esther McVey: As Merseyside seeks to expand its private sector, it is looking towards its knowledge economy so that it can build on its substantial science base. Predictions show that, by 2022, it could have growth of 15%, which would mean 58,000 jobs. What are the Government doing to incentivise such growth to ensure that those predictions for Wirral and Merseyside become a reality?

Mr Osborne: First, we have increased science funding in the north-west. Although it is not in my hon. Friend's constituency, there has been additional money for Daresbury, which was announced in the Budget. Also, Mersey Waters in her constituency is going to be an enterprise zone. We have also announced the redevelopment of the Royal Liverpool hospital at a cost of £450 million. So, whether it is medical research, science at Daresbury, the Atlantic Gateway project or the enterprise zones, we are doing all sorts of things to help the Mersey region.

Ed Balls (Morley and Outwood) (Lab/Co-op): I endorse the sentiments expressed by my hon. Friend the Member for Wallasey (Ms Eagle) and others about the tragic death of our colleague and friend, David Cairns.

I also congratulate the Chancellor on his successful masterminding of the "No to AV" campaign. We all saw how much he enjoyed it over the past week or so, but now that that political campaign is out of the way, perhaps he could drag himself back to his day job for a moment. The flagship measure of his strategy for growth in last year's Budget was a £1 billion national insurance holiday for new businesses outside London and the south-east. He said that that would benefit 400,000 companies and create 800,000 jobs. Let me ask him a very specific question. Will the Chancellor tell the House how many companies have so far benefited from that scheme, and how many jobs have been created?

Mr Osborne: I thank the right hon. Gentleman for congratulating the "No to AV" campaign, which many of his colleagues supported, even if he did not. I cannot help but notice that he had a big role to play in Labour's election campaign, during which he said that

"the Scottish elections are a big test"

for Labour. Well, he was certainly right about that.

Let me say something about that national insurance tax break that was announced in the previous Budget. The take-up has been in the low thousands, and that is something that I acknowledged to the Treasury Select Committee. We are seeking to improve the design of the scheme, to ensure that new businesses are more aware of its benefits. As a result of work being done by Her Majesty's Revenue and Customs, we expect take-up to increase.

Ed Balls: Despite all the bluster, there was not a specific answer to the question in there. We were told by the Business Secretary in February that the Chancellor would announce the details of how he would develop the scheme in the Budget, yet those details still have not arrived. Actually, I have the figures from the Chancellor's own Department. How many companies have benefited from the scheme? Not 400,000 but just 3,000. How many jobs have been created? Not 800,000 but just 6,000. If that is the flagship measure of his growth strategy, it is no wonder that the economy is flat-lining, that consumer confidence is down and that unemployment is forecast to rise—*[Interruption.]* Well, if that is not the reason, perhaps the Chancellor will tell us why the economy has been flat-lining in the past six months. Is not the reality that the country is discovering what the Liberal Democrats discovered on Thursday of last week: that this coalition is hurting, but it is not working?

Mr Osborne: The shadow Chancellor is not just out of his depth; he is drowning. The truth is that he has had absolutely no impact in the several months that he has been doing the job. He had one policy, a VAT cut on fuel that the European Union ruled illegal. He had one idea, which was to follow America, but now the Obama Administration have announced a deficit reduction plan as fast and as deep as the UK's. He had one prediction, which was that there would be a double-dip recession, and that has not happened. We know that he is a man with a past, but we are beginning to discover that he has absolutely no ideas for the future. If we want any proof of that, this is what the CBI said this week when asked what the outcome would be if Britain followed Labour plans:

"The economy would be weaker because of the impact of a loss of confidence".

Economic Growth (VAT)

4. **Ms Gisela Stuart** (Birmingham, Edgbaston) (Lab): What assessment he has made of the effects of the increase in the standard rate of VAT on levels of economic growth in the first quarter of 2011. [54724]

The Exchequer Secretary to the Treasury (Mr David Gauke): At this stage, it is not possible to make a full assessment of the effect of the increase in the standard rate of VAT on levels of economic growth in the first quarter of 2011. The Office for Budget Responsibility forecast released on 23 March projected growth of 1.7% over the course of 2011. That forecast takes full account of the Government's fiscal policy measures.

Ms Stuart: The Bank of England expects inflation rates to accelerate over the next few months. The markets, however, seem to have taken the view that interest rates will not increase as speedily as was anticipated just a few weeks ago. How does the Exchequer Secretary reconcile the Chancellor's notion that the economy has grown with the judgment of the markets?

Mr Gauke: The economy is growing: that is clear from the Office for National Statistics numbers and from the projections of every respected economic forecaster. Despite the predictions coming from the Opposition last year, there has been no double dip.

Claire Perry (Devizes) (Con): May I return to the topic of VAT on fuel? I have just come from a business session in my constituency of Devizes, where I know that despite the decrease, high fuel prices continue to be a real drag on growth for small businesses across the economy. I have a letter from the EU commissioner saying that the recent motion we debated—that a derogation should be made specifically for motoring fuel—is almost certainly illegal and definitely unworkable under EU legislation. May I ask Ministers what proposals we can suggest to help motorists in the real world now that the Labour party's suggestion has been revealed as yet another—

Mr Speaker: We are grateful to the hon. Lady.

Mr Gauke: It is striking that the first line of Labour's blank sheet of paper on the economy is a proposal that we now know does not work, is illegal, would not help and would leave tax on fuel just as high as it was—whereas we are cutting fuel duty.

Charitable Giving

5. **Tony Baldry** (Banbury) (Con): What fiscal measures he is taking to encourage charitable giving. [54725]

The Chancellor of the Exchequer (Mr George Osborne): The Government think that charitable giving needs a great deal more support than it has been getting, so we announced a major package of new tax breaks in the Budget, ranging from the biggest to the smallest donations. This includes the commitment that anyone giving more than 10% of their estate to charity will have their inheritance tax bill cut by 10%. For the first time ever, the first £5,000 of a donation or donations to a charity will automatically attract gift aid. That is automatic tax relief on the collection plate and the collecting tin on the high street. Overall, 100,000 charities could benefit to the tune of £600 million a year. These are the most generous tax changes for a generation.

Tony Baldry: Over the year, some £58 million in loose change is put in collection plates from just Church of England collections, so the small donation gift aid scheme will be very welcome, as it will enable tax to be recovered on that amount. Welcome, too, will be the reduction in inheritance tax for those who give more than 10% of their estate to charity. After all, we can take nothing with us, and it is probably better to leave as much as possible to charity when we go.

Mr Osborne: I thank my hon. Friend for his support. One challenge is to make sure that everyone hears about these schemes over the next couple of years. Because the Budget focused on big issues like fuel duty and the corporation tax cut, the same amount of attention was not given on Budget day to the charitable giving measures. Over the period before they come into effect, I want to make sure that all the charities are aware of the benefits. Every charity will be able to benefit, but small charities will be disproportionately better off.

Kerry McCarthy (Bristol East) (Lab): Many local charities would disagree with the Chancellor's statement. Will he explain why he chose in the Budget to focus on tax breaks for the wealthiest owners when many small local charities who will not benefit from such donations are being hit by the triple whammy of a rise in VAT, the end to the gift aid transitional rate and cuts to local government grant funding? What help is he giving to those charities that he expects to form the backbone of his big society?

Mr Osborne: I am not sure who the hon. Lady has been listening to, but this is what the British Red Cross said: "Allowing charities to—" *[Interruption.]* I am sorry; it seems that we should disregard the views of the British Red Cross. Let me, however, repeat what it said for the benefit of my right hon. and hon. Friends.

"Allowing charities to claim back on up to £5,000 of small donations per year will have a big impact for small charities".

The Charities Aid Foundation said:

"The Chancellor has today delivered for charities and those who want to support them."

Instead of carping from the sidelines, why does the hon. Lady not get behind this good scheme and ensure that all charities in all our constituencies make use of it?

Tax and Benefit Changes

6. **Pamela Nash** (Airdrie and Shotts) (Lab): What assessment he has made of the effects on families and children of the tax and benefit changes introduced in April 2011. [54726]

The Chief Secretary to the Treasury (Danny Alexander): I echo your tribute to David Cairns, Mr Speaker. I knew him as a very effective Scotland Office Minister, and as a champion of Scottish broadcasting. It is a tragic loss, and he will be very sorely missed by Members in all parts of the House.

Direct tax and benefit changes introduced in April are progressive. On average, households in the bottom 80% of income distribution gain. As a result of the direct tax changes introduced in April, 21 million individuals earning up to about £35,000 per annum will benefit in real terms this year.

Pamela Nash: Let me take a moment to associate myself with the Chief Secretary's comments on the sad death of David Cairns. David provided me with a lot of support and a lot of laughter during my time here as a parliamentary researcher and, over the last year, as a Member of Parliament.

Families with two or more children will lose up to £1,560 per year as a result of the cuts in the child care element of working tax credit. Does the Chief Secretary accept that that will deter many parents who would otherwise have returned to work from doing so?

Danny Alexander: The vast majority of people on low and middle incomes will benefit from the income tax cuts that will result from the raising of the income tax threshold by £1,000. For families with children, we have increased the child element of child tax credit by £180 above indexation. I agree with the shadow Chancellor, who admitted on the BBC shortly after the Budget that

"only the majority of families"

would benefit from those moves.

Mr Mark Spencer (Sherwood) (Con): Does the Chief Secretary share my desire to see a welfare system in which hard-working families are better off than those who choose not to work? Does he agree that, as soon as we can afford it, we should enable as many as possible of those hard-working families to benefit from the lifting of the tax threshold?

Danny Alexander: I agree wholeheartedly. That is why we have set ourselves the agenda of both reforming the welfare system and lifting the income tax threshold to £10,000, which will significantly benefit millions of people on low and middle incomes.

Mr David Hanson (Delyn) (Lab): Value added tax up, losses of about £1,500 for middle-income families, child benefit frozen, child tax credit cut, working families tax credit frozen: can the Chief Secretary tell me why, when such decisions are made, it remains the Government's priority to cut the 50p tax rate for the highest earners in the community?

Danny Alexander: I am not sure that the right hon. Gentleman opposed any of the items on that list in votes in the House.

As I said earlier, we have cut income tax by increasing the income tax threshold. We have also introduced a triple lock on pensions, increased cold weather payments, and increased the child element of child tax credit. Of course we must look at the way in which the income tax system works, but our priority has been to cut income tax for people on low and middle incomes by increasing the tax threshold. That is the tax priority of this Government.

Business Regulation

7. **Harriett Baldwin** (West Worcestershire) (Con): What steps he is taking to ensure that the Financial Services Authority exempts from new domestic regulation businesses employing fewer than 10 people and new businesses for the next three years. [54727]

The Financial Secretary to the Treasury (Mr Mark Hoban): Where the Government are granting new powers to the Financial Services Authority through primary and secondary legislation, we will seek to apply the moratorium. The FSA is, however, an independent regulator with powers to make rules under the Financial Services and Markets Act 2000. The Government's policy on exempting micro-businesses and start-ups from new regulation will therefore not apply automatically to rules made by the FSA.

Harriett Baldwin: In his testimony to the Treasury Committee, the chief executive of the FSA said that up to 10,000 jobs—in many cases, those of small independent financial advisers—could be lost as a result of the retail distribution review. Will the Financial Secretary meet the chief executive of the FSA as a matter of urgency to discuss ways in which the impact could be mitigated?

Mr Hoban: I know that my hon. Friend has campaigned tenaciously for IFAs. I remind her that although the FSA is an independent regulator—this addresses her question directly—it has an obligation to assess the impact of its rules on businesses, including small businesses, and to make its rules proportionate. I should add that it is not planning any initiatives by means of its powers under the Financial Services and Markets Act apart from those that are already under way.

Jim Shannon (Strangford) (DUP): I thank the Minister for his response. Clearly, if the economy is to be regenerated and rebuilt, it will be small and medium-sized businesses that will achieve that, and one of the things they tell me as their elected representative is that they need rates relief and assistance. What assistance is the Minister considering giving to such businesses?

Mr Hoban: As the hon. Gentleman will be aware, this Government have taken many actions to provide support to small companies. For example, we have cut the small profits rate of corporation tax—which the previous Government sought to increase. We have done a lot to encourage the growth of small businesses, and we will continue to look at what further measures we might take to encourage their future prosperity.

Public Sector Borrowing Requirement

8. **John Stevenson** (Carlisle) (Con): What recent estimate he has made of the size of the public sector borrowing requirement. [54728]

The Economic Secretary to the Treasury (Justine Greening): The public sector finances first release published by the Office for National Statistics estimates that the first provisional out-turn for public sector net borrowing in 2010-11 is £141.1 billion, or 9.6% of GDP. That is £15 billion lower than in 2009-10.

John Stevenson: Manufacturing has been undergoing a renaissance under this Government, and clearly has a role to play in helping the economy grow and in reducing the deficit. Does the Minister agree that manufacturing also has a significant role to play in helping to reduce the other deficit: the balance of payments deficit?

Justine Greening: I completely agree with my hon. Friend; he is absolutely right that manufacturing has a vital role to play. In fact, the total trade deficits narrowed in each of the past three months, and that recovery in exports has been driven largely by strong growth in the export of manufactured goods, which accounted for almost 50% of the UK's total exports. That is not just good news for those businesses; it is good news for jobs, too. It shows that under this Government Britain is not just open for business in the UK; it is open for business abroad, too.

Kelvin Hopkins (Luton North) (Lab): When the Government's cuts really start to kick-in, unemployment will rise by hundreds of thousands, if not up to 1 million. That will result in lower tax revenues and higher benefit payments, and the deficit will get worse and public borrowing will increase. Is not the Government's policy nonsense?

Justine Greening: The hon. Gentleman is giving a critique of his own party's policy in many respects, because its proposed cuts are nearly as large as ours this year. The difference is that we have set up the Office for Budget Responsibility, and there is clear evidence that we will start to see employment growing year on year and unemployment falling year on year, so by the end of this Parliament we should see a net creation of almost 1 million jobs. Surely, the hon. Gentleman must welcome that? His party leaves unemployment higher when it leaves office.

First-time Buyers

9. **Mr Marcus Jones** (Nuneaton) (Con): What fiscal measures he is taking to support first-time home buyers. [54729]

The Financial Secretary to the Treasury (Mr Mark Hoban): Until and including 24 March 2012, first-time buyers can apply for relief from stamp duty land tax on properties of up to £250,000. The Government are currently reviewing this relief, and will announce the outcome of the review in the autumn. The Government are also investing £250 million in 2011 to assist more than 10,000 first-time buyers to purchase a new-build home of their own through the FirstBuy Direct scheme. That scheme is being co-funded by developers.

Mr Jones: I thank the Minister for his response. First-time buyers are the lifeblood of the residential property market, and while I congratulate the Chancellor and his team on the deposit scheme announced in the Budget to assist first-time buyers to purchase new-build property, will the Treasury team consider apportioning part of that funding to assist first-time buyers who want to purchase second-hand property, in order to give the property market the vital shot in the arm that it needs?

Mr Hoban: My hon. Friend makes an important point, but it is crucial that we target help where it will deliver the greatest economic benefit. By targeting assistance on first-time buyers purchasing new-build property, the FirstBuy scheme helps to unlock stalled developments and stimulate additional house building, with a further 10,000 homes being built for open market sale, supporting 42,000 jobs directly and a further 24,000 jobs indirectly for a year. If we were to pursue the route my hon. Friend suggests, we would potentially lose the benefit of the financing that comes from home builders.

Kate Green (Stretford and Urmston) (Lab): Is the Minister concerned that the proposed savings cap in the universal credit will make it more difficult for first-time buyers to save for the much higher levels of deposit that lenders increasingly require?

Mr Hoban: Everyone in the House will understand the challenges that face many first-time buyers in trying to save up for a deposit. That is why we announced this scheme at the time of the Budget, which has been widely welcomed. We should also recognise that a number of lenders are now reducing the loan-to-value ratio, to enable more first-time buyers to get on to the housing ladder with a smaller deposit.

Regional Investment

10. **Sheryll Murray** (South East Cornwall) (Con): What steps he is taking to support investment in the regions. [54730]

The Chief Secretary to the Treasury (Danny Alexander): Returning the UK economy to sustainable economic growth that is more balanced across the regions of this country and across sectors is a key priority. In the recent Budget, this Government took steps to encourage investment and exports as a route to a more balanced economy. In addition, we have introduced 21 new enterprise zones in England and we have allocated £450 million of investment in the first round of the regional growth fund, including to an excellent proposal from the *Western Daily Press* and the university of Plymouth to support small firms across the south-west.

Sheryll Murray: I thank my right hon. Friend for that reply. Private sector growth is really important in my constituency, but only six of 464 bids to the regional growth fund were from Cornwall. What can the Government do to encourage more bids from Cornwall in the second round?

Danny Alexander: I would urge my hon. Friend and other colleagues from Cornwall to encourage businesses and the local authorities to support bids from private sector businesses. The regional growth fund is there to support private sector-led bids that create growth and jobs and that support economic development across England, and I would urge her to work with chambers of commerce and local enterprise partnerships.

Mr George Mudie (Leeds East) (Lab): In view of the indifferent growth in the regions, does the Minister regret the Government's decision to abolish regional development agencies and to give to their authorities no money, no staff and no authority?

Danny Alexander: No, I do not; I think that that was the right decision. The balance of policies that we are putting forward—on enterprise zones, local enterprise partnerships and the regional growth fund—is designed to ensure that ideas that come from the regions have a much greater chance of success. Our decision was the right one, and the hon. Gentleman will have noted that inequality among the regions actually grew during Labour's 13 years in office.

Economic Growth

11. **Nicholas Soames** (Mid Sussex) (Con): What steps his Department is taking to promote economic growth. [54732]

The Chancellor of the Exchequer (Mr George Osborne): As my hon. Friend knows, we inherited an economic mess, we have restored economic stability and we are promoting economic growth by cutting business taxes, encouraging investment, expanding exports, improving and investing in skills, and creating jobs. The whole House will be pleased to know that 400,000 private sector jobs have been created since the Government came into office.

Nicholas Soames: I warmly welcome the excellent record of this Government, led by my right hon. Friend the Prime Minister, and the admirable work done by the Chancellor. Does he agree that, in addition to all this work to encourage growth, the deregulation of the economy continues to be extremely important and that it is not proceeding at as fast a pace as it should? Will he do everything he can to encourage his colleagues in the Government to get on with the deregulatory programme?

Mr Osborne: I certainly am doing that. We announced in the Budget the deregulation of £350 million-worth of business regulation, and we also imposed a moratorium for the coming years on regulation on small businesses. On the first anniversary of this Government, it is worth reflecting that 400,000 extra jobs have been created in the private sector, 89,000 fewer people are on the unemployment count, manufacturing output is up by 5%, business investment is up by 11%, exports are up by 12%, our credit rating has come off negative watch, our market interest rates are down and, as I say, economy stability has been restored.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Would the Chancellor like to associate himself with the views of the Secretary of State for Business, Innovation and Skills on the cumulative effect of carbon reduction measures on the competitiveness of energy-intensive industries? There is real concern in the ceramics sector

in my constituency that the Government are in danger of exporting jobs and importing carbon, which is in nobody's interest?

Mr Osborne: The hon. Gentleman raises a very specific issue—the cumulative impact of the environmental policies of both the previous Government and this one on some very energy-intensive industries such as the one that he represents in Stoke—which is worth consideration. We are examining it, and it is a challenge for the whole House to ensure that we get the right balance between absolutely meeting our carbon reduction requirements, to which we have all signed up as Members of this Parliament, and ensuring that we can do so in a way that enables Britain to continue to have a competitive energy-intensive industry.

Barnett Formula

12. **David Mowat** (Warrington South) (Con): What his policy is on the operation of the Barnett formula in relation to relative need. [54733]

The Chief Secretary to the Treasury (Danny Alexander): As the coalition programme for Government states, the Government

"recognise the concerns expressed...on the system of devolution funding."

The Government's priority, however, must be to reduce the enormous budget deficit and therefore any change to the system of funding for the devolved Administrations must await the stabilisation of the public finances.

David Mowat: I thank the Chief Secretary for that reply. He will be aware, however, that the Holtham commission, the House of Lords Select Committee and the noble Lord Barnett are all of the view that the Barnett formula is in need of urgent review and should be replaced by a mechanism based on need. I understand that the priority must be to tackle the deficit, but can we not at least start the process in the course of this Parliament of putting in place a fairer allocation mechanism based on need?

Danny Alexander: No, I am afraid I cannot make that commitment. As I said earlier, our priority is to reduce the deficit. We have the Scotland Bill to take forward here, and in relation to Wales we have a process that is following on from the referendum and we have the Holtham commission to look at specific issues. I think that is the right set of priorities for the moment.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): As the Chief Secretary knows, his Government have announced a Calman-like process for Wales following the successful referendum in March for further powers. Will he confirm that reform of the Barnett formula will be a precondition of any wider financial reforms to the way the Welsh Government are funded?

Danny Alexander: I cannot confirm that, no. We have said that we will consider the issues to do with tax powers raised in the second Holtham report as well as other issues that were brought forward at that stage. We made a commitment to the previous Welsh Assembly Government to engage in a conversation about those things. If the new Welsh Assembly Government want to take that forward, we will be open to that, too.

Alcohol Duty

13. **Mr Gary Streeter** (South West Devon) (Con): What recent representations he has received from the licensed trade on alcohol duty. [54734]

The Economic Secretary to the Treasury (Justine Greening): I met a number of stakeholders ahead of this year's Budget, including the all-party group on beer and the British Beer and Pub Association. We carried out a review of alcohol taxation last summer and members of the licensed trade contributed heavily to that.

Mr Streeter: I thank the Minister for her answer. Given the importance of the licensed trade to the economy and our culture, particularly in regions such as the west country, where tourism is high, is it not now time to seek to reduce alcohol duty on served drinks and to increase it on cheap booze sold by supermarkets?

Justine Greening: My hon. Friend is absolutely right to raise that issue. In fact, it is part of the rationale behind tackling problem drinking. One way we have sought to do that is by introducing the limits on the below-cost selling of alcohol in supermarkets. That will be done by a formula of assessing duty plus VAT as the below-cost level. My hon. Friend is also right to point out that we need to do what we can to support pubs, which are the lifeblood of many local communities. They will also benefit from the various packages of measures we have brought forward to support small businesses, including reduced corporation tax, increased national insurance thresholds and, of course, the plan for growth.

Budget Deficits

14. **Jeremy Lefroy** (Stafford) (Con): What recent discussions he has had with his international counterparts on strategies to reduce budget deficits. [54735]

The Exchequer Secretary to the Treasury (Mr David Gauke): At the G20 summit in Seoul in November, advanced countries committed to formulate and implement credible growth-friendly, medium-term fiscal consolidation plans. The Chancellor has been involved in discussions with our international and European counterparts since the Seoul summit, including in the International Monetary and Financial Committee and the International Monetary Fund spring meetings. As was the case with the previous Administration, it is not the Government's practice to provide details of all such discussions.

Jeremy Lefroy: I thank the Minister for his reply. The OECD's recent report says that the UK is striking

"the right balance between addressing fiscal sustainability...on the one hand, and preserving short-term growth on the other."

In his contact with international colleagues, has my hon. Friend found other support for this view or, indeed, any support for the opposing view?

Mr Gauke: It is quite striking that on one side of the argument, saying that we must be serious about getting the deficit down, there is the OECD, the IMF, the European Commission, the CBI, the Governor of the Bank of England and the US Government, whereas on

the other side we have the Labour party. We do not find the Labour party's case terribly persuasive. On the evidence of last week, nor do the British people.

Ian Austin (Dudley North) (Lab): Does not what happened in Greece show that measures that hamper growth make tackling the deficit all the harder? Is that not why, six months after the geniuses opposite took stewardship of an economy that was beginning to recover strongly, growth had ground to a halt? Is it now why, far from tackling the deficit, which is what all this is supposed to be about, the small print of the Budget shows that the Government will have to borrow £46 billion more?

Mr Gauke: I know that the hon. Gentleman is close to the former Prime Minister, but it really is disappointing that he is such a deficit denier. He even seems to suggest that the Greeks should not be doing anything about their deficit. If we do not have a credible plan, then the economy is at risk. We do have a credible plan.

Stephen Williams (Bristol West) (LD): First, Mr Speaker, may I associate myself and my Liberal Democrat colleagues with your remarks about David Cairns at the start of Question Time?

On the deficit, the Government's plans will reduce the fiscal deficit from last year's figure of 9.6% to 7.9% this year, but that will still be roughly double the eurozone average and higher than the figures for Germany, France, Italy and Spain. Does the Minister agree that if we did not take this action to reduce the deficit, it would undermine international confidence in this country and our ability to borrow the funds that we still need to fund our programmes?

Mr Gauke: My hon. Friend is absolutely right. Even now, our deficit is higher than Portugal's and it is perfectly clear that we on the Government side are united and determined to bring that deficit down.

Topical Questions

T1. [54746] **Chris Kelly** (Dudley South) (Con): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr George Osborne): The core purpose of the Treasury is to ensure the stability of the economy, to promote growth and employment, to reform banking and to clear up the mess in the public finances that we inherited so that Britain starts to live within her means.

Chris Kelly: The Chancellor will know that fraud and error have plagued the tax system since it was introduced. What measures is he taking to bear down on this and what financial impacts does he expect those measures to have?

Mr Osborne: I can today report to the House that in the past year Her Majesty's Revenue and Customs has saved an additional £1 billion by tackling fraud and error in the tax credit system. For many years, the flaws in the shambolic administration of tax credits went completely ignored by the Labour party, causing misery for hundreds of thousands of families and costing the taxpayer billions of pounds, but we are now sorting out this mess.

T3. [54748] **Mr William Bain** (Glasgow North East) (Lab): Has the Chancellor had an opportunity to note the findings of last week's report from the National Institute of Economic and Social Research, which show the contraction in public and private demand since emerging from the recession to be higher in this country than in any comparable major economy? Does that not show that the Government are cutting too far and too fast?

Mr Osborne: First, the report recommends higher taxes and higher interest rates—perhaps that has become part of the Labour party's official policy. I think it is worth looking at what the CBI has said this week. I have already quoted what it said when I was asked what the outcome would have been had Britain followed Labour's plans—it said there would have been weaker economic growth—but its director general has also said:

"We are rock solid behind the chancellor's plans to eliminate the structural deficit within a parliament",

which are an

"essential part of putting the economy back on a stable footing".

That is the voice of British business's view of the deficit. *[Interruption.]* The shadow Chancellor says that is not true. A couple of months ago he was quoting the CBI across the Dispatch Box at me, but now that the CBI says that Labour's economic policies would lead to weaker economic growth, he is in denial about that too.

T2. [54747] **John Pugh** (Southport) (LD): What financial stress test will the Treasury impose before allowing the Department of Health to authorise general practitioner or clinical consortia?

The Chief Secretary to the Treasury (Danny Alexander): I am grateful to my hon. Friend for his question, which raises a very important issue. It is a key part of the Treasury's engagement with this to make sure that the process for authorising GP consortia ensures that those organisations are fully financially capable, as well as clinically capable, of meeting their objectives before they are authorised on whatever timescale.

T7. [54752] **Vernon Coaker** (Gedling) (Lab): Does the Chancellor recall his statement to the House in October, when he said:

"I completely understand the public's anger that the banks...should now be contemplating paying high bonuses"?—[*Official Report*, 20 October 2010; Vol. 516, c. 955.]

It is all very well being angry about that, but why do the banks continue to pay high bonuses to their high-ranking directors and why does he not do something about it? Why does he not repeat Labour's bank bonus tax and reinvest the money in jobs, housing and many other things that the people of this country want?

Mr Osborne: Bank bonuses were higher when the hon. Gentleman was a Minister. There is complete amnesia among the Opposition about their having presided over the collapse of the British banking system and over bonuses that were billions of pounds higher in total than those being paid today, and they have no ideas

about how to reform the banking system. The Chancellor who introduced the bank bonus tax to which the hon. Gentleman refers said that it would not work again. We have introduced a permanent bank levy which, I think, the Labour party continues to oppose.

T4. [54749] **Amber Rudd** (Hastings and Rye) (Con): The economy of Hastings received a tremendous boost today when the Heritage Lottery Fund announced that it would support our bid for £8.7 million for the pier renewal but, sadly, seaside towns in general and we in Hastings suffer from bad transport links, high public sector employment and low wages. Will the Chancellor consider what can be done to support seaside towns under this Government?

Mr Osborne: I join my hon. Friend in celebrating the good news about the successful bid for the renovation of the pier. She is right to point out that there are specific issues associated with seaside towns across the country which are well known to the Members who represent them and well known also to the Government. We intend to come forward with proposals later this year to help those seaside towns.

T8. [54753] **Ian Mearns** (Gateshead) (Lab): Household debt has been revised upwards by £300 billion, and my constituency, Gateshead, has one of the highest rates of personal insolvency in the country. What is the point of cutting the national debt, only to transfer the burden on to the personal finances of ordinary families? It is blindingly obvious that we are not all in this together—some of us are in this up to our necks.

Mr Osborne: I am afraid the hon. Gentleman misses two important facts. First, the most recent figures—within the past week—for personal insolvencies showed a welcome fall. Secondly, household debt reached a record level under the previous Government. As I said in response to the first question today, we are introducing a Financial Policy Committee to assess overall levels of private debt, including business debt, in the economy so that we do not allow dangerous unsustainable levels to grow. That will now be a judgment for the Financial Policy Committee and it will have the tools to do something about it.

T5. [54750] **Stephen Mosley** (City of Chester) (Con): Can my right hon. Friend update the House on what discussions he has had about the likelihood of a further bail-out of the Greek economy and whether he has made any assessment of the UK's likely contribution?

Mr Osborne: The answer is that we have not had discussions about a second Greek bail-out and we have not been asked to make a contribution. The question for Greece is whether it lives up to the commitments that it has entered into. There is currently an International Monetary Fund, European Commission and European Central Bank team in Athens assessing Greece's progress against the plan that it committed to, and we should await the results of that assessment.

Mr Speaker: Jonathan Reynolds is not here, so I call Stephen Timms.

Stephen Timms (East Ham) (Lab): A year ago the Office for Budget Responsibility was projecting growth in the UK economy of 2.6% this year. Now the forecast is down to 1.7%. What has gone wrong?

Mr Osborne: As I am sure the right hon. Gentleman knows, there are very significant global headwinds of the high oil—*[Interruption.]* I know that Labour Members live in a complete vacuum but, according to the most recent growth figures for this first quarter, the British economy posted a higher quarterly growth rate than the United States of America. Of course we have the high oil price and the ongoing problem in the eurozone, but what is required above all is a credible deficit reduction plan that keeps Britain out of the financial danger zone.

T6. [54751] **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): Given that Plymouth is a low-skills, low-wage economy with 38% of the work force dependent on the public sector, can my right hon. Friend give me the timetable for the creation of enterprise zones? What role could green deal manufacturing play within that?

Mr Osborne: I know that my hon. Friend is a trenchant supporter of his constituency and a promoter of green industry there. He has raised the issue with me on a number of occasions. I know that Plymouth has put forward a bid for the second round of enterprise zones. An announcement will be made later this summer, in July, and I am afraid he will just have to wait until then, but as I say, he has certainly brought to my attention the potential for the green economy in the city that he represents.

Stewart Hosie (Dundee East) (SNP): May I offer my condolences to the friends, family and colleagues of David Cairns? He was a man who always argued his corner with intelligence and humour, and carried the rare gift of being liked and respected across the Scottish political divide. We will all miss him.

I am sure the House is pleased that both Santander and RBS have access to European Investment Bank funds to issue discounted loans into the economy—£150 million in the case of Santander, and a third tranche of £300 million in the case of RBS. Can the Chancellor confirm that this is new, additional money, or will it be rolled into the gross lending figures already agreed?

Mr Osborne: Let me write to the hon. Gentleman on the specific issue of the Santander loan and the application to the European funds. I take this opportunity to congratulate the Scottish National party on its victory in the Scottish parliamentary elections and say that we respect their outcome. As he knows, my right hon. Friend the Prime Minister contacted the Scottish First Minister to congratulate him personally. I hope that we can work together in the next few months and years to deliver what we both want to see, which is jobs and prosperity in Scotland.

T9. [54754] **Joseph Johnson** (Orpington) (Con): US Treasury Secretary, Timothy Geithner, recently praised the Government's fiscal reduction plans, saying that the Chancellor had locked the coalition Government into a set of reforms that were "very good". What lessons has he drawn from this powerful endorsement?

Mr Osborne: Of course it is welcome to have the support of the US Treasury Secretary. It is interesting that we have been urged for some months by Labour to follow the US example. The Obama Administration, in the speech the President gave at George Washington university, set out a deficit reduction plan—it is not yet legislated for in Congress—that goes faster and deeper than the one we are promoting here in the UK. I suspect that we will not now hear the argument that we have heard for the past few months from the Labour party.

Alison McGovern (Wirral South) (Lab): May I associate myself with the remarks about our much-missed colleague David Cairns that you, Mr Speaker, and others have made?

Recent commentators have suggested that it is possible that the Government will not meet their target to balance the cyclically adjusted current budget by 2015-16, by the end of this Parliament. If it becomes clear that Tory cuts are not working to reduce the deficit, at what stage will the Chancellor change course?

Mr Osborne: I have just been told by my hon. Friend the Member for Chelsea and Fulham (Greg Hands) something about the hon. Lady that I did not know: she is the Parliamentary Private Secretary to the previous leader of the Labour party. It is presumably not a job with onerous responsibilities, but it sounds as though he may have written that question for her. The Office for Budget Responsibility is the independent body that assesses our ability to hit the fiscal mandate. The reason we set it up was because under the stewardship of the person to whom she is PPS all credibility for Treasury figures was lost.

Mrs Helen Grant (Maidstone and The Weald) (Con): Only 14% of small businesses are owned by women. What action will the Chancellor take to improve this figure?

Mr Osborne: It is incredibly important to try to increase the number of women who set up their own businesses. The Government have undertaken a number of specific initiatives, driven from No. 10 Downing street, and I will ensure that my hon. Friend is closely involved in them.

Mr Chuka Umunna (Streatham) (Lab): Yesterday, in a welcome move, the British banking industry abandoned its legal fight with the Financial Services Authority over the mis-selling of payment protection insurance. Does the Chancellor agree that this scandal, as a result of which millions of people in this country were fleeced by the banking sector on a large scale, was an absolute disgrace and that the banks involved should settle the claims that arise, immediately and without further delay?

The Financial Secretary to the Treasury (Mr Mark Hoban): The hon. Gentleman is right to highlight the mis-selling of PPI. This happened under the regulatory regime that his colleagues set up when they were in government. One aspect of the reforms that we are introducing by setting up the financial conduct authority is to give the regulator more powers to intervene earlier to prevent that sort of scandal happening again.

Duncan Hames (Chippenham) (LD): Given the Chancellor's concern for the use of taxpayers' money, will he really allow members of GP consortia boards to be paid as much as £30,000 a year for just one day's work a week?

Danny Alexander: As I said in response to my hon. Friend the Member for Southport (John Pugh), one of the things we need to do as part of the listening exercise is hear the concerns about how consortia will work and ensure that the financial regime that is in place is sustainable and puts the maximum amount of resource to the front line.

Bill Esterson (Sefton Central) (Lab): The Chancellor did not answer the question from my hon. Friend the Member for Gedling (Vernon Coaker), so I would like to give the right hon. Gentleman another chance. Will he repeat the bank bonus tax that was so successful last year and use that money to build the extra affordable homes, to rent and to buy, which are desperately needed by people in this country and by the construction industry, and which would be good for the economy?

Mr Osborne: As I was explaining to the hon. Member for Gedling (Vernon Coaker), the bank bonus tax was introduced by the previous Chancellor of the Exchequer, and it was his judgment that it would not work for another year because the banks would find a way of avoiding it. That is why we introduced a permanent bank levy not just for one year, but for each and every year. In any one year it raises more than the bank bonus tax net, so that is what we have done. It is pretty striking: Labour Members had 13 years in government to introduce a permanent bank tax; they did not do so, and they cannot carp from the sidelines now.

Charlie Elphicke (Dover) (Con): If our gold had not been sold off some years ago, how much would it be worth today?

Mr Osborne: The gold was sold, I think on the advice of the current shadow Chancellor, at $3.5 billion—a princely sum, except that it would now be worth $19 billion.

Several hon. Members *rose—*

Mr Speaker: Order. We must move on.

Off-quota University Places

3.30 pm

Mr John Denham (Southampton, Itchen) (Lab) *(Urgent Question)*: To ask the Secretary of State for Business, Innovation and Skills if he will make a statement on the proposals for students to buy off-quota university places.

The Minister for Universities and Science (Mr David Willetts): Fair access to university is crucial for achieving equality of opportunity, and there is a clear issue of principle here. Access to a university must be based on ability to learn, not on ability to pay. There is absolutely no question of wealthy students being able to buy their way into university.

As the coalition prepares its White Paper on higher education, we are considering possible ways to allow universities to recruit extra students in addition to their student number allocation. Any such arrangement would have to comply with the principle that access to university must be based on ability to learn, not on ability to pay. That is why, in the Secretary of State's speech to the Higher Education Funding Council on 6 April, he said:

"Another measure for the longer term could be to remove student number controls which inhibit universities' ability to recruit students who represent no burden to the public purse. For example, I don't believe that universities should be prevented from expanding courses where employers cover students' costs".

We are considering two options: first, making it easier for employers to sponsor students at university; and secondly, making it easier for charities to sponsor students at university. Any such scheme would need to comply with the following conditions: the principles of fair access must apply; there would need to be genuine additional places; there would be no reduction in entrance standards; and, of course, rich individuals should not be able to buy their way into university.

Everything this coalition does is guided by our belief in the need to improve social mobility after it stagnated under the Labour party. We will set out our proposals in the White Paper, which will be published shortly.

Mr Denham: In *The Guardian* and on the "Today" programme, the Minister set out plans to allow students who have access to private funds to buy their way into universities that they cannot get into on merit. Why was the House not told of those plans when we voted on tuition fees? How many hon. Members would have trebled fees if they had known that he planned to allow students to buy entrance to selective universities? Or has the Minister just made up this plan? He has cut 20,000 student places, lost control of fees, £9,000 is the norm not the exception and access agreements have no teeth. There is a black hole in his budget and threats to cut more student places or teaching budgets.

Given that mess, why is it that every time the right hon. Gentleman puts a sticking-plaster on the wounds that he has caused he makes things worse? Yesterday he launched the communications plan for the new fees system. Can he not imagine the dismay that he has caused for thousands of hard-working A-level students today? They now know that hard work, ability and ambition will not be enough.

Students from low-income homes want fairness, not favours. Does the Minister not understand that a few places will not soften the brutal message that, for this Tory Government, access to wealth and privilege will always trump ability and ambition? Poor families have no chance of buying their way in, but is this not also a cruel betrayal of middle England—those hard-working, middle-class, middle-income families who want to do the best for their children and face agonising pressure to take on huge private debts to remortgage their homes to make sure that their children get what the kids of the wealthy take as a right?

Does the Minister accept that although there is nothing wrong with employers getting universities to provide bespoke courses for their employees and nothing wrong with employers paying fees once the university has decided whom to admit, his plans will corrupt university admissions with a two-tier system—one for the best qualified and another for those with access to fatter cheque books? And who will pay? The Minister's response was remarkable, because it is clear from his interviews today that he wants to allow wealthy families to buy places: he did not deny that in several interviews. Now incompetent Government Ministers are arguing about it in public. Where are these charities that want to pay £70,000 per student? Who are the employers who want to pay for the second best, not the best?

I am glad that the Minister has been forced here today. We will study his plans to see whether he really has climbed down, because if so, it is the most humiliating and fastest U-turn in the history of this discredited Government. This House needs what we needed last December—a proper White Paper to tell us how this whole mess is going to be sorted out.

Mr Willetts: The shadow Secretary of State clearly has not been listening to what I have been saying. He has invented a policy and then denounced it. He has no excuse for that, because in every public statement I have made, I have made it absolutely clear that we are looking at employers and charities. Those are the actual words that I used in *The Guardian* this morning when I referred to the current rules which, for example, limit the ability of charities or social enterprises to sponsor students.

Let me make the position clear regarding the two proposals that we are considering. First, Members in all parts of the House have endlessly urged us to do more to get employers involved in sponsoring students at university. Only 6,000 students out of well over 1 million in total are currently sponsored by employers outside quota controls. That is why, yes, we are looking at ways in which extra places outside quota controls can be made available for students sponsored by companies, but they must meet the conditions that I clearly set out in my earlier response.

Secondly, we are pursuing another objective that I thought was shared by Members on both sides of the House—encouraging greater endowments for our universities. Many people who are considering charitable support for our universities like to know that real individuals will benefit. At the moment, if they identify and provide for any places for poor students, they come up against a universities quota limiting total numbers. That deters charitable giving. So, again, we are investigating whether charities and social enterprises can support people at universities outside quota controls.

Whatever we do will comply with the fundamental principle that rich individuals should not be able to buy their way into university. Labour Members left the

[Mr Willetts]

public finances in a mess. They left universities with a £1 billion deficit and in a straitjacket, they restricted places, they fined institutions, and they blocked ambitions. We are determined to reform Labour's broken system.

Mr Graham Stuart (Beverley and Holderness) (Con): Will the Minister again reassure the House that there will not be an uneven playing field for those from lower-income families? Will he ensure that we have fair and equitable access to our universities while ensuring that Labour Members do not stand in the way of employers and charities being able to make the maximum number of places available to everyone, regardless of background?

Mr Willetts: I can absolutely give my hon. Friend the assurance that he seeks. The challenge to Labour Members is to join us in explaining to young people in schools and colleges across the country that none of them will have to pay up front to go to university. Under our proposals, the threshold for repayment is increased from the £15,000 we inherited from Labour to £21,000 now.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Will the Minister tell the House what discussions he has had with the Office for Fair Access on this policy?

Mr Willetts: Consultation on our proposals will take place after we publish the White Paper. In a speech that I gave to Universities UK and in the speech that I quoted by my right hon. Friend the Secretary of State to HEFCE, we made it clear publicly that this is the option we are looking at.

Dr Julian Huppert (Cambridge) (LD): I have the great privilege to represent three great universities: the university of Cambridge, Anglia Ruskin university and the Open university. Will the Minister assure me that nothing he does in this or any other policy will force any of those universities to lower their standards for financial gain?

Mr Willetts: Yes. I have made it clear and am happy to confirm it again for the hon. Gentleman that there should be no reduction in entrance standards for our universities.

Mr David Lammy (Tottenham) (Lab): Was it wise of the Minister to give the impression on Radio 4 and in *The Guardian* that our universities are like easyJet in that people can buy their way to the front of the queue? He knows that our lecture halls, universities and university accommodation are only so big. Surely, if extra places are put on, places will be denied to those who want universal access.

Mr Willetts: We inherited from the previous Government, of whom the right hon. Gentleman was the Minister for universities, a system of student number controls so tight that he was fining universities for taking on extra students. There were students who wanted to go to university and universities who wanted to educate them, but he fined the universities for wanting to recruit them. We are trying to break free from the constraints that he placed on opportunity, while making it absolutely clear that people cannot buy a place at university.

Mr David Evennett (Bexleyheath and Crayford) (Con): I note my right hon. Friend's comments on off-quota university places, and am reassured by his statement on the issue of standards and entry. However, is it not the case that across the HE sector, discussions about this topic are already taking place?

Mr Willetts: It is the case. I have read with interest the reaction to the speculation today. I was struck by a comment released today by the chief executive of GuildHE:

"Providing off-quota places can be socially progressive."

He went on to say:

"This could give students of all backgrounds a wider set of choices, including whether or not to take out a long term loan."

That gentleman is, of course, the former special adviser to the shadow Secretary of State.

Mr Ben Bradshaw (Exeter) (Lab): Chaos on health policy; Ministers rowing in public about whether to abandon our carbon reductions; and now this, all in the space of 24 hours: is this not the most serially incompetent Government in living memory? When will the Prime Minister get a grip?

Mr Willetts: I do not know what the right hon. Gentleman is getting quite so aerated about. The Government are committed to improving social mobility and to easing the controls under which universities function. We will put forward proposals in the White Paper to achieve precisely those objectives.

Lorely Burt (Solihull) (LD): We welcome any measure to aid social mobility and increase fair access. I welcome my right hon. Friend's ideas to increase the number of places by getting charities and businesses to sponsor degrees. Will he confirm that rich students will never be able to buy their way into university under this Government?

Mr Willetts: I am happy to give the hon. Lady the assurance that she seeks. That is not the proposal that we will put forward in the White Paper.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Secretary of State accept that it was he who started this hare running? The minds of those of us who want to be fair to him have not been put at rest by what the Minister has said today. We do not want a twin-track or two-tier system. May I add that, as the Minister knows, many of the leading public schools in this country are charities?

Mr Willetts: The Secretary of State and I have publicly referred to this idea. I referred to it in a public speech to Universities UK and he referred to it in a speech to HEFCE. We both said that we were looking at ideas for off-quota places. We make no secret of the fact that we are investigating those ideas. I have also made it clear in every public remark that we are looking at employers and charities as the people who would sponsor such places.

Mr Rob Wilson (Reading East) (Con): May I welcome my right hon. Friend's desire to create more university places? More sponsorship of students by businesses and charities would be very welcome to both students and universities, but does he agree that taking the Government cap off student numbers is the only real way to create a fully functioning market?

Mr Willetts: I share my hon. Friend's dislike of the system that we have inherited. I deeply dislike a system in which universities are fined for taking on students who meet their entry requirements, but of course there are public expenditure constraints, because each student comes with a cost. That is why I am being perfectly explicit about the fact that we are considering ways in which it would be possible for students to be accepted into university outside the quota, under the conditions that I have clearly set before the House this afternoon. I hope that moves us some way towards his admirable objective.

Sheila Gilmore (Edinburgh East) (Lab): How will the Minister monitor the bona fides of charities that might be involved in these transactions?

Mr Willetts: I agree that that is very important, and that the principles of fair access must apply. When we produce our White Paper and our proposals are consulted on, that question will of course need to be properly addressed.

Alun Cairns (Vale of Glamorgan) (Con): Will the Minister confirm that the policy of off-quota places can expand the opportunities of some people from all sorts of backgrounds to go to university, including those who would not normally have the opportunity to go, provided that they have the support of a business or charity?

Mr Willetts: My hon. Friend is absolutely right. We are trying to spread opportunity to go to university, even at a time when money is tight. That is what we are committed to achieving, and it is a great pity that the Labour party has completely failed to suggest anything that would deliver on our belief in improving social mobility.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Given his absence from the House today, can the Minister assure the House that this policy has the full support of his boss, the Secretary of State, and will continue to have it in the future?

Mr Willetts: I am setting out the approach of the coalition Government, and of course we will set out in the White Paper our proposals to deliver on the coalition's commitment to improving social mobility.

Simon Wright (Norwich South) (LD): Is the Minister aware of a scheme run by KPMG, which pays the fees for students who go on to work for it? Is he attracted to that model?

Mr Willetts: The KPMG scheme is an excellent example of exactly what we are trying to encourage. The trouble is that at the moment, so far as such estimates can be made, we believe that only approximately 6,000 students out of well over 1 million are benefiting from extra places sponsored by companies such as KPMG. That is far too low, and we are considering ways in which we can encourage more such schemes, because we believe they are a way to spread and improve opportunity in this country.

Clive Efford (Eltham) (Lab): Affluence is influence, and this is a triumph of affluence over ability. The Government have to recognise that it is social networking that leads to people accessing this type of support to go to university, so it will not be directed at the poorest people from our constituencies. It will be an opportunity for those who do not meet the criteria for entering university to get in by the back door because they have access to private finance.

Mr Willetts: I am afraid the hon. Gentleman is more interested in fighting class war than in considering practical proposals to improve access to university. Not only are the particular conditions that I have set out to the House today intended to ensure that his concerns do not come to pass, but in general, I believe that the expansion of higher education places is of itself a good thing for social mobility and opportunity in this country.

Elizabeth Truss (South West Norfolk) (Con): Is it not the case that quotas and rationing have served low-income students very badly? In Britain, only 19% of low-income people go to university, which can be compared with more open systems such as those in Australia, which has 30%, and America, which has 50%. Does that not show the poor record of the previous Government?

Mr Willetts: My hon. Friend is absolutely right. There is a problem. We are restricting access to university, and social mobility in our country is far too low. This Government are looking at how we can tackle that problem, but all we get from the Labour party is completely wilful misrepresentation of what we are doing, and no practical proposals whatever.

Paul Blomfield (Sheffield Central) (Lab): As my hon. Friend the Member for Huddersfield (Mr Sheerman) has pointed out, public schools are charities. Will the Minister unambiguously rule out that his proposals would allow any public school to buy places at any university?

Mr Willetts: It is absolutely not our intention that such purchasing of places at university should happen. That is why the criteria that I have set out are absolutely clear on fair access. People should not be able to buy places at university. We are not proposing what the hon. Gentleman claims.

Mr Sam Gyimah (East Surrey) (Con): Employers, among others, benefit from well-educated students. Is it not right that if we can find a way for them to share in that burden, we should use it, rather than jumping in and getting over-excited at the mere mention of them?

Mr Willetts: My hon. Friend is absolutely right. Indeed, the previous Government, towards the end of their time in office, produced a report, "Higher Ambitions", which on page 47 specifically calls for employers to be more engaged. It says that

"businesses have a crucial role in the funding and design of programmes, in the sponsorship of students".

We are trying to ensure that more employers have the opportunity that was talked about by the previous Government, but which, not for the first time, they failed to deliver.

Gavin Shuker (Luton South) (Lab/Co-op): The Minister has categorically refused not to rule out private schools buying places for their students. Is this yet another idea dreamt up on the playing fields of Eton?

Mr Willetts: I have made it absolutely clear that I have ruled that out.

Nadhim Zahawi (Stratford-on-Avon) (Con): Access to Russell group universities from the lowest income groups has abysmally flatlined over the past 20 years. Ideas such as allowing companies and charities to create social mobility and greater access should be debated. They should not become the subject of scaremongering and misrepresentation. It is a shame that the Opposition have done that with a cynical letter to *The Guardian* in support of its scaremongering headline.

Mr Willetts: Not for the first time, my hon. Friend is a voice of sanity in this debate, and I completely agree with his point. Government Members are engaged in improving social mobility and people's opportunities to go to university, while making absolutely clear the principle that nobody should be able to buy a place at university using their personal wealth. That is the principle we are applying, and I am grateful to my hon. Friend for his support.

Paul Farrelly (Newcastle-under-Lyme) (Lab): When I read this story in *The Guardian*, my first inclination was to check the date, but it clearly could not be 1 April, because we have had May's elections, when Labour took Keele university from the Liberal Democrats because of broken promises on tuition fees. I then thought that the story must be a clever wheeze by plotting Conservative Ministers, who are thinking, "What can we do to make Vince Cable, the Secretary of State, finally jump ship?"

The Minister has clearly not told colleagues and the House in his responses how he would discriminate between different charities: which would qualify, and which would not?

Mr Willetts: I am afraid that I have made absolutely clear the principles that will guide our policy. It is not our intention that schools should be able to buy places at university.

Graham Evans (Weaver Vale) (Con): I congratulate my right hon. Friend the Minister on the help and support that he has given to mature, part-time students—students who did not do well at school first time around, but who in their 20s and 30s decide to be socially mobile and to get qualifications and further education.

Mr Willetts: My hon. Friend is right. That is one reason why one proposal before the House is to extend loans for fees for the first time to part-time students, many of whom are mature students, which will enable them to take the opportunity of going to university. Our central objective is to give that opportunity to as many people as possible who have the ability and commitment to gain from it. That admirable objective is what drives the coalition.

Barry Gardiner (Brent North) (Lab): Will the Minister assure the House that there is no truth in the rumour that this policy was announced today to add the final humiliation to the Lib Dems and precipitate a general election?

Mr Willetts: This policy has been referred to in speeches by me and the Secretary of State. [HON. MEMBERS: "When?"] In speeches we gave to Universities UK and the Higher Education Funding Council. The policy will also be set out in the White Paper, after which I look forward to debating it further in the House.

Gavin Barwell (Croydon Central) (Con): Given the constraints on public spending, allowing businesses and charities to provide additional places at no cost to the public purse is, in principle, a good idea, but can my right hon. Friend tell the House exactly how the Government will ensure that no university in this country will have different entry criteria for quota and off-quota places?

Mr Willetts: My hon. Friend is right to raise that important principle. I hope that I made it clear earlier that there should be no question of sacrificing university entry standards. We are not considering that.

Stewart Hosie (Dundee East) (SNP): The Minister will want to confirm to the House that university education in Scotland is fully devolved—thank goodness—but will he also confirm that should this extraordinary plan ever see the light of day, it will apply to English universities only, and that there will be no requirement to roll it out in Scotland?

Mr Willetts: The hon. Gentleman says, "thank goodness", but hon. Members on both sides of the House are still looking forward to hearing the Scottish National party's long-term plans for the financing of universities in Scotland. We have set out our proposals to ensure that universities in England are well financed and able to offer to our students a high-quality education. I hope that that opportunity is also available to students at Scottish universities.

Helen Jones (Warrington North) (Lab): If the Minister intends to allow charities to sponsor university places, can he explain to the House what amendments he will introduce to change charity law so that public schools are not counted as charities for that purpose?

Mr Willetts: After the White Paper, we will—with the consent of the House, I hope—introduce legislation that will provide the framework within which all the assurances I have given today can be met.

Kate Green (Stretford and Urmston) (Lab): How can it be socially progressive to devote time and energy to facilitating access for students from better-off backgrounds at the same time as the Government have axed Aimhigher, which means that projects in my constituency to reach out to poorer students will run out of funding by October this year?

Mr Willetts: It is socially progressive to consider how to provide more opportunities for people to go to university and whether they can be sponsored by their employer or whether that can happen as part of a charity wishing to endow a university. That is socially progressive, which is why these proposals will help to tackle one of the biggest challenges facing Britain today—our very low levels of social mobility.

Simon Danczuk (Rochdale) (Lab): Twenty-six per cent. of young people in Rochdale get the opportunity to go to university, compared with the national average of 31%. That gap narrowed under the previous Government. Instead of coming up with fanciful policies

that will help his wealthy mates' kids get into university, will the Minister start helping youngsters in places such as Rochdale?

Mr Willetts: It is important to help young people in places such as Rochdale through educational reform and raising school standards. However, in the many debates on higher education that I have attended in the House over the years, hon. Members on both sides have called for greater employer involvement in course sponsorship, and for greater endowments and charitable giving to universities, yet as soon as we introduce practical ideas to achieve these objectives, Opposition Members suddenly no longer support principles that I thought were widely endorsed on both sides of the House.

Chris Bryant (Rhondda) (Lab): The key point is that people have to get into university first and then get the sponsorship from outside, otherwise the hon. Member for Vale of Glamorgan (Alun Cairns) will be right: this will be a charter for extending access to universities, because more thick rich people will be going to university.

Mr Willetts: That is why we have made it clear that there should be no reduction in entrance standards, and that in no circumstances should rich individuals be able to buy their way into university. I have made that clear to the House all afternoon, and it has been made clear in every statement on this matter from me and the Secretary of State.

Chris Ruane (Vale of Clwyd) (Lab): I say, Mr Speaker, there might be many on the Tory Benches who think it an absolutely spiffing idea to allow mummy and daddy to purchase privilege through this toff quota. Should this principle be extended, perhaps to allow mummy and daddy to purchase a parliamentary seat, the odd ambassadorship or even, dare I say it, a top judge's job?

Mr Willetts: If that constitutes the Labour party's response to our proposals, we can understand why our party is serious about improving conditions in our country and Labour is not.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): What consultation did the Secretary of State have with UCAS before launching the policy, and what was its response? Will he clarify what the range of fees will be for students who try to jump the queue?

Mr Willetts: As I have said, the idea was mentioned in public speeches to Universities UK and the Higher Education Funding Council for England. The proposals will be further set out in the White Paper, after which there will be further consultation.

Bill Esterson (Sefton Central) (Lab): Wealthy families often set up charitable trusts for themselves. How will the Minister prevent family-run charitable trusts from circumventing his rules and buying places, given that they are governed by exactly the same charity legislation as the other charities to which he has referred?

Mr Willetts: It is very important that endowments for universities absolutely meet the criteria of fair access, and that there should be genuinely additional places and no reduction in entry standards. It is the university that will decide who is admitted, and it is essential that we do not compromise on that principle.

Ian Mearns (Gateshead) (Lab): I listened carefully to the Minister's reassurances to the Chairman of the Education Committee. I also listened to his accusations of class war against the Opposition, but I wonder whether there has been any cross-departmental collaboration to ensure that social mobility will come about under his policy. Has he consulted the Secretary of State for Education about his policy, which has seen 500,000 youngsters receiving education maintenance allowance at the higher level to get into further education reduced to 12,000 receiving bursaries under the new scheme?

Mr Willetts: The Secretary of State for Education, just like me, is trying to deliver improved education opportunities after inheriting a total mess in the public finances from Labour, so we have to take tough decisions. We are trying to save money, but at the same time we are delivering reform of schools, improved access to universities, a better way of funding them in future and the freedom for them to escape from student number controls, albeit under carefully controlled conditions and with clear principles. That is the way to improve education standards in our country, even when money is tight.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Will the Minister tease out for us the conversations he has had with his adviser on fair access, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes)? Has not this whole problem arisen because of the ideological experiment that the Minister is conducting with our universities? What is wrong with the state and the private sector working together, rather than this neo-liberal vision that he has for our universities, undermining their integrity and world-class reputation?

Mr Willetts: We absolutely do want the public and private sectors to work together. That is why we do not like the regime that we inherited from the previous Government, which had what are called "closed places"—that is, specially restricted places that are the only off-quota places that employers can sponsor. I very much value the advice of the right hon. Member for Bermondsey and Old Southwark (Simon Hughes)—who, if I might say so, made a powerful intervention in a previous debate in this House on higher education, only last week or the week before, about how our student finance reforms will work, which was exactly the right way forward for student finance in this country. *[Interruption.]*

Mr Speaker: Order. I want to hear—and I am sure that the House wants to hear—Mr Dave Watts.

Mr Dave Watts (St Helens North) (Lab): Will the Minister explain what is to stop a rich business man buying his son a place at university?

Mr Willetts: Admission to university is determined by the university. It is the university that has the admission standards, which cannot be compromised, the university that does needs-blind admissions, which cannot be compromised, and the university that is bound by the clear conditions I have set out. Of course there is no suggestion that anyone other than the university looking at who can best benefit from a course should be deciding on admission to university. After our White Paper,

[Mr Willetts]

when we have a further opportunity to debate our proposals, I very much hope that it will be possible to carry forward these exchanges, to show that we on the Government Benches remain committed to expanding our universities and improving social mobility in our country.

Passenger Name Records

4.5 pm

The Minister for Immigration (Damian Green): With permission, Mr Speaker, I would like to make a statement on the draft EU directive on passenger name records—PNRs—and the Government's decision to opt into it. My appearance today fulfils a commitment that I made to the European Scrutiny Committee.

Global travel brings with it countless benefits—economic, cultural and social—and there is no doubt that our more interconnected world is a better world, but greater freedom of movement also provides opportunities for those who wish to do us harm. We know that terrorists have long had an interest in aviation-related attacks. We know, too, that serious criminals, people traffickers and drug smugglers have exploited easy international forms of travel to carry out their crimes. They often plan and execute their crimes in meticulous detail, using intricate ruses to escape detection and capture. In response, Governments around the world are increasingly exercising greater vigilance to keep their citizens safe. Passenger name records—passenger data collected by air carriers as part of the operation of their business—are a vital and proven tool in the fight against terrorism and other serious crimes.

Passenger name records help our law enforcement agencies to prevent, detect, investigate and prosecute terrorists and other serious criminals. Their power lies in the fact that, by using an automated system and interrogating it intelligently, we are able to sift data quickly and in such a way that they reveal patterns and make links that would otherwise not be readily apparent. For example, the case of David Headley, the terrorist facilitator convicted in the US of involvement in the Mumbai attacks, shows the benefits of PNRs. All that was available to US investigators initially was the first name, "David", a vague travel window of "the next few weeks" and the partial travel itinerary of a flight from the United States to Germany. The US used these PNR data in association with other known flight information to identify the suspect before he could travel. Headley was later arrested and pleaded guilty to terrorism-related crimes.

PNR data therefore have a proven capability to protect our citizens from harm. Along with advance passenger information—API—PNRs are a crucial element of the UK's own e-Borders system. Since 2005, e-Borders has led to more than 1,500 people being refused entry and to more than 8,700 arrests, including 57 for murder, 175 for rape or sexual assault, 25 for kidnapping, 441 for fraud, 397 for drugs offences and 920 for violence. That is why we committed to supporting e-Borders in our coalition agreement.

Critical to our decision of opting into the directive was the aim of securing an ability to mandate the collection of PNR data on flights between two EU member states, for the full usefulness of the system to be realised. I am pleased to say that the coalition Government made significant progress on this, ahead of the opt-in deadline, and that the European Council has given a clear political signal that it favours collection of data on intra-EU flights, following a UK amendment to that effect. The Home Secretary pressed the argument for it at the April Justice and Home Affairs Council

meeting, which has been reported to the House via letters to the Chairs of both scrutiny Committees. At the Council, 15 member states supported the UK's position to include intra-EU data collection. So, although we have reservations about some aspects of the directive that will need to be resolved in due course, we can enter into negotiations from a position of strength, knowing that we have the support of a majority of other member states on this key issue for the UK. Indeed, the official outcome of proceedings of the 11 April JHA Council states that

"the preparatory work on the draft PNR Directive will continue...on the basis of the indication by the Council that the Directive should allow individual Member States the option to mandate the collection of PNR data with regard to targeted intra-EU flights".

The draft directive as it stands is not perfect, but it is right that we work with our European partners to get a directive that best serves Britain's interests. Initial parliamentary scrutiny of the directive has already taken place, but it will continue as the negotiations progress. Debates have been held in both Houses. The Lords strongly recommended that we opt into the directive and the Commons supported the Government's negotiating position. We already have domestic legislation to underpin the collection of PNR data, but the directive will provide an unequivocal legal framework at EU level for the collection and sharing of such data. I know, however, that some hon. Members have concerns about the PNR directive, which I want to address directly today.

Let me address the two basic issues of why using PNRs is both necessary and proportionate. I set out earlier how PNR data have been used to target suspected terrorists. The application of this data also has wider benefits in tackling serious organised crime. For example, in 2009, working with our Italian colleagues, we used PNR data to identify Chinese passengers attempting to travel to London from Italy in a human trafficking operation. This led to the conviction in the Italian courts of several traffickers in January 2010. Modern criminality requires modern methods to seek out and shut down criminal activity. We cannot just focus on solving crimes after they have happened; instead, we must use the tools available to prevent them from happening in the first place.

Our commitment to a proportionate approach is made clear by our proposal to collect data only on routes of high risk, whether these are between a third country and a member state or between member states. Our starting position is thus about reducing the amount of data collected rather than imposing blanket coverage on all routes from outside the EU as the directive currently proposes. A further benefit of our approach is that it should help make costs manageable, in terms of both data transmission by carriers, and management and maintenance of the system by the member state. We will want to see stringent data protection requirements, overseen by independent information commissioners, so that people's rights over their personal data are protected. We will also work to ensure that the directive allows data to be retained only for as long as is necessary and proportionate to the task in hand.

Thirdly, some hon. Members will have concerns about sovereignty. Let me be clear: this directive is not about handing over responsibility to a European institution. Rather, it is about member states collecting and processing PNR data on travel under an agreed legal framework to help protect citizens from harm. The draft proposals are based on each member state collecting and analysing the data, and we will vigorously stand by that way of operating. Indeed, the current directive would not allow for the creation of an EU-wide database. We must recognise that criminals are no respecters of national boundaries—they will exploit any perceived gaps or weaknesses within the EU—so it is our collective responsibility to ensure that we close loopholes, wherever and whenever we can.

Finally, carriers will not be required to collect any more data than they already collect as part of an ordinary business transaction. Transmission costs will be borne by the carrier, and have been estimated by the Commission at less than 8p per passenger per flight—a small price to pay for increased safety and security.

Opting in to this directive is good for our safety, good for our security and good for our citizens. It is necessary and right. Opting in to this directive will make Britain a safer place. I commend this statement to the House.

Shabana Mahmood (Birmingham, Ladywood) (Lab): I thank the Minister for advance sight of his statement. The current UK regime that allows for the collection of PNR data and their use for both immigration control and combating terrorism was brought in by the previous Labour Government through their creation and roll-out of the e-Borders programme. We therefore recognise the vital importance of the role played by PNR data to achieve both those policy objectives.

Given that PNRs are a proven tool for the prevention and detection of serious crime and terrorism, we believe that it is sensible to have a Europe-wide regime to ensure similarity of methodology and approach to PNR rather than have member states going their own way and making individual agreements. We are thus supportive of the UK decision to opt in to the directive.

We note the different approach taken by the Conservatives, now that they sit on the Government Front Bench, to EU co-operation on home affairs and justice matters. That was not something they championed in opposition, but, as we have seen with their change of heart on the extension of the European arrest warrant and their position on PNR data today, that is what happens when rhetoric confronts reality. It is a shame that the Minister took such a long time to sign the directive on human trafficking, where the reality is so shocking.

As the Minister has already told us, the biggest change between the first draft directive and the new draft directive is the inclusion of intra-EU flights within its scope. That is a positive step. As the Minister and I discussed in European Committee B, the inclusion of intra-EU flights is necessary to prevent a security gap from emerging. Will the Minister tell us whether negotiations are continuing with the member states that have not yet expressed support for the proposal—in particular, Germany—and give us his assessment of the effectiveness of the directive without universal support for the inclusion of intra-EU flights?

I note from the new draft directive that the new article 1(a) leaves open the ability of member states to decide which intra-EU routes they wish to include in their PNR data collection coverage, and I note from the Minister's statement that, in the UK at least, that will

[Shabana Mahmood]

focus data collection on routes that are considered to be high risk. However, there is a danger that that will displace the problem rather than deal with it. If potential criminals and terrorists know that certain routes are being targeted, they are likely to move to other routes. Is the Minister confident that we have the necessary flexibility and resources to pre-empt that, and to ensure that we keep pace with what is a constantly changing and developing security picture?

One of the questions I raised with the Minister when this matter was last debated in the House was whether all terrorism offences under the Terrorism Acts 2000 and 2006 would be within the scope of the directive allowing PNR data to be collected and shared. The Minister has written to me. I note that he does not yet know whether all those offences will be covered, and that

"complex legal analysis"

will be required

"during the negotiations to determine the overlap between definitions in the Directive and those in our domestic legislation".

The UK regime for counter-terrorism reflects the UK's national experience, and is therefore more extensive in some ways than the regimes of other European Union states. Legislative parity, given the extensive provisions of the Terrorism Acts, will therefore be vital. May I impress on the Minister the importance of keeping that point under review, and will he assure the House that it will be a priority as negotiations continue?

One of the important features of the UK's internal arrangements is that through the e-Borders programme we can use API and PNR data together, and can use both types of data set for crime fighting and immigration control purposes. I know that the Minister agrees that the full benefits of e-Borders are realised when API and PNR data are collected and used together.

I have asked the Minister before whether he thinks that the current directive is sufficiently clear to enable the UK to continue to use PNR data for immigration control purposes, but I note that the potentially relevant paragraphs of the draft directive remain unchanged. Will the Minister assure the House that signing up to the draft directive will not diminish or weaken the UK's e-Borders programme in any way, and that he will continue to press for clarity in the directive in order to leave no doubt that member states can collect and use PNR data not just in respect of terrorism and serious crime, but for immigration control? There should be no unintended consequences that would prevent the UK from maintaining effective control of its border.

The draft directive currently states that PNR data will be collected and retained for a period of 30 days, after which it will be anonymised and held for a further five years. The UK Government have been pressing for the data to be held for much longer than that. First, will the Minister tell the House where the negotiations stand in relation to that important part of the proposal? Secondly, will he explain how this conforms with the coalition Government's emphasis on the removal of data held for the purposes of fighting serious crime? That is what they are doing by weakening the DNA database under the Protection of Freedoms Bill, but they do not seem to be particularly concerned about it in the context of the directive. Does the Minister believe that the Government are adopting a consistent approach, or will they continue to be—as they are at present—all over the place?

Using appropriate information in the fight against serious crime and terrorism is, of course, entirely necessary. We welcome this European initiative, which may make the Government think again about the fight against other serious crime.

Damian Green: I am grateful for the hon. Lady's support for the Government's decision, although I am slightly puzzled by her suggestion that there has been some enormous change since my party was in opposition, given that from 2005 onwards the Opposition spokesman on this subject was me. There has been no change at all, either in the person of the spokesman or in the attitude I have taken to PNR and the collection of data. What we are doing is putting into practice what we said in opposition.

The hon. Lady asked a number of specific questions. Negotiations are continuing now that we have decided to opt into the directive. She asked whether the directive will be useful if it ends up not containing the intra-EU provisions that we regard as so important. First, I should emphasise that we have already ensured that a majority of member states are now in favour, so we are extremely hopeful of getting this in place. Secondly, it will be useful, but not as useful as it will be if the intra-EU travel provisions are allowed.

The hon. Lady asked about targeting and whether we can keep pace. It is an important point that some routes are much more high risk than others, so concentrating our resources on them is likely to make us more effective than just having a blanket collection. We and other countries will need to flex to meet the circumstances. The hon. Lady is right that criminals and terrorists will change their patterns of activity. One of the advantages of collecting PNR is that it enables us to see patterns emerging and changing, and to meet that by being fleeter of foot in changing the routes we cover.

The hon. Lady mentioned our exchange in Committee on terrorism offences. She read out part of my letter to her, but neglected to continue. The answer to her question is in the next couple of lines:

"As the negotiations progress...we will need to keep this point under review and, if necessary, seek any changes during the passage of the Directive."

That is, of course, what we are going to do.

I am happy to be able to assure the hon. Lady that this will not diminish our e-Borders programme. I should point out to her that the most effective immigration part of the e-Borders programme is the API collection, not the PNR collection. I am sorry to be talking in jargon to the House. The API data are essentially the basic information that comes off the passport of any traveller. The collection of that is what will enable us, under e-Borders, to count people out as well as in, and that is what is crucial for immigration.

The hon. Lady talked about the period of time for which data will be held. That will be at the core of the negotiations, and it is extremely important. Under the current British e-Borders system, we hold the data for, essentially, 10 years, and we think that is too long. The Commission is proposing 30 days, and for it then to be

anonymised for a few years. The Canadians have a different system again, under which it is held for three and a half years. This issue will be at the heart of the negotiations.

As for the hon. Lady's idea that there is any inconsistency between our approach on this and our approach on domestic data collection, that is absolutely dead wrong. As I emphasised in my statement, we believe in the necessary and proportionate use of data to combat crime and terrorism, while preserving the civil liberties of the British people. That is what we apply in our domestic field, and that is what we will apply in the international field as well.

Mr William Cash (Stone) (Con) *rose—*

Mr Speaker: Order. In wishing the hon. Gentleman a happy birthday, I call Mr William Cash.

Mr Cash: I am extremely grateful to you, Mr Speaker; thank you very much for that.

As the Minister knows, the European Scrutiny Committee is somewhat concerned, to say the least, about the blizzard of opt-ins and the fact that the negotiations on a number of very important matters are still going on. There is therefore some concern about the possibility of our opting in on the hoof, and we will keep these negotiations under close scrutiny, in particular the negotiation on the length of time for the retention of data, but also that on the definition of a serious crime and the question of proportionality in using these data for offences such as racism, xenophobia and sabotage. There is also the whole issue of sensitive personal data in itself. I know the Minister is apprised of these issues, but will he understand that we are extremely concerned and that as there are these important continuing negotiations it is not good enough simply to say, "We will accept it in principle and then discuss it all afterwards"?

Damian Green: First, may I add my good wishes to my hon. Friend on reaching his 39th birthday? I assure him that the Government are keenly aware not only of the key issues he has raised but that he and his Committee will be scrutinising what the Government do. Indeed, as the negotiations are likely to go on for at least a year, if not longer, there will undoubtedly be opportunities for the Committee to return to its perfectly proper scrutiny arrangements during that time.

Keith Vaz (Leicester East) (Lab): May I also support the Government's decision to opt in to this directive? The Minister has dealt adequately with the two issues raised by the Home Affairs Committee when it considered the matter—privacy and cost—but will he confirm that the information being collected will not be shared outside the EU? It had been suggested that it might be given to other countries, such as the United States. Secondly, will he also assure us that now that the contracts have been issued under the e-Borders programme, which of course suffered an unfortunate delay under the previous Government, it will be fully operational by 2014, when he may still be the Immigration Minister?

Damian Green: The right hon. Gentleman always paints a happy prospect of life ahead. I am grateful for his support and on the data protection issues I can say that the British information will be dealt with by the British Government, so we will not see the random international sharing of information that he suggests—I agree that that would be bad for data protection issues. On the e-Borders system, we are indeed proceeding with letting the new contracts. We already have more than 90% of routes outside the EU covered by e-Borders and we hope that within the next 12 months that coverage will be more or less complete, so that will proceed quickly. Clearly the biggest single gap in the e-Borders coverage is within the EU, which is what this directive is very precisely going to help us with.

Tom Brake (Carshalton and Wallington) (LD): The Minister rightly says that the directive will make Britain safer, but will he say a little more about the safeguards? Specifically, will he confirm that the data will not be used for profiling and that the UK's data protection standards will apply?

Damian Green: I am very happy to give my hon. Friend that specific assurance that the data will not be used for profiling. Indeed, the amount of sensitive personal data that will be put on the system is one of the liveliest matters for negotiation. I entirely share his instincts, which I know to be that although data need to be collected and stored for the protection of our citizens, that must done proportionately. In many ways, the ideal situation is that we collect and store the exact minimum of data that we need to enhance the security of the people and do not drift into the situation that the previous Government fell into. They believed that they made us safer by collecting and storing more and more data and keeping them for longer. That did not make any British citizen safer but it did amount to an assault on our civil liberties.

Kate Hoey (Vauxhall) (Lab): The Minister has said on a number of occasions that opting into this directive will make Britain safer. I presume that he meant to say the United Kingdom of Great Britain and Northern Ireland, although I frequently hear Ministers refer to "Britain". He said that this approach would be used "only on routes of high risk, whether these are between a third country and a member state or between member states." Does he envisage it ever being used for journeys between Belfast and London?

Damian Green: I am perhaps careless in saying "Britain" when I mean the United Kingdom, and I am happy to assure the hon. Lady that I mean the United Kingdom on this occasion. Like her, I regard flights between Belfast and London as being entirely British domestic flights and therefore certainly not included in the terms of an international agreement between EU member states.

Mr Rob Wilson (Reading East) (Con): I congratulate my hon. Friend on what seems to be a very pragmatic anti-terrorism measure, but will he tell the House how the implementation of this directive fits into the Government's very positive record of balancing civil liberties, on the one hand, and anti-terrorism work, on the other?

Damian Green: It will fit in during the course of the negotiations, and I hope that my hon. Friend will observe that we want to reach a position in which the amount of information collected, as well as the length

[Damian Green]

of time for which we keep it, are proportionate, and the number of offences for which it is used is both sensible and proportionate. I take the point raised by my hon. Friend the Member for Stone (Mr Cash), which must be considered, too. We will be concentrating hard on those details of the negotiations, always with the view that we want to ensure that this measure is entirely consistent with our stance of enhancing both security and civil liberties.

Emma Reynolds (Wolverhampton North East) (Lab): I congratulate the Minister and the Government on opting in to this important directive. I also welcome the eventual, although late, decision to opt in to the human trafficking directive at the end of the negotiations. Contrary to the advice that he has received from the hon. Member for Stone (Mr Cash), does the Minister agree that it is important for the UK to opt into such directives at the start of the process, so that we can be at the forefront of negotiating the finer detail of the proposals? We did not have the chance to do that with the European human trafficking directive.

Damian Green: I am grateful to the hon. Lady for her support, but I do not agree that we should take a blanket decision always to opt in at the beginning. With some directives, of which this is one, we are clearly leading a majority of European countries towards a position that would be extremely desirable, and without which the directive would be much less powerful. As for the human trafficking directive that we agreed to opt in to last night, in that case there was more of a threat than a promise during the negotiation procedure, and we needed to know that when we reached the end of the procedure the directive would still be entirely safe for Britain. As the hon. Lady will know, one difficulty is that if we opt in at the beginning there is no chance of opting out at the end if we discover that the negotiations have gone wrong. This is a question of taking every case on its merits, and that is what we seek to do.

Oddly enough, what has happened in the past 24 hours illustrates the virtues of such pragmatism. For the trafficking directive it was sensible to opt in at the end of the process, and for this directive it was sensible to do so at the beginning. With other directives it will be sensible for us not to opt in at all, because they might be harmful. I can assure the hon. Lady that the Government will continue to operate a pragmatic case-by-case approach to such directives.

Mr Peter Bone (Wellingborough) (Con): My view is completely the reverse of what the hon. Member for Wolverhampton North East (Emma Reynolds) has just said. It was absolutely right to opt in to the human trafficking directive yesterday after it was finalised. I am a bit worried that we are now opting in to a directive that we cannot opt out of before we see the final version, although the Minister already has concerns about it. Why does he think that we should opt in now, rather than waiting until the end, as we did with the human trafficking directive?

Damian Green: Because one of the crucial elements of this directive concerns travel between EU states. That, more than anything else, is what will help make British citizens safer, as 72% of the flights in and out of this country are flights between EU member states. Although the directive would still be useful if it did not cover such flights, it would be significantly less useful. We have devoted our negotiating efforts, successfully so far, towards building a coalition in the EU to promote that policy. So far, that is going well. This is a prime example of where opting in at the beginning and leading the discussions will be to the advantage of this country and its citizens.

Point of Order

4.33 pm

Sir Menzies Campbell (North East Fife) (LD): On a point of order, Mr Speaker, of which I believe that you have been given advance notice. You may be aware that this morning the Select Committee on Standards and Privileges met to consider the confidential report from the Parliamentary Commissioner for Standards following the self-referral to the commissioner of my right hon. Friend the Member for Yeovil (Mr Laws). Shortly after the conclusion of that meeting, Sky News and the *Evening Standard* were reporting that the commissioner had found my right hon. Friend guilty of breaching expenses rules. What protection is available to hon. and right hon. Members who find themselves in such a position? Such leaking risks undermining the work of the commissioner and of the Committee on which we all rely. What confidence can my right hon. Friend have that he has been, and will continue to be, given a fair hearing and that the principles of natural justice will be upheld?

Mr Speaker: I am grateful to the right hon. and learned Gentleman for his point of order, and to the right hon. Member for Orkney and Shetland (Mr Carmichael), for giving me advance notice of the intention to raise it. Like the right hon. and learned Gentleman and other hon. and right hon. Members, I strongly deprecate any leaks that take place that constitute a discourtesy to this House. However, I have to say to him that at this stage I have no detailed or authoritative knowledge of the matter and that it is not, at this juncture, a matter specifically for me. However, the very real concern that the right hon. and learned Gentleman feels, for his own part and that of others, has been registered, and if there has been any unauthorised disclosure it is, in the first instance, a matter for the Committee concerned to consider. I hope that is a clear and fair response. I am grateful to the right hon. and learned Gentleman.

Lip-reading

Motion for leave to bring in a Bill (Standing Order No. 23)

4.35 pm

Ian Lavery (Wansbeck) (Lab): I beg to move,

That leave be given to bring in a Bill to require lip-reading to be classified as an essential skill for the purpose of skills funding; to require the Secretary of State to ensure that people who are deaf or hard of hearing have access to lip-reading classes provided by local learning providers at no cost to the learner; and for connected purposes.

There are an estimated 9 million people in the UK who are deaf or hard of hearing—a staggering one in seven of the population—and this issue touches every family in every community in the land. Lip-reading is a vital communication skill. It prevents social isolation, increases confidence and independence and helps people in work and in employment. It is a key part of the rehabilitation process for people with any kind of hearing loss, and it can greatly help people to adapt to using a hearing aid.

There are a number of reasons why someone might be deaf or might lose their hearing, including, but not only, noise, age and genetics. In areas such as my constituency and throughout the north-east, exposure to noise in mining, shipbuilding, engineering and other heavy industry has contributed significantly to the problem. More than 50% of people over 60 have experienced hearing loss, and about one in every 1,000 babies born is moderately to profoundly deaf.

I recently met constituents and volunteers at a Royal National Institute for Deaf People meeting in the town of Morpeth in my constituency. I should like to place on record my support for the excellent work undertaken by the RNID, its staff and its network of hard-working volunteers. At the meeting I had an opportunity to learn about the hearing problems that my constituents have, about how their everyday lives are affected and about the huge difference that lip-reading would make to their quality of life. I want to share some of their thoughts and personal experiences with you, Mr Deputy Speaker, and with the House, because they effectively illustrate the need for, and the benefits of, lip-reading.

One of my constituents, a 69-year-old former miner, was in his 20s when his hearing went rapidly into terminal decline. He came out of a session at the local swimming baths to discover that he was deaf. Although he is articulate, intelligent and motivated, his inability to hear has had a huge impact on his and his family's lives. He regularly attended lip-reading classes and found them enjoyable and sociable. His confidence improved and he could interpret lip shapes to communicate with others. He was learning to lip-read when the classes were stopped. He was making good progress and the classes were making a real difference to his confidence, so it was a huge disappointment and setback when they were stopped.

In another case, a man who had been in the armed forces and later employed in the building trade lost his hearing on a holiday flight as the aeroplane began to land. He became deaf and his hearing never returned. His hearing loss caused him severe depression and caused problems in his relationships with his wife and family. He eventually lost his job because of his hearing

[Ian Lavery]

loss, could no longer communicate by telephone, and missed so much conversation that all involved became concerned for his welfare. He became known to the care trust and was assigned a specialist social worker. He attended lip-reading classes, which met his needs. The course was local, always full and with a waiting list, and cost-effective. He found that meeting other people assisted him in his mental health recovery. The lip-reading classes were abruptly stopped, and concern mounted for his welfare.

The man was eventually sent, together with his wife, on a LINK course financed by the NHS after referral by the care trust. LINK is a specialist course for those who have hearing loss, and because it is residential and out of the area—it is usually held in Bournemouth—it is an expensive course, which is financed by the care trust. Had lip-reading classes not been stopped, they would have met his needs and those of his family locally. Lip-reading classes would have stopped the social isolation that he experienced and, in his case, would have negated the need for costly NHS mental health intervention, which required him to travel to Bournemouth.

Another case is that of a chap working in education. He took early retirement after 26 years because of his deafness, which prevented him from being an effective teacher. He was unable to hear young children who were learning to read. Ironically, he became a part-time lecturer at a local university, teaching local history. He said, "I can teach, but I can't listen!" His family have had deafness problems throughout the generations. He read a novel, "Deaf Sentence" by David Lodge, which showed how lip-reading improves the individual's quality of life. At the time he was concerned that he had withdrawn from the company of others and had stopped doing things that he enjoyed.

The man searched for a lip-reading class and joined Northumberland RNID as an active volunteer. He was amazed that there were no lip-reading classes available in Northumberland, yet in Durham, the adjoining county, nine classes were held throughout the year. The round trip to the classes in Durham was more than 100 miles so it was not practical to travel. He believes that this life skill should be available to all and free at the point of service. Lip-reading should not be regarded as a recreational pursuit. He says, "To suggest that lip-reading should be linked to adult education or leisure is deeply insulting to those of us with hearing difficulties."

The final case is that of a constituent who became profoundly deaf as a four-year-old child, following an illness. She struggled in mainstream school and felt excluded and lonely. She later married and raised her twin daughters together with her loving, caring family. Her hearing loss has caused her severe problems throughout her life. Some six years ago, in her mid-50s, she was considered as a candidate for an implant. The operation took place in Middlesbrough and was extremely expensive for the NHS. For the first time in decades she could hear sounds and was able to distinguish between them. It took time for the "Dalek-like stimulus"—her description, not mine—to be assimilated by the brain and for her to make sense of people's mouth shapes.

Hearing again has made an enormous difference to my constituent and her family. She has had good support from the NHS. However, she feels that although she is fortunate and that the pre and post-operative care were good, there was a vital ingredient missing from her long-term care—lip-reading classes.

Lip-reading is classified in the UK as personal and community development learning within adult safeguarded learning. The Skills Funding Agency policy summaries describe one of the purposes of such learning as enjoyment. The document also highlights the fact that adult safeguarded learning

"is increasingly being referred to as Informal Adult Learning".

Examples of other skills in the same classification are cake decorating and balloon modelling.

There appears to be a postcode lottery in the UK for lip-reading classes. Surely that cannot be acceptable. The benefits of someone learning to lip-read are well proven. It assists greatly in employment, health and life skills. From my experience it is clear that there is a demand for lip-reading classes, and urgent action must be taken to halt the current decline in the number of classes available.

In all our constituencies and communities there are individuals and families who would benefit hugely from the provision of such a service. It is our responsibility to ensure that those services are available locally and at no cost to the learner. We must remember that one in seven people suffers from hearing loss—9 million people in the UK. Lip-reading classes should be treated very seriously indeed. The simple fact is that we should all band together, and there should be no dissent from the motion so that we can ensure that all people suffering from serious hearing loss at least have the chance to attend lip-reading classes, and a modicum of quality of life as a result.

Question put and agreed to.

Ordered,

That Ian Lavery, Grahame M. Morris, Ian Mearns, Mrs Sharon Hodgson, Catherine McKinnell, Mr David Anderson, Mrs Mary Glindon, Mr Ronnie Campbell, Mr Dennis Skinner and John Cryer present the Bill.

Ian Lavery accordingly presented the Bill.

Bill read the First time;[a] to be read a Second time on Friday 4 November, and to be printed (Bill 186).

Energy Bill [*Lords*]

Second Reading

4.47 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): I beg to move, That the Bill be now read a Second time.

Over the past year, energy policy has been in the spotlight. From the gulf of Mexico to Fukushima, no one can doubt the importance of our energy choices. For the first time, scientists have linked greenhouse gas emissions to an increased risk of major floods. Faced with a difficult financial situation, the Government's objectives are clear: we must secure affordable energy supplies for the future and avoid dangerous climate change. Neither will be easy. The gap between our energy demand and our energy supply is growing and we are increasingly dependent on imported energy. We still rely heavily on unclean and unsustainable fossil fuels. By law, we must cut our emissions by 80% by 2050, and we must get 15% of our energy from renewable sources by 2020 under EU law. Our energy infrastructure is ageing. Our old polluting power stations are shutting down.

Barry Gardiner (Brent North) (Lab): While the Secretary of State is talking about the targets, will he expand on the dispute that appears to be taking place between Cabinet colleagues on whether the recommendations of the Committee on Climate Change should be met or abandoned?

Chris Huhne: The hon. Gentleman can take it from me, as a former journalist on *The Guardian*, that he should not always believe everything he reads. The Government will make our announcement on the question of the fourth carbon budget in due course.

Building the next generation of power plants will take time and money. If we are to cut our carbon emissions and keep the lights on, we must act now. The cheapest way of closing the gap between supply and demand is to reduce the amount of energy used.

Mr John Baron (Basildon and Billericay) (Con): The Government are rightly concerned about fuel poverty and whether customers are paying too much for their energy—a situation not helped by a myriad of tariffs and complex energy bills. As my right hon. Friend's fellow Ministers know, I have submitted simple proposals to his Department that would oblige energy companies to show customers how much they would save if they were on that company's cheapest standard tariff, based on the customer's actual usage, rather than a generic or average usage. Other Ministers have been supportive. Will he be?

Chris Huhne: I am grateful to my hon. Friend, and I know that he has been very active in promoting that cause. I thank him for the way in which he has been championing that change, which will help to increase consumers' control of their energy bills, and I very much hope that he will continue to do so. I can certainly say—for myself and the whole ministerial team—that we are supportive of his work and the ideas that he has brought forward; we see a lot of merit in them. I would want to consult more before introducing detailed legislation, but we very much welcome the thrust of that work.

Mr John Redwood (Wokingham) (Con): Given the looming shortage of capacity, how much new capacity is in-build as a result of decisions taken in the last year, and how much does the Minister wish to get in-build as a result of decisions in the forthcoming year?

Chris Huhne: I am grateful to the right hon. Gentleman for his question on that issue. Obviously, there is an absolutely central objective of the electricity market reforms, on which we are consulting, and it is that we bring forward proposals. We are determined that we should have an adequate supply margin through even the toughest of winters. My whole ministerial team is determined to ensure that, and I merely urge him to wait for our White Paper, which will I hope reassure him about the prospect.

Joan Ruddock (Lewisham, Deptford) (Lab): In the light of what the Secretary of State has just said, what does he make of Centrica's threat not to reopen its gas field because of the punitive taxation that his colleagues have imposed on it? If he really wants security of supply, surely that is central to its future.

Chris Huhne: Perhaps the right hon. Lady has more information on that than I do. I read the comments very carefully, but I did not read a comment about closing down the Morecambe gas field. That would be a very odd thing for an operator to do, but we will have to wait for the fullness of time to see whether she or I are right.

Mr Andrew Smith (Oxford East) (Lab) *rose—*

Joan Ruddock *rose—*

Chris Huhne: I will give way once more—to the right hon. Gentleman—before making a little more progress.

Mr Andrew Smith: The Secretary of State said a few moments ago that we need to act now to combat climate change. Will he therefore act now to bring in emissions performance standards for power stations by adding an enabling clause to the Bill, so that we make progress in that crucial area as soon as possible, the electricity companies know where we stand, and we do not have to wait months and years for action that, as he says, needs to be taken now?

Chris Huhne: The right hon. Gentleman knows that it is not a question of months or years; the proper place for the House to debate as significant a change as emissions performance standards is as part of the electricity market reforms. We will give a very clear indication, as I said to the right hon. Member for Wokingham (Mr Redwood), of exactly what direction we are taking with our energy policy on the production side. The thrust of this Bill, which we are debating today, is more on the energy saving side, but we will make very clear the detailed proposals on emissions performance standards. We have a clear commitment in the coalition agreement—and, indeed, in our parties' manifestos.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Will the right hon. Gentleman give way?

Chris Huhne: I am going to make a bit more progress, if I may, and if the hon. Gentleman will excuse me, because I have taken four interventions without being able to draw breath between any of them.

[Chris Huhne]

Building the next generation of power plants will take time and money. If we are to cut our carbon emissions and keep the lights on, we must act, and the cheapest way of closing the gap between supply and demand is, as I said, to reduce energy use.

The Bill contains provisions to boost our energy security, to encourage low-carbon technologies and to improve energy efficiency. It gives energy companies a new obligation to reduce carbon emissions and to support vulnerable consumers, and it delivers a key coalition commitment: the green deal—a self-financing building improvement scheme to bring our properties into the 21st century.

The UK has some of the oldest and least efficient buildings in Europe. Every day, throughout the country, our homes and businesses leak heat and waste energy.

Mr Dave Watts (St Helens North) (Lab): As up to 24% of heat can go out of the window, will double glazing be included in the green deal?

Chris Huhne: The exact specifications of the measures that can be included in the green deal are properly left to secondary legislation—and for several reasons, because setting it out will require detail and my officials are in the process of talking to industries throughout the country about getting costs down. The scale of the green deal gives us an opportunity for economies of scale that may well bring a whole new series of measures into the possibilities that it offers. I would very much like to see the maximum possible range of measures—including, indeed, double glazing. As the hon. Gentleman rightly says, a quarter of the UK's energy emissions come from energy used in the home, and billions of pounds spent on domestic heating literally disappear up the chimney. Businesses are wasting money and our outdated building stock is costing us the earth. Not any more: under the green deal—

Mr John Leech (Manchester, Withington) (LD): Does my right hon. Friend accept that the biggest problem is in the private rented sector, and that one of the best ways to deal with some of the worst properties is to stop landlords being allowed to let F-rated and G-rated properties by 2016?

Chris Huhne: I entirely agree with my hon. Friend, and I will respond to his point later if he will allow me to make a bit of progress.

Under the green deal, energy-saving packages worth thousands of pounds will be installed in millions of homes and businesses right across the country. There has never been anything quite like it. It is the most comprehensive energy-saving plan in the world. Green deal measures will be provided by trusted businesses, installed by accredited professionals, and backed up with a watertight legal framework. Customers will pay nothing up front; businesses will do that for them. Once the property has been refitted, green deal providers will get their money back from the expected savings on energy bills over the lifetime of the measures. This is the big change: payments can be made not just by the existing tenant or owner-occupier but by the new beneficiaries once the original installers have moved out and moved on, so there is a longer repayment period. That makes the whole scheme much more financeable and much more attractive.

Andrew George (St Ives) (LD): My right hon. Friend refers to the companies that will undertake the assessments and potentially the work itself. Has he had time to reflect on the lessons from the Warm Front scheme, where large companies cleaned up all that work when a lot of it could have been undertaken efficiently by small local companies? Will he ensure that the way in which the legislation is framed does not keep those small local companies out of undertaking this important work?

Chris Huhne: My hon. Friend makes a good point. We are absolutely determined to ensure that this scheme is open to small businesses that are properly accredited and properly qualified as installers. I am sure that all of us, in all parts of the House, want not only the biggest companies but small businesses to benefit from the advantages of the green deal.

Barry Gardiner: The right hon. Gentleman talked about householders moving and the contract then being taken on. However, in the evaluation process that took place at the beginning, the estimated savings were based on usage by the initial occupier. What will happen when the occupier changes and those savings then change as well?

Chris Huhne: As the hon. Gentleman knows, when we are looking at savings or cash flow, money today is worth more than money tomorrow, so from the point of view of the installer, the longer the period, the more the work is worth doing. The key change in the Bill is to introduce the ability to go beyond the existing owner-occupier or tenant in order to spread payments out over a long period.

At the heart of the green deal is a golden rule—that for typical households, expected savings will offset costs. Each month, a green deal home will save energy while providing the same level of comfort. Money from likely energy savings will pay off the costs of the work. This is not a personal loan. Let me repeat: once a property has had the green deal, payment will stay on the energy bill at that address, even if the occupants then move out. When someone moves into a green deal home, they inherit the energy savings that pay for the work. Everyone has a part to play. This is about Government helping businesses and households to come together to deliver energy savings that are important on a national scale.

Through this legislation, we are creating a new market in energy saving. Just as the law establishing joint stock companies unleashed big investment, so this law will set the legal framework for a new green growth industry.

Mr Andrew Tyrie (Chichester) (Con): The Secretary of State said that he is creating a new market. Considerable consumer protection and competition concerns have been expressed to me about the creation of this market. What advice has he taken on the aspects of the Bill that will set aside the Consumer Credit Act 1974? Is it not the case that many people will feel tied to a particular energy provider? How will he ensure that these measures do not inhibit people from switching between energy providers?

Chris Huhne: We have taken extensive advice on the provisions of the Consumer Credit Act 1974, and the Bill is absolutely in line with the protections.

In the view of this ministerial team, it is essential that the consumer has the highest possible protection, both financially and in terms of the quality of the installation, for the simple reason that the success of the scheme will depend on word of mouth. If people go around saying that they have had a bad experience, either financially or in terms of the installation, the scheme will not be the success that we want it to be. That is why we have been careful not to rush the Bill through. A lot of pressure has been brought to bear on us, because of the state of the economy, to ensure that we get it through as quickly as possible, but we have been determined, particularly drawing on the experience of Australia, to avoid the mistakes of countries that have rushed this matter, and to ensure that we get it right. I assure the hon. Gentleman that we have done that. I will turn to some of the more detailed answers to his question later.

Joan Ruddock *rose—*

Caroline Lucas (Brighton, Pavilion) (Green) *rose—*

Chris Huhne: I give way to the hon. Lady who has not yet intervened.

Caroline Lucas: I am grateful for the opportunity to speak. Is it not the case that the golden rule will not help people in fuel poverty much because they are far more likely to feel any green deal benefits through greater thermal comfort rather than through reduced fuel bills? The energy company obligation pot does not have much money in it, although £2 billion is a good start. However, even that is being paid for by a levy on consumers' bills, and there is research to suggest that that mechanism will push more people into fuel poverty than it pulls out.

Chris Huhne: I do not agree with the hon. Lady's assessment. It is important to deal with people in fuel poverty. The energy company obligation, as she pointed out, will enable us to fund green deal measures for those in fuel poverty. The ECO will ensure that people, such as the stereotypical little old lady in her extremely draughty home who could suffer from hypothermia, can enjoy more comfort and do not have to generate energy savings to install insulation. The hon. Lady is right that we want such people to have more comfort and to enjoy a higher temperature, because we do not want to see our fellow citizens dying from hypothermia. Providing more comfort is explicitly allowed for in the Bill, and we have just introduced legislative measures for the warm home discount. We want to ensure that there are means through the green deal to tackle the root of the problem of fuel poverty, and to deal with fuel poverty problems for those who have not benefited from that.

Dr Alan Whitehead (Southampton, Test) (Lab): On the ECO, does the right hon. Gentleman regret agreeing with the Treasury cap on Department of Energy and Climate Change levy-based spending over the current funding cycle, under which any new levy spending—if it is so defined by the Office for National Statistics—would come within the levy cap? Under that scenario, what present levies does he intend to carve out in order to carve in the ECO?

Chris Huhne: The hon. Gentleman should first realise that the ECO is not covered by that as yet, although it may be in the future. Secondly, it is legitimate for the Treasury to have an interest in the taxable capacity of the country as a whole. If we impose an additional obligation on electricity consumers through legislation, we should be absolutely transparent about it, and we have committed to do that through the annual energy statement, for example. It is also absolutely appropriate that the Treasury should have oversight of that, and that there should be ongoing negotiation to ensure that the balance is struck between the progress that we want to see on fuel poverty and hard-to-treat homes, and the charges that are put on the electricity consumer.

Several hon. Members *rose—*

Chris Huhne: I will make a little progress, if I may.

Millions of homes, and millions of businesses, could benefit from the green deal in the next decade. We expect that households will be able to install measures worth up to £10,000. That is a massive undertaking, and it can make a real difference. Heating is the second biggest driver of energy demand in Britain, and British Gas pilots show that householders who put in energy efficiency measures can cut their gas consumption, and their bills, by up to 44%. That is a very substantial and significant saving, but so far energy efficiency has passed under the radar. We estimate that between £2 billion and £3 billion of energy is wasted every year because our homes are poorly insulated and inefficiently run. We may as well be standing outside our front doors burning £50 notes. That waste represents £2 billion to £3 billion of gas and oil imports that make us more vulnerable to the vagaries of global oil and gas markets.

Gavin Barwell (Croydon Central) (Con): What estimate have the Government made of the contribution that the energy efficiency measures in the Bill will make to the UK's obligations on reducing carbon emissions?

Chris Huhne: One problem that we have in making that assessment is that, as I have said, this is the first scheme of its kind in the world. If an economist is trying to make a projection of what is going to happen in future, they usually examine what has happened in the past, but there is no history for this scheme, so it will be a case of "suck it and see". However, later in my speech I will give some estimates of what will happen if the scheme progresses as rapidly as I would like it to.

Joan Ruddock: Will the Secretary of State give way?

Chris Huhne: I happily give way to the right hon. Lady for a second time.

Joan Ruddock: I am exceedingly grateful.

I have to say that much of what the Secretary of State is telling the House is familiar to me, as the person who pioneered and piloted so much of the history of the green scheme that he denies exists. What conversations has he had with the banks? How investment is to be raised is the key element that has not been described to date.

Chris Huhne: I am grateful to the right hon. Lady, and I pay personal tribute to her for her work on the matter. I am not—repeat not—attempting to make any

[Chris Huhne]

partisan points. This has been a genuinely important piece of work to which Members of all parties have contributed, and I think it will be a game changer.

On the banks, I shall read the right hon. Lady a quotation that I believe sums up better than anything that I could say what is likely to happen with the financing of the scheme. It comes from Conor Hennebry, the director of global capital markets at Deutsche Bank, who says:

"We believe the Green Deal has the potential to improve access to home energy efficiency for families across Britain, and we are delighted to be working with DECC on this exciting initiative."

He added on another occasion that

"the City is practically champing at the bit to finance the government's green deal."

I believe that the finance for the scheme will come through very strongly. The securitisation market is opening up—Eaga, for example, has already gone to the bond market with a securitisation, and many of the utility companies have securitised gas bills. I think that finance will be readily available, which will be an important part of making the green deal work.

Andrea Leadsom (South Northamptonshire) (Con): I welcome the Bill—it is a superb idea, and I applaud the Government for bringing it forward so quickly. May I press the Secretary of State on consumer protection? As with any new initiative that a tremendous number of people want to take up, some providers will inevitably promise the earth and not deliver. What protection will there be for consumers, particularly those in fuel poverty to whom much is promised but little is delivered, to ensure that they get the insulation and the reduction in their fuel costs that they are expecting?

Chris Huhne: I absolutely sympathise with the hon. Lady's question—I spent a number of years on the board of the Consumers Association, and I am a firm believer in the need for good consumer protection. There are several layers of protection, and the first line of defence for the consumer is competition. The inability of householders to get an assessment and an alternative quote—such competition keeps suppliers lean and mean—is perhaps what went wrong with the Warm Front scheme.

In addition, we will have all of the usual protections. I mentioned the Consumer Credit Act 2006 in respect of finance, but there is also the accreditation scheme for assessors, so we will know that assessors are properly trained to assess what people need in their homes to meet that golden rule. We will have properly qualified installers, so avoiding the problems that occurred, for example, in Australia, where untrained people crawled through people's lofts, banging nails into wires and setting fire to homes. The whole Australian energy efficiency industry was given a bad name for many years because of that, but we are avoiding those problems. The hon. Lady will see in Committee that we have delivered a lot on consumer protection.

Mr Michael Meacher (Oldham West and Royton) (Lab): The Secretary of State has concentrated on the benefits of the Bill, which of course depend on whether there is high take-up, which in turn depends on the interest rates on loans under the green deal. Will he give us some idea of what he intends the interest rate to be? Most expect that it will be of the order of 8% to 10% over a 25-year period, which will rule out very large numbers of people, particularly the poorest.

Chris Huhne: The right hon. Gentleman is right to say that the interest rate is important. However, it is up to competing businesses to arrange that finance. I also very much hope and trust that finance houses will make pools available for the small businesses of which my hon. Friend the Member for St Ives (Andrew George) spoke, so that providers other than the B&Qs and the Scottish and Southerns—the big providers—can get involved. The key point is that the securitisation market is opening up for such businesses, and the finance available is at a reasonable level, which I believe will ensure that we have take-off. However, the right hon. Gentleman is right that that is a market decision.

Mr MacNeil: The Secretary of State mentioned qualified installers, which in theory are all very well. However, one problem, especially in rural and island areas such as mine, is that in practice, local businesses are often unable to tender for the work because of the big contracts that are put together. People in the locality are cut out and left without the work while people come in from outside and take it up.

Chris Huhne: As I have already said, the Government are committed to trying to make the benefits of the green deal available to small businesses, which obviously includes those in remote islands and rural communities. We have consulted widely on that with both of the devolved Administrations, including the Scottish Government. We have a very substantial measure of consensus with the Scottish Government, but if issues need to be addressed in Committee, we will happily address them. I am terribly keen to ensure that the Bill works throughout the UK, because the homes that need insulating exist throughout the UK. Some of the greatest beneficiaries will be communities that are off the mains gas grid. Homes in such communities are often quite hard to treat, and the Bill will be of enormous benefit to them.

Under the green deal, households could save up to £400 a year once the measures have been paid off. That will flow through to spending power, boosting living standards for all, yet many people have never even considered making their homes more efficient—they do not know what better energy efficiency could do for them. New green deal assessments will set out clearly and consistently just how homes and businesses can save energy. The green deal is a new way of doing energy efficiency.

Jim Shannon (Strangford) (DUP): Will the Secretary of State give way?

Chris Huhne: Let me make a bit more progress, but I will give way again later.

There will be no more picking off the easy bits, with a little insulation here and a low-energy light bulb there; no more relying on regulation alone to change behaviour; and no more top-down schemes imposed using public money. Instead, we are creating a new dynamic market in energy efficiency, shifting from small-scale improvements to deep retrofits on a national scale. This dynamic

market will bring jobs across the length and breadth of the country, and real growth, reaching into the most deprived areas, with no regional bias.

James Morris (Halesowen and Rowley Regis) (Con): On that point about the added benefit of the scheme to regional economies, can the Secretary of State estimate the number of the quality jobs that will be created in areas such as the west midlands and the black country, a part of which I represent?

Chris Huhne: That will depend on the take-up in different areas, but we estimate that nationally—there is no reason for any geographic or regional disparity; the numbers should be the same across the country—that the number of people employed in insulation alone could soar from 27,000 to 100,000 by 2015. The potential benefits are huge, with opportunities for skilled and unskilled labour alike up and down the supply chain.

The green deal will save energy and help us to hit our carbon emissions targets. It will also give us a chance to get people thinking about how they can reduce their own energy consumption. Millions of homes and businesses could benefit from the green deal, but as with any new product, building consumer trust will be critical to success. We want people to know that the green deal is not just a smart choice, but a safe choice, which is why the Bill also ensures that consumers will be protected. The green deal will be delivered by partnerships across the country.

Jim Shannon: For a minute I thought that as a Democratic Unionist Member I was not going to be allowed to speak in a green debate. When I was a Northern Ireland Assembly Member, I was involved in discussions on these measures, so it is appropriate that I have the opportunity to speak today. At the time, we proposed a clause on guaranteed performance standards that made it clear that if providers did not live up to their promises, they would be accountable for losses and monetary penalties could ensue. Does the Secretary of State intend to enshrine that principle in the Bill, so that what the Assembly proposed will be applicable across the United Kingdom? It would ensure good customer service and enhance security and protection.

Chris Huhne: The short answer is that there is a limit to what we can guarantee—the hon. Gentleman used the word "guarantee"—for reasons that will become obvious: if someone were suddenly to marry a Brazilian and wanted to keep their temperatures 3° or 4° higher in the winter, I could not guarantee that their energy bills would be lower. We have to be cautious, therefore, but if there is no behavioural change, we would expect energy savings.

We will ensure that high-quality, standardised advice is given so that each customer can see clearly where and how the green deal will work for them, and that those installing green deal measures must meet robust standards. We will guard against mis-selling, and ensure that the right information is on hand at the point of sale. Competition will keep suppliers keen: if a customer does not like the quote from one green deal provider, they will be able to get another.

Heather Wheeler (South Derbyshire) (Con): This is a key test that will give legs to the Bill. Some of my constituents have contacted me about their troubles with Warm Front. There has to be a clean break with the past. This has to be a better way of doing business and giving us all a green deal for the future. I am looking forward to that particular piece of the Bill.

Chris Huhne: The hon. Lady is right. Many of us have been visited in surgery by constituents saying that they were quoted under Warm Front for an improvement, but oddly the entire subsidy was taken up by the provider, rather than going to the constituent. The point of introducing this competitive provision is to ensure that the subsidy goes where it is meant to, instead of disappearing into the pockets of some large business.

The Bill will also introduce a new energy company obligation to replace the carbon emissions reduction target and the community energy savings programme, which have not unlocked carbon savings fast enough. The new obligation will be more ambitious. Energy companies will be expected to pay to support hard-to-treat properties such as those with solid walls, where insulation costs can be higher and the payback period longer than with the typical home. ECO payments from energy companies will be bundled with green deal finance and delivered together to ensure that the green deal is available to all. The scheme will also help the most vulnerable people—those in the coldest homes—to get the heating improvements that they need to keep warm and stay healthy. Cold homes cost lives. By targeting support more closely, we can reach more people more effectively.

Tessa Munt (Wells) (LD): I wonder whether this Energy Bill might be the right place for the Government to instruct the regulators to say that companies should no longer charge so much for the first units of electricity used—or whatever power it is—but instead swing that round to the point where there is better use of power. That will help the vulnerable and those in fuel poverty, because the whole thing has tipped the wrong way.

Chris Huhne: My hon. Friend makes a good point. There are many difficulties in the energy market of the kind that she describes—for example, with prepayment meters, which often make things more expensive. That is precisely why we introduced the Warm Homes discount, which provides people in vulnerable households with extra support, and why the green deal is so important. We are not just using a sticking plaster—which is what we do when we subsidise people—but dealing with the root cause of the problem. One of the key points is that people in fuel poverty and those at the bottom end of the income distribution have an enormous range of energy use. Their use can vary by a factor of six merely depending on the kind of property they happen to be in. If they are lucky enough to have a social landlord who has recently renovated the property to the decent homes standard, their energy bill can be low; if they are in the private rented sector, it can be six times as high.

Tessa Munt *rose—*

Chris Huhne: If I may, I am going to make some progress.

We will focus our resources on where they can do the most good. That means finding practical solutions to identify households that need the most support. We are determined to get to grips with the causes of fuel

[Chris Huhne]

poverty, not just the symptoms, but the tools at our disposal are not up to the job. That is why I have asked Professor John Hills to conduct an independent review of the fuel poverty target and definition, so that we can understand the problem and what we can do to fix it, and also be held to account as a Government for the progress that we make. The review will produce an interim report in the autumn and a final report early in 2012.

For too long, a sizeable minority of tenants has suffered from higher bills and colder homes. Privately rented houses are more likely to have the lowest energy efficiency rating than those that are owned outright.

Caroline Lucas: I thank the Secretary of State for giving way again. Are not tenants unlikely to challenge their landlords on the introduction of the green deal because of a fear of retaliatory eviction? Would it not be much more effective to introduce minimum energy efficiency standards that landlords have to keep to if they want to put their buildings on the market?

Chris Huhne: The hon. Lady anticipates a point that I will turn to very soon.

Landlords do not want to invest because tenants benefit; tenants do not want to invest because they will move on. By linking the green deal measures to the property, not the tenant, the Bill bridges that divide. With the green deal, everybody wins. Landlords will face no up-front costs; tenants will keep warm for less.

I welcome many of the positive responses that we have had from landlords to the prospect of the green deal. However, some individuals and organisations feel that we are not committed to securing improvements to the least energy-efficient properties in the private rented sector. Many tenants suffer appalling conditions without the power to agree improvements with their landlords. The debate has been lively, and we have listened. That is why I am pleased to announce that we will change the current provisions to make it clear that we will regulate. This is significant step and a marker of our intent. From 2016, any tenant or their representatives asking for their landlord's consent to make reasonable energy efficiency improvements cannot be refused. From 2018, the rental of the very worst performing properties—those rated F and G—will be banned through a minimum energy efficiency standard. We will of course seek to work with landlords well in advance to support their take-up of the green deal. The precise form of these regulations will be subject to the usual scrutiny processes.

We also remain committed to ensuring that all councils play a role in delivering the green deal. The recent memorandum of understanding between DECC and the Local Government Group recognises the enthusiasm that councils have for delivering the green deal.

Malcolm Wicks (Croydon North) (Lab): I have a question about the private rented sector, and I ask it in a spirit of non-partisanship because I know that the Secretary of State likes that kind of thing. I welcome what he has said about putting some pressure on landlords but, given that the public sector will in effect be paying the rents of some of these energy-efficient dwellings, through housing benefit and housing allowances, has his Department had talks with the Department for Work and Pensions to see whether the withdrawal of housing benefit could become another weapon in his Department's armoury?

Chris Huhne: We have discussed this with the DWP, and that would certainly be one route down which we could go. There would be dangers in doing so, however, not least because some of those on housing benefit find it hard to get into privately rented property. The simpler route that I have suggested will have a clear and predictable effect and will touch more than 680,000 homes in the private rented sector that are currently rated F and G. This is a substantial move.

Stephen Gilbert (St Austell and Newquay) (LD): The Government are clearly announcing significant changes to improve energy efficiency in the private rented sector. Will the Secretary of State expand on what he would consider to be reasonable, in the context of his saying that any reasonable request from a tenant would not be refused? Also, why has 2018 been chosen, rather than 2016 as many outside groups have been calling for?

Chris Huhne: The clear idea here is to give a point at which we know people are going to be able to aim. It is not reasonable to introduce changes very rapidly when, for example, there might not be voids in property renting. We do not want to impose unnecessary costs, and it is therefore appropriate to set a date. Let us remember that the scheme does not begin until October 2012, and we want to set a date by which the private rental sector can deliver.

Andrew George: Before he took those last two interventions, my right hon. Friend had just reached the point about the memorandum of understanding between his Department and the Local Government Group. The Bill does not at present include any powers for local authorities, and some of us are concerned that if it is simply left to the private sector to generate the scheme, it might not be sufficiently targeted at the communities that need it the most. Should we not give a duty, or at least a power, to local authorities in this regard? Does the Local Government Group sign up to that kind of joint arrangement with the Government?

Chris Huhne: My hon. Friend needs to recognise that a substantial number of councils are very enthusiastic about the scheme, because of the benefits that it can bring in regard not only to energy saving but to local jobs. I personally think that we are going to see go-ahead councils trumpeting the work that they do in this area. They already have substantial powers to monitor and to ensure that this will happen.

Alongside the green deal provisions, the Bill also contains measures to enhance energy security. They include legislative changes to reduce the likelihood, duration and extent of gas supply disruption, and to protect consumers from very high wholesale prices. These new powers would sharpen the commercial incentives for energy companies to meet their contractual supply obligation during a gas supply emergency. The Bill also introduces a special administration regime for gas and electricity suppliers, which will help to maintain market stability and protect consumers.

Mr Mike Weir (Angus) (SNP): The right hon. Gentleman is rapidly going through energy security measures, but clause 100 provides a power to change the boundaries of the continental shelf. According to Library research papers, the aim is to provide flexibility in managing the UK continental shelf resources. Will the Secretary of State give us more information about which parts of the UKCS he envisages changing, what resources are involved and what consultations have taken place with the devolved Administrations?

Chris Huhne: We have indeed had consultations with the devolved Administrations on all aspects of the Bill. One objective of this part of it is to ensure that the smaller and more difficult to get at fields, which have potentially higher costs, are nevertheless attractive and can be handed on to companies who will exploit them to the full. I hope that the hon. Gentleman will see from the Public Bill Committee that that is what we are trying to achieve.

Mr MacNeil *rose—*

Chris Huhne: I must make progress.

The regime will ensure that if a large supplier becomes insolvent, customers will be supplied with gas and electricity as cost effectively as possible until the company is rescued, sold, or its customers are transferred to other suppliers.

The Bill also includes an updated regime for third-party access to oil and gas infrastructure. Timely access to infrastructure on fair terms will be increasingly critical over the next decade. The discoveries now being made in the North sea are typically smaller than those in the past and need to make use of existing infrastructure where possible. The measures in the Bill will help us to secure the full economic benefits of our North sea oil and gas resources.

The Bill brings energy efficiency to homes and businesses across the country. It boosts the security of our energy supply, protects consumers and supports green technology. In setting up the green deal, it places us at the very forefront of the low-carbon drive—with an innovative, dynamic market delivering energy efficiency at scale, with no extra cost to the public purse.

Mr MacNeil *rose—*

Chris Huhne: I have come to my peroration and I have given way many times. I would like to continue.

Together with our reform of the electricity market, which will open up our energy portfolio and deliver the next generation of low-carbon electricity, the Bill represents a signal step towards a cleaner, greener future for the UK. In the scale of its ambition, this Bill is a statement of intent. It will help cut our carbon emissions, reduce our dependence on imported energy and protect the most vulnerable in society. This is our flagship policy on energy saving. This legislation provides for it, and this Government will deliver it. I commend the Bill to the House.

5.32 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I was starting to think that my moment might not come this afternoon. I am delighted that the Secretary of State managed to make it to the House this afternoon to speak to his own legislation. The power of Twitter knows no end!

It is important to outline where the Opposition stand on the vital issues facing the Department of Energy and Climate Change and the Government. We would all agree that there is no greater threat facing the planet than global warming. In the 19 years since the Earth summit in Rio de Janeiro, when climate change was firmly put on the agenda, the issue has moved from the fringes to the centre stage. Even during the 13-year period of the last Labour Government, for whom I had the privilege to serve, the issue became more urgent and pressing. That is why Labour not only introduced tough targets to reduce our emissions of the gases that cause global warming, but enshrined them in law.

This coalition Government cannot be accused of ignoring climate change. The Prime Minister himself put the environment at the top of the Tory agenda when he took his husky ride to the Norwegian glacier. At the time, there were sceptics—including the Secretary of State for Energy and Climate Change—who dismissed that as merely a public relations stunt. We could doubt the Prime Minister's commitment; after all, he has uttered hardly a word on the matter since. Why else, though, would one install a wind turbine on the roof unless one were committed?

As the Secretary of State has said, the Energy Bill provides a once-in-a-lifetime opportunity to catalyse Britain's journey from a high-carbon to a low-carbon economy, to change customer behaviour for ever, to lead the world in reducing carbon emissions and to be a bright beacon to our partners in Europe, America and the Commonwealth. So the coalition Government have set out their stall, claiming to be "the greenest Government ever", and what have they come up with? After months of bravado, bragging and boasts from the Energy Secretary and his ministerial team, we have a Bill that adds new meaning to the word "disappointment". It is a flaccid lettuce leaf of a Bill, laden with missed opportunities and ducked decisions. If the school playgrounds of Britain have indeed adopted a new phrase, "doing a Clegg"—which, for the benefit of Liberal Democrat Members, means saying one thing and doing another—the lexicon will soon contain another new phrase, "doing a Huhne". That will mean "talking big", for 45 minutes in this instance, "but delivering little".

Andrea Leadsom: I am very disappointed by what the hon. Lady is saying, on behalf of many of my constituents. A couple of months ago I was at a fish-and-chips supper with some retired people, and one elderly lady was literally in tears, saying that given her very limited resources she did not know how she would manage to keep warm in the winter and eat as well. I find it pretty shocking that an initiative that is making a bold effort to remedy that situation should meet with such complete disregard from the Opposition.

Meg Hillier: The hon. Lady may be jumping to conclusions. It is this Government who are removing the Warm Front scheme, and it is this Bill that is failing to deliver for the fuel poor. I shall say more about that shortly.

In his 45-minute peroration, the Secretary of State promised 100,000 jobs. He promised that the poorest would be saved from the cold, and that the market

[Meg Hillier]

would protect the consumer and many others. However, he did not give us the details of some important matters. We have a Secretary of State who has been rolled over by the Tory Chancellor—and, we have learned in recent hours in days, by his own party colleagues, particularly the Business Secretary—on every important issue in his Department. We have also learned today that the ECO may be within the levy cap, but not yet. We have a Liberal Democrat sheep in a wolfish Government: a Government who want to be green-tinged, but who are under-delivering on their grand promises.

David Mowat (Warrington South) (Con): When the last Government left office, one half of 1% of the UK's total energy production was delivered by renewables. Is that under-delivery or not?

Meg Hillier: The Opposition seem to misunderstand—[Hon. Members: "You are the Opposition!"] They are the Opposition to me. They seem to misunderstand the position. There is cross-party agreement on the need for more renewables and a lower-carbon economy, but we believe that the Bill could do more to deliver that. What disappoints us is that a Bill that promised so much is delivering so little. We hope that in Committee we shall see some movement from the Government.

At the heart of the Bill is the green deal, which the Secretary of State spent much of his speech telling us about. The task is obvious. We all agree that Britain needs to insulate its homes and buildings. It needs to improve energy efficiency in millions of households. Given rising energy bills and the need to hit our carbon reduction targets, that work must be done, as Labour's manifesto made clear at the last general election.

Laura Sandys (South Thanet) (Con): If the hon. Lady wishes to improve energy security and insulation in homes and to reduce carbon, I do not understand why she does not recognise that the Bill is a game-changer. I recall another game-changing piece of legislation, the Clean Air Act 1956. That was the first in the world; this is the first in the world. That attracted—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I think that the hon. Lady has made her point.

Meg Hillier: First does not always mean best. We want the Bill to succeed in its aims, but if the hon. Lady looks at the detail of the Bill and reads the report of proceedings in the other place, she will observe the glaring gaps that I will shortly highlight. As I have said, the task is obvious and the challenge is great.

Neil Carmichael (Stroud) (Con): For the record, can the shadow Secretary of State tell us whether the level of fuel poverty went up or down under the last Labour Government, for whom she, of course, served?

Meg Hillier: The point is that this Government are removing Warm Front, and there will be nothing for the fuel poor; this Bill will not deliver for them.

The challenge is great. As the Secretary of State said, 27% of all UK emissions come from our homes. All Members are committed to an 80% reduction in emissions by 2050; there is cross-party agreement on that. However, during the Bill's passage in the other place Ministers were offered opportunity after opportunity to make their proposals clearer, to introduce proper measures of accountability such as an annual report, and to safeguard consumers, but they rejected those offers of help, and we have not heard any further detail throughout the entire 45 minutes of the Secretary of State's speech today.

Other Members may have longer memories, but I do not believe that this House has ever been asked to vote on the Second Reading of a Bill in which so much of the detail is unclear or not worked out. We are being asked to buy a massive pig in a poke, and that is simply not good enough. At the very least, the Secretary of State should concede the need for evidence sessions for the Bill, so we can shed some light on its murkier aspects, but he has refused to do so. As a result, Members will not have a single opportunity to discuss the Bill outside Committee. Today, the longer the Secretary of State's answers were, the less we learned. *[Interruption.]* No, those are my words.

The key question this afternoon is whether the Government's proposals meet the challenge. Sadly, my confirmed conviction is that they do not.

Christopher Pincher (Tamworth) (Con): The hon. Lady seems to turn disappointment into an art form. Is she not aware that many people are very disappointed that under the Government with whom she served fuel prices and the number of people in fuel poverty went up, and she did nothing about it?

Meg Hillier: I am sure the Secretary of State would be delighted if he had the power to control fuel prices, but now may not be the time for a lesson on the global oil economy.

Steve McCabe (Birmingham, Selly Oak) (Lab): What impact does my hon. Friend think a VAT rise has on fuel prices, and what impact does that have on elderly people?

Meg Hillier: I agree with my hon. Friend's point. This Government cannot lecture us, given the impact of their policies on the budgets of households throughout the country, leaving them nowhere to go when oil prices increase.

In answer to a question from the hon. Member for Harlow (Robert Halfon), the Secretary of State said every home would benefit from the green deal—he clearly has no shortage of ambition in this area—but the Department for Communities and Local Government predicts that there will be more than 27 million households in England by 2033, so how can the green deal possibly hit that target? The Secretary of State talks about companies being keen to get involved, but we know that most have already stepped back, so unsure are they of what the Bill will deliver.

If the Secretary of State is so confident about his proposals, why has he refused to set a target for the number of homes that would benefit? He gave us a waffly answer earlier, but at a public event he said he had wanted to call this Bill the Energy Saving Bill but was told that the parliamentary Clerks would not allow it.

I am sure that all Members are far less concerned about the title of the Bill than about what it achieves, and there are a number of obstacles to achieving the Secretary of State's aims. First, we have no details about the interest rates at which the green deal cash will be loaned. Evidence suggests that an 8% rate will deter many households. Although there were rumours that incentives would be provided in the Budget, none were announced, yet without any tangible incentives most householders just will not bother. A loan of about £6,000 will barely scratch the surface of paying for what will need to be done to make most homes as green as they will need to be to meet our targets. The Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker), has now suggested that loans could be as much as £10,000, which I hope is a sign that the Government finally recognise that there are inadequacies in the Bill, but that higher sum will be more off-putting to the poorest households whose homes are often the most expensive to improve.

On the golden rule, I was interested to hear the Secretary of State's version of things—perhaps this is a new addition to the Bill—which was that "money today is worth more than money tomorrow". That shows a level of financial literacy that clearly bodes well for the Bill. We also face the question of whether the banks will be interested, and the only banker that he could cite is a former Tory special adviser—he would be in favour, wouldn't he? We need the banks to be on board if the Government's model is to work.

Secondly, this Bill contains no assurances about who will conduct all the assessments and repairs. Who will accredit the legion of assessors—the 100,000 people that the Secretary of State talks about? Where will this army of assessors come from? We all know that the Government are doing their best to create a vast pool of newly unemployed nurses, RAF pilots and other skilled workers who need a new job, but even at the rate that this Government are destroying our services and putting manufacturing firms out of business, there will not be enough skilled people to do the job on the scale required.

The Secretary of State has been asked today, as Ministers in the other place have been, which measures could be put into a home under the green deal. Again, we have heard lots of words—for example, when he talked about double glazing—but he simply does not know the answer, and neither do suppliers, householders and landlords. Hard-to-treat remote and rural homes that are off-grid provide particularly big challenges, but the green deal, as it stands, does not step up to deliver on them. When the Secretary of State talks about success that will be determined by word of mouth, we know he has a great plan that will certainly deliver the results he sets out. [HON. MEMBERS: "Hear, hear."] Clearly Government Members do not understand irony.

Thirdly, and most shamefully, the Bill—*[Interruption.]* I think that Government Members ought to listen to the detail. I say that for those who have perhaps not followed it as closely as some of us. Thirdly, and most shamefully, the green deal fails the basic test of fairness, as the poorest households will get the least help. The constituents of mine who, like some of your constituents, Mr Deputy Speaker, and those of other hon. Members, shiver under blankets every winter will not be reassured by the coalition placing the responsibility for tackling fuel poverty with the energy companies. Those households, who have the most to gain from decent insulation and lower bills—I do not doubt that Members across the House are committed to solving this problem—should be the Government's first priority, but instead they have been left until last.

Finally, I come to an important question on which we have not been given enough detail: what about consumer rights? If the work under the green deal is botched, how can consumers get redress? If the projected savings do not add up to the value of the loan over 20 years, who will pay the shortfall? What guarantees can Ministers offer consumers that they will not be saddled with debts, especially when they buy a house with a green deal loan already in place?

The Secretary of State talks with passion about stopping cowboys getting in on the deal, but his Government have abolished Consumer Focus, the watchdog that has successfully taken up consumer issues with the energy companies. No detail on consumer redress is available to us as we debate this Bill on Second Reading. People are rightly asking these questions and even where Ministers are coming up with answers those answers are not very reassuring. We simply need more detail. We are expecting about 50 pieces of secondary legislation after the House has made its decision on the Bill tonight, on Report and on Third Reading.

Stephen Gilbert: The hon. Lady seems to be "doing a Hillier", snatching embarrassment from the jaws of defeat. We have heard real detail from the Secretary of State today on minimum energy efficiency standards for the private rented sector. Is it not a bit churlish of her not to welcome the detail that we have heard on the private rented sector, which has been called for by many external organisations?

Meg Hillier: That tells us all we need to know about the relationships in the coalition. If the hon. Gentleman, a Liberal Democrat, believes that what we heard from the Secretary of State today is detail, he perhaps needs to look again at the Bill. The detail is missing. The Secretary of State is keen to talk about the Bill with passion but he is not giving the answers. We are waiting for detail on the 50 pieces of secondary legislation, but we have seen none at all. I lay this marker down for the Secretary of State that in Committee we will seek further detail on many of these important issues and others—

The Minister of State, Department of Energy and Climate Change (Gregory Barker): As usual.

Meg Hillier: The Minister of State says from a sedentary position that that is unusual in Committee—

Gregory Barker: It's irony, love.

Meg Hillier: I'm not your love, matey, and I suspect someone else might find that surprising, too.

It is important that we get the detail in Committee and I make that point for a good reason. The Government have form on not giving answers in Committee. The Bill has been in the other place and so we might have expected it to be better. We gave it a fair wind and we would still like to see it succeed, but we need more detail before it can do that.

[Meg Hillier]

There is a yawning gap between Ministers' rhetoric and their actions and it grows day by day. In public, Ministers talk about being the greenest Government ever, so why have they called the Climate Change Act 2008 "red tape" and placed it in a review of what they call "burdens on business"? Ministers might huff and puff and say that the Act is safe in their hands, and I do not doubt the commitment of the DECC team, but why then is it in the red tape review? Perhaps they need to talk to other members of their Government.

Why have Ministers ended the commitment to zero-carbon homes? That fact caused the WWF to resign its place on the working group as the decision was so out of the blue. Why will the green investment bank not be up and running for two more years? Allegedly, the money to fund it is coming from Britain's stake in a uranium enrichment company, URENCO, which the *Financial Times* suggests is in doubt.

There is an elephant in the room and we all know what it is. The Energy Secretary has had his eyes on a prize other than reducing carbon emissions. I know that he has had to pull himself away from the detail of the Bill in recent days to attack his coalition partners by article, letter and leak, and it is a shame that he has had to do so because—to give him credit—it might be a better Bill if he had applied himself to it. We also know that the demands of the alternative vote campaign have, for some reason or another, taken up much of his time when he might have been meeting with green groups, consumer groups or businesses that would have told him what a mess the Bill was and how to improve it. There is still no excuse, when he is backed up by the gold-standard civil service of this country, to come to the House with this dog's breakfast of a Bill. It is weak on specifics, clouded in uncertainty and built on such shaky foundations that few can have confidence in its standing up to scrutiny. We want the Bill to succeed, but we have no detail and no plan from the Government about how it will be implemented.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I agree with my hon. Friend that there is still much to do before the Government can claim to be the greenest ever. There are also significant gaps in the Bill. One example from my constituency concerns a community hydro project in Saddleworth that might not go ahead because of the anomaly in the current legislation, which is not addressed by the Bill, that prevents it from securing the higher feed-in tariff rates. Surely that is something we should be encouraging.

Meg Hillier: That is another example of the Government's dither and delay in making decisions that can have perverse effects on the ground.

Andrew George: If the hon. Lady does not mind, I will sidestep the disappointingly partisan nature in which she has engaged in the debate. I am genuinely confused. She appears to endorse the principles behind the Bill and, quite understandably, is expressing some anxieties about the details. That is certainly a matter for debate in Committee. Will she urge her colleagues to vote for or against Second Reading?

Meg Hillier: I think the hon. Gentleman wants to know whether he can get home early for tea tonight.

Let me reiterate: we set out that we wanted to give the Bill a fair wind, and I personally made that clear to the Secretary of State. It builds on ideas and work that were carried out by the previous Government and it needs to work to deliver the emissions reductions that we need in this country to meet our targets. It is light on detail, however.

John McDonnell (Hayes and Harlington) (Lab): I think the tenor of the argument in the House is that the whole House wants to see the Bill succeed, but there is an issue with the delegated legislation and with its range. May I suggest that those on the two Front Benches meet at some stage to discuss how that can be dealt with so that we can have a constructive debate as well as holding the Government to account? We all want the Bill to succeed.

Meg Hillier: I am in discussions with those on the Government Front Bench. When I asked to see draft secondary legislation so that we could be comforted that it would deliver the securities we have been asking for if the Bill was passed, I was told in a letter from the Secretary of State that that would not be possible until the primary legislation had been passed. I live in hope that the Secretary of State—he is a man who believes in this issue; I do not doubt his commitment—and I can continue to have a dialogue.

John McDonnell: Even if the delegated legislation comes after the Bill is passed, may I suggest that there is a discussion about evidence sessions on it and some form of progress report on the Floor of the House so that there can be a wider ranging debate?

Meg Hillier: My hon. Friend makes an excellent suggestion, which I have also made to the Secretary of State. I am sure that with the support of the House the Secretary of State will see the good sense in that suggestion and I hope he will talk to officials about how they can ensure that we facilitate it.

Overall, climate change is too important to leave to the market, and that is one of the problems with the Bill. The market and the market alone will decide. We need a strong Government to lead the fight against global warming and fuel poverty, but I fear that instead we have a Government who are at war with themselves.

5.57 pm

Mr Tim Yeo (South Suffolk) (Con): I begin by drawing attention to my entry in the Register of Members' Financial Interests.

I would very much like to find something nice to say about the speech that has just been delivered by the hon. Member for Hackney South and Shoreditch (Meg Hillier). I listened carefully for 25 minutes and I could not really say that it made any serious contribution at all to the debate. It was extraordinarily churlish in tone and very ill-judged. If ever there was an issue that cried out for a bipartisan, long-term and constructive approach, it is energy policy and climate change. That was wholly lacking from every sentence of the hon. Lady's speech.

I warmly welcome the Bill, which is a big—and overdue—step in the right direction. I agree that some details remain to be filled in, but no doubt they will be addressed in Committee. I want to comment briefly on four aspects of energy policy that relate to the Bill. The first, of course, is energy efficiency. The Bill is especially welcome because of its intense focus on energy efficiency, which has always been the Cinderella of energy policy. I have always found that to be extraordinary—it is truly the no regrets policy. Even people who do not accept that climate change is a threat to the conditions of climate stability that have prevailed in the very recent history of our planet, thereby allowing one of the most recently arrived species, human beings, to proliferate in number and enjoy phenomenal and unprecedented success, and who see no advantage, either environmental or economic, in moving to a low-carbon economy can see the merits of greater energy efficiency, which has economic as well as environmental advantages. Those economic advantages accrue to households, rich and poor alike, and to businesses.

The green deal, which is the centrepiece of the Bill, is an excellent concept, even if there remain some areas of its implementation that we would like to know more about. The principle that energy efficiency measures can be financed through savings on fuel bills is a good one that is attractive to consumers. In practice, however, although most of the energy efficiency measures needed have a large and fast enough payback to meet the golden rule to which the Secretary of State referred-that instalment payments for the improvements will not exceed the cost of the savings made-there will be some measures that probably do not come into that category. I hope therefore that the Government will recognise—not necessarily in the context of the Bill, but soon—that some further incentive might be needed to improve all the housing stock in this country. I urge Ministers, as I have before, to explore more fully how discounts on council tax could be used to encourage faster progress to a comprehensive energy efficiency process. Those discounts could even be introduced on a revenue-neutral basis.

Chris Huhne: Powers for councils to do that are already on the statute book. A number of councils have introduced incentives through council tax, which have been very effective. We do not need new powers to do that, and I think that a lot of the most go-ahead councils will do it.

Mr Yeo: I am grateful to the Secretary of State for that point. I hope that means he will encourage the use of those powers in areas in which a significant number of households are not able to use the green deal measures as a sufficient mechanism and incentive to get the improvements that are needed. The same approach could be adopted for business premises by giving discounts on business rates.

Smart meters might also help. Helping consumers to understand the costs of energy and how they can better manage their energy consumption could be very valuable, but I hope that the Government will take a close interest in the roll-out of smart meters. There is a risk that the whole initiative might turn sour if the meters do not get off to a good start, if mistakes are made or if consumers become suspicious that they are going to benefit suppliers more than consumers.

Nicky Morgan (Loughborough) (Con): Would my hon. Friend agree with a very simple suggestion that was put to me by a constituent about smart meters—that we need the information to be understandable to the average consumer who is not an energy expert? If the meter told the consumer how much energy had been consumed and its cost, that would mean a lot more than complicated numbers and figures that one cannot understand if one is not an expert.

Mr Yeo: The test of smart meters will be how user-friendly they are at giving people information that is relevant to their decisions in a manner that they can easily understand. That includes older people who might not have as much facility for modern information technology communications.

On security, I welcome the duty placed on Ofgem to report on the adequacy of future capacity. Demand for electricity will rise substantially not just because of economic growth but because several of the measures designed to reduce greenhouse gas emissions involve the greater use of electricity—for example, for transport and heat. We shall need a lot more generating capacity and the lead times for new capacity are such that decisions taken in this Parliament are absolutely crucial. A further dash for gas might be the quickest and cheapest way to expand capacity, but it would mean becoming even more dependent on gas imports, threatening a different aspect of security of supply. Even in a world in which gas can be imported from a large number of countries and in which we have the possibility of perhaps abundant supplies of shale gas from Poland and the United States, I do not think that anyone would be comfortable with our relying more on imports.

Furthermore, unabated gas emissions are so much higher than the target for emissions that the Committee on Climate Change quite rightly set for 2030 of 50 grams per kWh that a dash for gas could lead to expensive stranded assets in the 2020s unless we achieve carbon capture and storage, which is by no means a certainty. Yesterday, in its excellent review of renewables the committee reminded us, as it helpfully and regularly does, that nearly all new generating capacity must now be low-carbon. After all, electric cars and electrically heated houses are not going to cut greenhouse gas emissions if the extra electricity is generated by coal. The committee's review is welcome as a common-sense judgment on renewables. It reaches the unavoidable conclusion that even with an enormous increase in offshore wind and solar power there remains an absolutely essential role for nuclear. We therefore need from the Government today, and regularly in future, an assurance that as soon as any safety issues raised by Professor Weightman have been addressed, every possible assistance will be given to ensure that new nuclear capacity comes on stream as soon as possible.

In the context of how more low-carbon electricity can be produced, a more explicit acknowledgment is needed of the risks of blithely assuming that carbon capture and storage will work viably at scale. With the abundant availability of coal in many countries, lots of coal is going to be burned in the next few decades. It is beyond doubt that the single technological breakthrough that the world most urgently needs is carbon capture and storage. There is huge potential for it, but I have not been encouraged by the fact that when the UK Government

[Mr Yeo]

offered £1 billion in a competition, there was only one bidder at the end of the process. I therefore urge that more attention be given to issues such as waste-to-energy, which could provide a renewable source as some unrecyclable waste will be always be produced by a growing economy.

Mr Brian Binley (Northampton South) (Con): Will my hon. Friend give way?

Mr Yeo: I am running out of time, I am afraid, and I think I get only two goes at giving way. I am sorry.

It is clear that whatever the precise mix of our portfolio of electricity generation, the cost of secure, low-carbon electricity will be higher in future—possibly much higher—although the Government have rightly pointed out that reliance on fossil fuels might turn out to be even more costly by 2030. Last week, in an evidence session held by my Select Committee on Energy and Climate Change, I asked Ministers what the Treasury's assumptions about oil prices would mean if they were translated to gas prices, and they were a bit reluctant to explain what they thought gas prices might reach. Clearly, fuel poverty is going to be a key challenge in the next few years and the solution is not to divert investment into cheaper but higher-carbon power stations, but to ensure that household incomes are sufficient to meet unavoidable increases in fuel bills.

Equally important is the need for more low-carbon capacity. Tinkering with UK or European Union targets for the exact proportion of energy to be achieved from renewable sources by this date or that date is of little relevance. The only real question is how Britain, in an increasingly energy-hungry world in which China and the other BRIC countries—Brazil, Russia, India—will be consuming huge amounts of energy, can attract the funds needed to finance massive new capacity in all kinds of low-carbon electricity. The Intergovernmental Panel on Climate Change has reported today that £15 trillion will be needed in the next two decades to develop renewable energy. To attract our share, we must make sure that returns on investment in electricity generation in Britain are high enough and reliable enough. I urge Ministers to recognise that every policy change runs the risk of raising the cost of capital because each switch increases uncertainty in the minds of investors. Individual decisions such as the revision of feed-in tariffs for large-scale solar projects are understandable and perhaps unavoidable, but their impact on investors is harmful and will prove to be expensive in the long term. It is vital that the electricity market reform package promotes stability in the framework of incentives that are designed to promote low-carbon electricity. I urge Ministers to recognise in all policy statements the danger that investment in new capacity in this country is not an entitlement. We live in a genuinely global economy. Investors can easily migrate to places where returns are more secure, where planning delays are shorter and where policy is predictable.

There is a lot more in the Bill, not least the green investment bank. The bank's contribution to funding some of the investment needed could be considerable if the Treasury allows it. In view of the imminent decision about the fourth carbon budget, I want to close by making a strong plea to the Government to accept the Committee on Climate Change's recommendations. The Government's credentials as the greenest Government ever will be enormously strengthened if the carbon budget put forward by the committee last December for the 2023-27 period is accepted. A budget for a period more than a decade away might seem a remote concept, but carbon budgets are much less susceptible to last-minute tinkering than financial ones. Carbon emissions in the middle of the 2020s will be affected by decisions about new electricity generation capacity taken during this Parliament.

Our accepting the committee's fourth budget will show that Britain wants to lead the way to a low-carbon world. I understand the anxieties about our competitive position, but I believe that those risks are relatively small and are confined to the short and medium term. If the world really means to decarbonise by 2050, and I believe that it does, the countries that lead the way will not only be doing the right thing environmentally, but will reap a huge financial reward.

Let us look east at what China is doing in making huge strides towards a more sustainable, low carbon transport infrastructure and energy system. In the international climate change negotiations in the 2020s it might be China that takes the hawkish stance on greenhouse gas emissions and the measures needed to reduce them, and it will do so from a position of greater strength than many countries in the west. It would be tragic if Britain, one of the first places where the science of climate change was properly understood, were not in the vanguard of the world's response. I urge the Prime Minister to overrule the reported resistance of the Secretary of State for Business, Innovation and Skills on this point, and I commend the Bill to the House.

6.10 pm

Joan Walley (Stoke-on-Trent North) (Lab): I shall start exactly where the hon. Member for South Suffolk (Mr Yeo), who so ably chairs the Energy and Climate Change Committee, just finished. The whole debate on the Bill is underpinned by the Climate Change Act 2008. Reference was made earlier to new legislation. It was the previous Government who passed that Act.

I agree that the fourth carbon budget is critical. I do not know whether I believe reports in *The Guardian*, but if the Government are to have any chance of being the greenest Government ever—there is some doubt and dispute about that—the Cabinet must accept in full the recommendation from an independent body that was set up for that purpose. When the statutory instrument comes before the House in June or whenever it comes, that must be agreed, or much of the debate on the Bill today will be irrelevant. So I hope the right Cabinet decision will come out next week or whenever it is made.

It is crucial that the Bill succeeds, but it is very short on detail. Given the comments of my hon. Friend the Member for Hayes and Harlington (John McDonnell), proper parliamentary scrutiny is needed and there can be a role for Select Committees to examine the cross-cutting aspects of the Bill, particularly in relation to the issues that have been mentioned, including the role of the Department for Business, Innovation and Skills. That should be borne in mind when we get to the Committee

stage. We have seen what happened to amendments in the other place. They are not before us now for our consideration. A huge amount of work needs to be done very quickly.

My test of the Bill is whether it will reduce fuel poverty around the country in constituencies such as mine, Stoke-on-Trent North. In my constituency, 59% of people in private rented sector housing, 44% of owner-occupiers and 75% of pensioners living in private sector accommodation are in fuel poverty, despite the huge benefit derived from the Warm Front programme. It is crucial that the detailed measures in the Bill deal with that and the implications for public health.

What will the Bill do to deal with the effect of the comprehensive spending review of October 2010? We have already heard about the major reduction in Warm Front funding, and the intention that the programme will be phased out by 2012-13. Will the measures in the Bill offer a fair and proportional replacement strategy? I am conscious that the shift from the Warm Front programme towards the green deal has put many installer jobs at risk as the scheme is wound down. I ask the Secretary of State to give some attention to that. I refer to installers in my constituency and the fact that the Warm Front scheme closed and then started again this year. That has serious repercussions and needs to be addressed.

There are concerns about the green deal. We need greater clarity and certainty about the scale of ambition, the take-up and the long-term nature of the green deal so that businesses can feel confident about investing in the capacity and the infrastructure necessary to deliver it. Reference has been made to the interest rate. That will be a key driver in take-up of the deal. The lower the interest rate, the more attractive it will be. When my own Select Committee went to Germany, we saw how that had been addressed. I am disappointed that so far there does not seem to be a direct link between the green investment bank and the green deal. If interest rates are not at about 2%, difficulties will arise.

Another important topic is energy efficiency measures. I chair the all-party lighting group. We need to consider not only energy efficiency in the traditional sense, but issues such as lighting. Windows are another aspect of industry that has been referred to. A briefing that I received from Wolseley sets out other technologies linked to jobs and to insulation, heating controls, energy pumps and water management. All these contribute to the wider agenda that we need to address. I am not sure whether the detail of the Bill takes account of that.

Citizens Advice has flagged up concerns, particularly in relation to clause 18, which would empower the Secretary of State to modify the energy supply licence to allow an energy company to disconnect a customer for non-payment of green deal payments. Currently, 8.8 million energy consumers in the UK rely on pre-payment meters. Citizens Advice is worried that those consumers have received little consideration in the development of the Bill. It must clarify how green deal payments will be collected from people with pre-payment meters, who are among those at highest risk of fuel poverty. It is not clear how customers' meter credit will be allocated against green deal payments and arrears, fuel arrears payments and payments for ongoing energy supply. That is another cross-cutting social consideration that the Bill must address.

I shall deal briefly with the private rented sector and chapter 2. It is an important part of the Bill and there have been many interventions referring to it. Research commissioned by the Chartered Institute of Environmental Health, of which I remain an honorary vice-president, shows that the annual cost to the NHS of private rented homes with excess cold is £145,335,000 nationally. In my region, the west midlands, the cost is high, and we need to consider how we are addressing that, linked to the new proposals for public health and those in the Localism Bill. This is a further aspect of the cross-cutting agenda.

I am concerned that making regulation conditional on a review increases the likelihood that landlords will not act voluntarily before 2015. I am not sure that the Government have got that right. Further consideration is urgently needed. The Bill provides for a minimum standard for commercial rented properties. The Government have not explained why that is appropriate for the commercial sector but not for the domestic sector. MPs, including me, have had a briefing from the Green Building Council on the issue, which needs to be addressed before Royal Assent.

The bottom line for me, which has been referred to in interventions, is that the Bill must set a deadline of no later than 2016, after which it will be an offence for a landlord to re-let or market for rent a property where the energy efficiency rating is band F or G. It is vital that we ensure that properties that do not meet energy efficiency standards are not rented out.

On the energy company obligation, the Government should show that they will be able to deal properly with the gap between what the green deal delivers and what is needed. We do not have the detail of the energy company obligation, and clear information is needed. The coalition agreement was clear that there should be no public subsidy for nuclear. One of my concerns relates to clause 102, whereby, if anything unexpected happens, such as an accident at a plant or problems with stored waste, the Government could become liable for the additional costs. The coalition agreement stated that there will be no public subsidy for nuclear, and it is incumbent on the Secretary of State to set out exactly what that means, because my concern is that clause 102 could represent a hidden subsidy. There must be total transparency on that.

On low carbon budgets, no amendment was made in the other place, but that needs to be considered again. There is some support for the memorandum of understanding with local councils, but we are nowhere near getting on the face of the Bill what we need in relation to local carbon budgets. There is wide support from more than 60 organisations for a warm homes amendment, which must be addressed and brought forward in Committee.

I genuinely want to see Parliament play a role in the whole climate change agenda. I desperately want to see action that does what it says for those experiencing fuel poverty. I want the parliamentarians and Select Committees of this House to play a real role in cross-cutting and hope that as the Bill proceeds, despite its many shortcomings, there will be an opportunity to make at least some improvements.

6.22 pm

Martin Horwood (Cheltenham) (LD): I welcome the opening remarks made by my right hon. Friend the

[Martin Horwood]

Secretary of State, particularly the non-partisan tone in which they were made. I have to say, ever so gently, to the hon. Member for Hackney South and Shoreditch (Meg Hillier) that when I was an Opposition spokesman on energy and climate change I took the time to praise her right hon. Friends the Members for Lewisham, Deptford (Joan Ruddock) and for Doncaster North (Edward Miliband), when I thought that the legislation they were promoting was good, and when they were honestly trying to pursue climate change objectives. I do not think that making relentlessly partisan and negative speeches is terribly constructive. I will just let her reflect on that.

The hon. Member for Brent North (Barry Gardiner) made a much more constructive speech and asked an important question about meeting carbon reduction targets in future, particularly the acceptance of the fourth carbon budget recommended by the Committee on Climate Change—a theme taken up by other hon. Members as well. I am sure that my right hon. Friend the Secretary of State was just displaying his notorious tact and reticence by not stating more fully that he was going to press for the acceptance of that carbon budget. It is absolutely crucial that we accept the carbon budget and make it clear that we are on a clear trajectory to meeting the ambitious climate change targets that all parties agreed to in the Climate Change Act 2008.

I warmly welcome many aspects of the Bill, which will deliver an important part of the Government's green agenda. The ministerial team is to be congratulated on 95% of it. The green deal is a radical, imaginative and ambitious plan. It could deliver energy efficiency not just haltingly to a few thousand homes, as previous energy efficiency programmes have done, but to millions of homes, and perhaps even tens of millions. That will represent a step change in energy efficiency in this country and make a substantial contribution to reducing the UK's carbon emissions. The additional measures on smart meters and offshore electricity transmission regimes are also very important and much to be welcomed.

Mr Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman and the Secretary of State have talked about step changing and game changing. Does he not agree with a number of Members on both sides of the House, but particularly Opposition Members, that a crucial element about which we are not yet clear is the interest rate that will be payable? We need to know that in order to ensure that the change is as significant as he claims it will be.

Martin Horwood: I am sympathetic to the hon. Gentleman's point, which is important, but the genius of the green deal is that it will use market mechanisms and a competitive arena in which providers will compete to provide the best deal, which I hope will help drive down the interest rates offered by different financers and providers.

Barry Gardiner: Does the hon. Gentleman accept that the Department of Energy and Climate Change has predicted that the interest rate would be 11%, which has to be factored in, particularly when dealing with the fuel-poor?

Martin Horwood: The hon. Member makes an important point, but we cannot always predict those interest rates, because we do not know what the situation will be. We must look at the situation in the round.

The additional measures in the Bill are very welcome, but there is one that disappoints me in clause 102, which the hon. Member for Stoke-on-Trent North (Joan Walley) has already mentioned. It deals with the vexed question of the decommissioning and clean-up of nuclear power stations. Cleaning up the last generation of nuclear power stations costs the taxpayer £1.5 billion a year, and it would be a great shame if we were to risk repeating any part of that mistake. This reopens an issue that I thought had been settled in the Energy Act 2008. I remember the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry) and I, as Opposition spokespeople, trying to outdo each other in finding the loopholes in the funded decommissioning programme arrangements in that Act, and the long-term commitments on funding decommissioning that the nuclear industry might try to wriggle out of in order to shift the risk on to the taxpayer. With all due credit to the ministerial team of the time, that was tricky because the legislation was quite tightly drawn. Section 48 even allowed the Secretary of State to amend funded decommissioning programmes, at either their own or the operator's suggestion, to take account of unforeseen circumstances.

But lo, we have in the Bill a suggestion that the Secretary of State should promise not to amend those decommissioning arrangements in advance when the decommissioning arrangement is being set up, either "in a particular manner" or "within a particular period". That seems a rather strange thing, because clearly the subsequent amendment of those arrangements would be a matter of negotiation. The Liberal Democrats have discovered quite a lot about negotiation in the past year, and now think, on balance, that it is not a good idea to give away the negotiating position too early in the process. I think that that applies to Secretaries of State as well.

The explanation for that provision is apparently that it is to reassure investors, but that is a rather strange statement. In a way that is a bit of a give-away by the Government, because to reassure investors they are presumably trying to reduce the risk. There are only two possible explanations for that. Either the Government are actually reducing the risk or they are trying to shift it elsewhere. The nature of unforeseen circumstances, of course, is that they are unforeseen. Although I attribute many gifts to my right hon. Friend the Secretary of State, clairvoyance is not one of them. We cannot know what those unforeseen circumstances will be, any more than the Japanese Government could. Therefore, it is only the transfer of that risk that is likely to take place. It is transferring the risk straightforwardly from the operators to the taxpayer. If that is not against the words of the coalition agreement's promise not to subsidise nuclear power, it is certainly against its spirit.

If we need an extreme and sobering warning of what might happen in such situations, we need only look at what is happening in Japan right now. The operator of the Fukushima nuclear power station, TEPCO, has now asked formally for Government help to fund the compensation for the 80,000 people who are still evacuated from their homes in the area, which it is estimated will cost around £61 billion in total.

Chris Huhne: My hon. Friend should recognise that the clause intends not only to provide more certainty for investors, but to recognise that there might need to be changes. Those changes would not necessarily be downwards, either; they might well be upwards, in circumstances that would have been set out clearly in an agreement. That applies to costs as well, so, far from saying that the measure would drive a coach and horses through our commitment to no public subsidy, I am saying exactly the opposite: it puts flesh on our commitment to no public subsidy for nuclear.

Martin Horwood: I did not say that the measure would drive a coach and horses through our commitment to no subsidy. I am sure that our commitment to it is absolutely intact, but the clause seems to insert a rather large crack in the edifice. The arrangement that my right hon. Friend mentions—in which the operator and the Secretary of State may agree to the necessity of some amendments, which might be upwards or downwards—is in the existing legislation. The difference between that and the clause under discussion, however, is that in the existing legislation the final decision rests with the Secretary of State, and in the clause before us the Secretary of State gives away that right in advance. That seems to represent poor negotiation.

To return to the situation in Fukushima—

Barry Gardiner: Will the hon. Gentleman give way?

Martin Horwood: I will not—or perhaps I will; I have a few minutes to spare.

Barry Gardiner: I am grateful to the hon. Gentleman. Does he accept that the DECC's proposals for a "contract for difference" feed-in tariff are precisely the subsidy to the nuclear industry that he counsels his right hon. Friend not to introduce?

Martin Horwood: I am not sure about feed-in tariffs, but if the hon. Gentleman is talking about the floor price for carbon, that certainly risks inadvertently subsidising the new, and indeed existing, nuclear industries. Perhaps a windfall tax on the nuclear industry might help to compensate for that, because the floor price for carbon is an important policy for operators.

To return—for the final time, I hope—to Fukushima and the example in Japan, the compensation bill looks likely to be about £61 billion for the 80,000 people who have been evacuated from their homes, and for the damage to agriculture, businesses and so on in the area. That is a very extreme case, but it is not impossible to imagine much smaller disasters—natural shocks to the system, terrorist attacks or whatever—that might deliver similarly unexpected large bills.

The situation in Japan has resulted in its Government announcing today that they will examine their energy policy from scratch, with a brand new emphasis—surprise, surprise—on renewables and energy efficiency, and almost certainly less emphasis on nuclear. That seems to me a wise decision to take, in the circumstances.

I am pleased that we are emphasising energy efficiency before we are forced to do so, and it is important that the Government promote renewables and energy efficiency as cornerstones of their energy policy, but I would not want energy subsidy for nuclear to creep into that mixture, and it seems to me that clause 102 is unnecessary. As the Secretary of State says, it provides reassurance to investors, but it provides very little reassurance to me or to the taxpayer.

6.33 pm

Mr Iain Wright (Hartlepool) (Lab): It is a pleasure to follow the hon. Member for Cheltenham (Martin Horwood). I have fond memories of debating with him the glorious merits of the south-west regional spatial strategy, and I am sure that you, Madam Deputy Speaker, as a fine Bristol Member of Parliament, have your own thoughts on that, too.

I welcome the notion of the Bill, because it is difficult to oppose in principle a Bill that intends to increase energy efficiency, improve energy security and ensure greater competitiveness for energy companies in the UK, but, as my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) said, this Energy Bill is such a wasted opportunity. It treads water so much that British industry and enterprise, in a field where we could lead the world, will be left behind by other countries, and the poorest and most vulnerable households, which face massive increases in fuel bills over the next few years, will not be helped quickly enough. I want to focus on two broad themes, and in particular on where the Bill does not provide enough detail—a recurring theme of this Second Reading—or enough ambition.

Let me outline the huge potential that we have in Hartlepool, my area, and the wider Teesside and north-east areas to lead the world in modern energy production and distribution. In my part of the world we have always been at the cutting edge of energy infrastructure and technology. The docks and the railways in Hartlepool and elsewhere in the north-east were built in the 1820s and 1830s to transport coal from the south Durham coalfields—I see my hon. Friend the Member for Sedgefield (Phil Wilson) seated on the Front Bench—to London, and the world's first bulk oil tanker for Standard Oil, the Marex, was built at west Hartlepool docks in 1892.

My area has the potential to lead the world in energy in the 21st century, as it did in the 19th century. Our assets in the region are second to none. The largest heavy industrial area in the country is on Teesside, and we already have a cluster of world-class petrochemical, energy and industrial biotechnology plants. In my constituency I have a nuclear power station with the prospect of a replacement in the next decade, the fourth largest port in the UK, a steel industry specialising in construction and energy infrastructure, and a world-class advanced engineering industry.

The port of Hartlepool is the closest such facility to the Dogger bank, the location in the North sea of the biggest offshore wind project this century, which could provide one quarter of Britain's energy requirements by the middle of this century. We also have a highly skilled and flexible work force who can innovate and adapt their engineering expertise to design and manufacture new forms of energy production and distribution for the 21st century.

In my constituency PD Ports has introduced the concept of "Chain Reaction", the Teesside renewable energy supply chain cluster, where firms work together in Hartlepool and in the wider Teesside and north-east areas to provide facilities and skills for other companies that wish to invest in the energy industry.

[Mr Iain Wright]

We have other ambitious companies determined to grow and succeed, such as JDR Cables and Heerema Hartlepool, which are located on land provided by PD Ports and supply the components for offshore wind developments. Tata Tubes in Hartlepool manufactures pipes that sit on the bottom of oceans throughout the globe, allowing oil and gas to be extracted, transported, processed and distributed to the highest possible specification.

Our region has identified a £6 billion pipeline of commercial investment for the next decade with regard to energy policy, but we have to move quickly if we want to lead the world in this field, because other nations are already stealing a march on us. The Pew Environment Group states that the UK is losing the race to be the leading economic powerhouse of the global green economy. Last year we declined from third in the world in terms of investment in green growth to 13th, behind Brazil, Mexico and Singapore.

Frustratingly, Singapore's energy industry is similar in many respects to Teesside's: centred on oil refining, with successful spin-offs into chemicals, oilfield equipment manufacturing, shipping and logistics. Singapore is moving much more ambitiously than the United Kingdom, particularly in new growth areas such as solar power, fuel cells, biofuels and energy management, and it aims to increase the value-added from its energy industry from $20 billion to $34 billion in four years and to triple employment in the sector in little over five years.

Closer to home, Rotterdam is pushing itself as the energy port of Europe. The city's port authority has aspirations to become the CO_2-free hub of north-west Europe, and about €6 billion will be invested in the port authority in the next few years to help realise that aspiration, with an emphasis on hydrogen production, supply and distribution.

Given what other countries are doing, the possibility of a missed opportunity is particularly frustrating, because we in this country remain very well placed to lead that global industry. Pew Environment Group estimates that $2.3 trillion could be invested in clean energy infrastructure in the next decade, and, although much of the attention is focused on the east, on China and the Pacific rim, Pew concludes that the UK, the US and India are the three countries with the most to gain from what it terms the

"adoption of aggressive clean energy, when enhanced policies are compared to current policies."

I do not see the ambitions of my area, Hartlepool and Teesside, matched by the Government's actions in the Bill. The rhetoric is often positive and encouraging, but the Bill demonstrates that the Government are merely providing warm words. After so much rhetoric about the green investment bank, there is nothing in the Bill to help it to move forward successfully and quickly. Businesses in the field are requesting a clear vision for the road ahead, with certainty and stability to allow for large-scale investment decisions, but that is not happening. Uncertainty about the green investment bank, one-off raids on small and medium oil and gas explorers in the Budget, and further delays to round three of the Crown Estate project to increase offshore energy generation are undermining confidence and stalling investment decisions.

I cannot stress this enough: we would miss the opportunity of our generation if we failed to grasp the huge potential that this country, not least my constituency and region, possesses. I fear that in five, 10 or 15 years' time we in this House will be reflecting on how we could have been pioneers of a noble and groundbreaking world industry, but are instead rueing the loss of jobs, ambition, wealth, social equality and climate stability.

The second theme that I wish to explore is the pressing need to improve the energy efficiency of much of our housing stock, particularly in the private rented sector. As the Secretary of State articulately explained, there are more energy-inefficient properties in the private rented sector than in other tenures. For instance, privately rented properties are much more likely to have inadequate loft and cavity wall insulation, and less likely to have double glazing or a condensing boiler. The landlord's energy savings allowance, an incentive introduced by the last Labour Government, had considerable merit, but—I must be honest—a very disappointing take-up. The Secretary of State mentioned that over 40% of tenants in F-rated and G-rated homes in the private rented sector are fuel-poor, and I imagine that there is a big risk that that proportion will get worse as energy prices increase. In this context, the Secretary of State's announcement about minimum efficiency standards is very welcome, although I do not understand why it was not announced during the Bill's passage through the other place.

Questions still remain about certain elements of this aspect of the Bill, particularly whether big and numerous Government amendments will be needed to put in place their ambitions in chapter 2. The Bill's impact assessment acknowledges:

"It is assumed that landlords will not act on primary powers"

provided in the Bill. It concludes that

"no benefits are expected to arise from primary legislation".

In that case, what is the point of the provision? I understand the need for secondary legislation in this field, but why cannot we act more quickly to ensure that tenants are helped now? The powers in the Bill are very weak, and the prospect of secondary legislation is so far into the future as to be completely meaningless to tenants in my constituency.

What is the point of having a review of energy efficiency in the private rented sector that is not required to report until 1 April 2014? And under the powers in clause 43, regulations relating to energy efficiency for tenants mean that improvements may come into force no earlier than 1 April 2015. We all know that energy efficiency is bad in the private rented sector; even if we did not, the Bill's impact assessment tells us so. Why can the Government not move faster to do something about it now, instead of making somewhat vague promises about acting in three or four years' time?

Dr Whitehead: Will my hon. Friend reflect on how landlords are going to be found under the arrangements that have been announced? Will he also reflect on the fact that the Government recently removed the secondary legislation that provided for the creation of a national landlords register for homes in multiple occupation, by which landlords could be found for energy efficiency purposes?

Mr Wright: I remember with great affection going to Southampton to see my hon. Friend's constituency and talking to people who lived in homes in multiple occupation. I was privileged to be a Minister with responsibility for the private rented sector in the last Labour Government. We put in place the Rugg review, which recommended to us the importance of a landlords register. It is incredibly disappointing that that important database of information will not be put in place, as it could have helped to implement this move much faster.

I welcomed the prospect of an Energy Bill in this parliamentary Session. In such a Bill the Government could have achieved so much to help British industry, particularly in my region, to become world leaders in this growing sector, and they could have been much more resolute in providing help to more vulnerable households, particularly in the private rented sector. The fact that they have not done that is deeply frustrating and disappointing. I fear that this missed opportunity is something that we will regret for decades to come.

6.44 pm

Dr Phillip Lee (Bracknell) (Con): Let me begin by congratulating Members on their contributions, particularly my hon. Friend the Member for South Suffolk (Mr Yeo), who made a very interesting speech, although he had the good fortune to follow the shadow Secretary of State, whose speech was terribly negative. If there is one thing that energy and climate change policy needs, it is some cross-party agreement. Dealing with these challenges does not fit in with five-year parliamentary terms; there needs to be agreement and understanding on policy over decades.

Barry Gardiner: Does the hon. Gentleman believe that his party should reaffirm the statement by the Committee on Climate Change that there should be a 50% reduction in carbon emissions by 2025?

Dr Lee: My view is that these targets are extremely difficult to meet, partly because the energy policy of the previous Administration was woeful; admittedly, it improved when the Leader of the Opposition took over the position that the hon. Member for Hackney South and Shoreditch (Meg Hillier) now shadows. The hon. Gentleman knows that we are in a difficult position as regards hitting these targets, and that difficulty was not aided by the previous Government's performance.

In the spirit of the Bill, I will try to speak within the generous time limit and save some energy. I am struck by the fact that the time limit is so long, because energy and the need to secure energy supply is one of the most important strategic challenges for our generation. We cannot have more hospitals, schools, aircraft carriers or anything else provided by Government unless we have energy, so the subject matters very much. I want to speak primarily about the green deal, because that is at the heart of the Bill, but will move on to discuss energy generation and my thoughts and views on the technology of the future that, as a country, we should be backing.

The green deal is an ambitious plan, and the first of its kind in the world. I hear that Opposition Members want more detail, and of course it requires additional clarification that will no doubt come in Committee. The reality, however, is that this is the first time that such a scheme has been attempted. I am very proud of that and to support a Government who are introducing it. It will benefit homes and businesses, allowing them to save money. At the moment, saving money matters to individuals, to families, and, very much, to businesses. It is a tough environment out there economically, and if they can save money, all the better.

The green deal involves the introduction of a new financial framework that is subject to market forces. I say to those calling for details about the interest rates that we should wait and see and let the market dictate. We are talking about long-term energy products, particularly in the area of generation, and I would invest in that sector if I were in control of a sizeable pension fund because that would produce a return in the medium to longer term. I do not buy into the idea that interest rates will be driven higher by this scheme. It is "pay as you save", and it will benefit people who are struggling with their bills. The loan is supposedly £6,500—I hear rumours that it may be slightly increased—and it will be made against the property, not against the individual; that is an important distinction. In the past, when we have tried to go down this policy path, we have worried about the loan going with the individual and the fact that those who are less able to afford it will therefore not take one out. The reality is that it will be attached to the property.

The second aspect is the introduction of the energy company obligation to replace the carbon emissions reduction target. As I understand it, it will target those who could experience fuel poverty and have homes that are difficult to insulate. I think that it was a Scottish Member who referred to the difficulty of insulating some homes. The idea in the Bill is to deal with those problems. In view of the fact that 25% of carbon emissions are thought to come from those very homes, it strikes me as an investment worth making.

There are estimates on the benefits of the green deal. I am always cautious about such estimates because they are always dependent on human behaviour. The Secretary of State referred to the situation of someone having a Brazilian wife, and the reality is that such estimates are not always accurate. However, it is suggested that the benefit to society will be in the realm of £8 billion to £9 billion. Fourteen million insulation measures are required, which could lead to an average saving of £550 per year on domestic bills. That will lead to an increase in manufacturing jobs. In my constituency of Bracknell, small and medium-sized construction firms are crying out for this kind of work. There will be no shortage of companies willing to do it. There will be an increase not only in manufacturing jobs, but in service jobs. If we hit 26 million homes taking up the scheme, the number of jobs in the sector may increase from 27,000 to 250,000. That is pretty good.

I welcome the changes to the Energy Act 2008 to ease the introduction of smart meters. A number of companies in my constituency, not least General Electric, will be pleased to hear about that. If smart meters function properly and are able to connect to the network—I know that there are problems with that—they will play an essential part in reducing energy usage. Ultimately, that is what this legislation is all about. I congratulate Ministers on making energy efficiency the key part of their first Bill, because that is the easiest way to reduce our carbon footprint. On a recent trip to Norway, I was struck that even though it generates huge amounts of

[Dr Phillip Lee]

energy, the first thing I was told was, "Phillip, the best thing that Britain can do is become more energy efficient." I know that the same view is held in Sweden.

I am also pleased about the balance of powers between Government and the nuclear industry in regard to decommissioning. I am a strong advocate of nuclear power, and I found it depressing to hear yet another speech on the dangers of nuclear power from the hon. Member for Cheltenham (Martin Horwood). I remind him that, as yet, there has never been a proven death from nuclear power in the west.

Martin Horwood: Will the hon. Gentleman give way?

Dr Lee: Of course. I am interested to hear the hon. Gentleman's response.

Martin Horwood: I have on occasion made speeches about the dangers of nuclear power, but today's was not one of them. I actually talked about the dangers of subsidising nuclear power through the use of clause 102.

Dr Lee: Forgive me. I thought that the hon. Gentleman said something about compensation to agriculture and people moving house. However, I shall move on.

The final part of my speech will be about energy generation. I commend the previous Government for their commitment to offshore wind, which was a strategically important decision. Given that we have shallow water in the North sea, I think that it was the right decision. I am not so sure about onshore wind, but offshore wind, for sure.

This country needs a sustainable energy policy. It needs sustainable sources of energy that are low carbon and, most importantly, secure. There is an increasing world population, which is going to hit the 7 billion mark earlier than projected. One does not have to be a doctor to know that that means that the 8 billion, 9 billion and 10 billion marks will be hit earlier, because that is what human beings do. That concerns me because it means that future wars on this planet will be fought over not just energy and fuels such as oil and gas, but also over food and water. This country has to get real. It has to realise that energy matters. Energy is associated with prosperity, as everybody knows. We cannot rely on how we have done things in the past, but must look to the future and work out how Britain can become as energy independent as possible.

I will mention two areas. The first is marine technology. The UK is surrounded by energy; water is just the medium that transmits that energy. Tidal power comes from the moon, and we have the Severn bore. Waves, particularly off Scotland, provide remarkable sources of energy. Why are we not concentrating on harnessing that energy? It strikes me as a no-brainer. Why is it that there are more renewables obligation certificates for tidal and wave in Scotland than in England? How is that paid for? I encourage the Minister to look at that, and I know that there is a review of ROCs at the moment. Why is solar so subsidised, and not marine? That was a decision by the previous Administration. Solar is subsidised nine times more than onshore wind. I know we are having some good weather at the moment, but I do not think that that makes sense in this country.

I know that the Government are reviewing low-carbon technologies and that £200 million will be allocated. I hope that they look at marine technology and do their best to support it. I think that it is an opportunity for us to lead the world. If one believes RenewableUK, it is an opportunity for us to generate 20% of our energy. I recognise the capital cost and the potential local environmental impact of the Severn bore project, but that one project could provide 12% to 15% of the UK's electricity needs. We need to look at that again.

Andrew George: The hon. Gentleman is making a number of interesting points about the renewables sector. He is right that there are five ROCs for marine renewables in Scotland and three south of the border. That does not particularly help. The wave hub off the north coast of my constituency will be the first project of that commercial scale in the world. We clearly need to find a way forward, but how does he propose that we get parity north and south of the border?

Dr Lee: I thank the hon. Gentleman for that intervention, but I do not know the answer to that question. This is just another example of how Scotland is different from England, and I am getting somewhat frustrated by that.

I will quickly move on to new nuclear technologies. First, molten salt reactors eat nuclear waste and have no proliferation concerns. That is a no-brainer, so how come we are not pursuing it? Finally, I will talk about thorium, which is found in the cliffs of Cornwall and may well be in the hon. Gentleman's constituency. It is also found in Wales. The greatest resource is in Norway, a relatively stable country compared with the countries that we get most of our energy from. Thorium is three times more abundant than uranium and does not produce any dangerous waste. Incidentally, that is why it was not pursued in the '50s because it does not create the plutonium needed for nuclear weapons. China is now going big time on this, as is India. How come we are not? It strikes me as an obvious thing for us to go for. Doing so may satisfy my Liberal Democrat colleagues because it is safer to produce and does not produce any nuclear waste of note. It has certainly satisfied me because we can source thorium more easily.

In conclusion, at a time when Britain has significant economic challenges, finding ways to save energy is an obvious target. The green deal is fantastic for families, fantastic for individuals, and fantastic for businesses. That is why I am pleased to support the Bill. I hope that the Minister will give some thought to what I have said about energy generation.

6.59 pm

Mr Mike Weir (Angus) (SNP): I must confess that when the Secretary of State was at the Dispatch Box and talked about a golden rule, a slight shiver went up my spine as I remembered the last person who went on about that.

The hon. Member for Bracknell (Dr Lee) asked about the Scottish system of ROCs. It is different from England's because the Scottish Government have emphasised the importance of renewables and have a target of 100% renewable energy. They have rejected new nuclear power stations, a stance that was endorsed by the people of Scotland only last Thursday.

I generally support the main aims of the Bill, and the Scottish Parliament has approved a legislative consent resolution in respect of some of it. I came to the Chamber intending to support the Government should it be pushed to a vote, but I listened to the Secretary of State and one or two points gave me pause for thought. In particular, when I asked him about clause 100, I found his answer very strange indeed. The explanatory notes state:

"This clause enables designations under section 1(7) of the Continental Shelf Act 1964 to be revoked, amended and re-enacted. This will provide flexibility in making arrangements about maritime boundaries with the United Kingdom's neighbours by enabling us to swap areas which have already been designated under section 1(7)."

However, the Library research paper specifically states that the clause will

"facilitate the signing of a comprehensive agreement with Ireland about maritime boundaries. The aim is to provide flexibility in managing the UK Continental Shelf resources."

When I asked for clarity about what was actually intended, he talked about marginal fields in the North sea. As far as I am aware, Ireland does not have a boundary in the North sea. I wonder exactly what is intended by the clause, and I ask the Minister to provide a bit more clarity. As the clause appears in the Energy Bill, I assume that it has something to do with energy resources, whether they be offshore renewables, oil and gas or whatever. We need some clarification of that point.

Barry Gardiner: If the hon. Gentleman will allow me, I will try to help him. When the six counties of Northern Ireland were established and the treaty with Eire was concluded, the land was designated but there was no mention in the treaty of the continental shelf. The Republic of Ireland has therefore always maintained that the six counties' land is Northern Ireland, but not the area around the coast, as would normally be the case. There has therefore always been a dispute between the Foreign and Commonwealth Office and the Irish Government about exactly what the status of that area is, which is why the clause appears as it does.

Mr Weir: I thank the hon. Gentleman. If that is the case, I understand that there is a rather strange boundary in that area, but the Secretary of State's mention of oilfields in the North sea set alarm bells ringing about what is intended. That is the point on which I seek clarification.

Mr Binley: I am grateful to my hon. Friend for giving way—he is my hon. Friend, and I am pleased to call him such. Has he read the explanatory notes, which make the point that the areas concerned are more than 200 nautical miles from the Irish baseline, and therefore cannot be included in the Irish exclusive economic zone? I believe we are talking about a matter of tidying up, and I hope that explanation is enough for him to carry on his intention to vote for this worthy Bill.

Mr Weir: I thank my hon. Friend, but again, I would refer to what the Secretary of State said. My hon. Friend may understand what the clause means, but from the answer I received earlier I am not sure the Secretary of State does. I want clarity about what is intended.

On the green deal, we welcome any moves to increase the number of homes with good energy efficiency and make use of domestic microgeneration, but we have some concerns about the Government's approach. There is talk of amendments on warm homes, and we are generally sympathetic to what they are intended to achieve. However, I wish to mention a point made by the Federation of Master Builders in its briefing on the Bill. It quotes the Minister as saying that the Government's aim is to have 14 million homes transformed by 2020, and states that that

"would require work to be completed at the rate of 1.5 million homes per annum which equates to almost 30,000 homes per week or put another way 4,274 homes per day!"

There is nothing wrong with such an ambitious target, but to achieve it we need to ensure that there is a veritable army of installers to take on the work.

I fear that, because of the way in which the green deal is being set up, it might be dominated by a few large companies, as my hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil) said to the Secretary of State. The Minister may remember that I have previously raised with him the concerns of SELECT, which represents the Scottish electrotechnical industry, about the microgeneration certification scheme, which it feels works against small firms in several ways. It drew up an alternative scheme, which should be acceptable under the relevant EU directive and is consistent with the Scottish Government's building standards system, but DECC would not agree to that system being put in place.

I understand that under the current scheme, it is difficult for firms to become certified. For them to qualify, the equipment that they install must be MCS-certified and installed by an MCS-certified installer. The difficulty for small firms, particularly those in rural and island areas of Scotland, is that many are unable to obtain certification because they cannot provide the required number of installations. Nobody is likely to want such installations unless they are certified. I fear that that problem will be transferred from the MCS to the green deal scheme if it is carried out by larger companies.

Gregory Barker: I am listening carefully to the hon. Gentleman, and I am aware of and responsive to his concerns, but which technology in particular is he talking about? The MCS covers a whole range of technologies, and some providers are perfectly happy with the scheme whereas others have specific problems.

Mr Weir: The Minister says that, but firms involved in a range of technologies have approached me. Scottish Renewables has raised problems with the scheme, and it covers all sorts of microgeneration technologies that will be important in providing renewables in future, particularly in remote rural and island areas. We hope that those technologies will be financed partly under the green deal. Unless the problem of not allowing small firms to install equipment is solved, smaller communities in rural areas may not get the benefits that could come from the green deal. They may not get the jobs that the Secretary of State talked about.

Gregory Barker: The MCS is quite outside the scope of this Second Reading debate, but I take the hon. Gentleman's point entirely. I have had concerns about it

[Gregory Barker]

myself, or at least about some parts of it, and I have been considering how we can improve it. If he would care to come to see me, I would be very happy to sit down and talk to him about it to see whether we can address his concerns in more detail.

Mr Weir: I thank the Minister very much for that offer, which takes two pages out of my speech. I will certainly take him up on that. It is an important point: although we support the aims behind the green deal, it must benefit all areas of the country and not just the B&Qs of this world—not that I have anything against B&Q.

I note with interest clauses 80 to 89, relating to offshore petroleum and gas and particularly to the difficulties of a common carrier arrangement. The Select Committee on Energy and Climate Change considered that matter back in 2009, when I was a member. We heard evidence on the issue, and it is fair to say, and hardly surprising, that there was a great deal of difference of opinion on the need for a common carrier arrangement for North sea infrastructure.

With specific reference to the future development of fields west of Shetland, which may or may not proceed given the Government's tax grab, the Committee noted:

"We understand the Government's argument for not wanting to interfere in a heavy-handed way in the establishment of a common carrier arrangement for oil and gas west of Shetland. But two things are clear: west of Shetland resources offer enormous potential—possibly a fifth of our remaining oil and gas resources; and putting in place a shared infrastructure to exploit those resources is expensive and complex. The Government should continue its dialogue with industry and agree a timescale for the establishment of such a shared infrastructure and the arrangements governing its use. If progress does not meet that timescale the Government should be prepared to take a more active role, probably through regulation but not precluding assistance with funding."

The all-party group on the British offshore oil and gas industry recently heard from a representative of small companies working in the North sea, who talked about the difficulties that exist. The problem with the common carrier arrangement is that many of the fields in the North sea are now smaller fields that have been sold off by the majors and redeveloped by smaller companies. However, to bring the oil and gas ashore those companies need access to the infrastructure, which is generally owned by the majors. There are sometimes difficulties in gaining such access.

The group was told that there is a legal process known as a determination, whereby if negotiations on access to infrastructure fail, DECC can be called on to set terms and conditions and a tariff price. A determination has never been effectively used, and although DECC is making efforts to address that shortcoming, a determination is a backstop that comes too late in the process. Oil & Gas UK set up a voluntary agreement, but it says that it is difficult to get much of the information it requires, particularly on tariffs and previous commercial deals. It is therefore difficult for smaller operators to gain access to infrastructure.

The Bill continues the existing arrangements and does not address that difficulty. I recognise the difficulty of Government action, but such action is necessary to ensure that small companies that currently work fields that would otherwise not be worked can access that infrastructure. Currently, the Secretary of State can make a decision, but it is difficult to see how he could do so unilaterally without referral from one or other party.

On an allied matter, RenewableUK notes that the Crown Estate currently gives oil and gas developers leasing priority over offshore wind farm developers if supplies are found, with no compensation payable to the developer. It says that the existence of that measure leads to insecurity and uncertainty in development at a time when offshore wind is rapidly expanding. The Minister needs to consider that matter in more detail, although the obvious solution is to devolve the Crown Estates to Scotland and we will sort out our own solution.

That brings me to my final point, on offshore transmissions, which is allied to my shared infrastructure concerns. Ofgem makes the point in its briefing that

"the Bill contains provisions to facilitate the next stage of the enduring offshore regulatory regime, allowing wind farm generators to build network assets before transferring their ownership to the successful winner of the tender."

However, how will the energy be brought onshore from those offshore wind farms? There is a lack of joined-up thinking on how offshore energy is fed into the national grid. To illustrate, there are three wind farms off the coast of my constituency. I have asked their developers how they intend to bring the energy to land, and each has its own proposal. We are in danger of running into public opposition to offshore wind farms not because of the wind farms themselves, but because of the on-land infrastructure needed to bring the energy ashore, especially if there are myriad onshore connections within a small distance of one another.

I have urged those developers to speak to one another about linking up offshore so that they can bring one cable on to land, but that does not seem to be happening. The Government need to look at that to ensure that we do not run into the difficulties with offshore wind that we ran into with onshore wind.

If the Minister gives me some assurance on those points, I might remain quite happy to recommend supporting the Bill to my hon. Friends. The Bill has many good measures in it, so the little clause on swapping bits of our continental shelf is odd. That gives us cause for concern, particularly given actions by previous Governments on the continental shelf that mean that I look out from my constituency on to an area of water that is English for fishing purposes.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. A very large number of Members still wish to speak in this debate, and we will not get everybody in at this rate with a 12-minute limit on speeches, so I am taking the time limit down now, from the next speaker and for the remaining Back-Bench speeches, to 10 minutes. If hon. Members can use less than that, we should comfortably run up to the period for the wind-ups. If not, I shall have to revisit the limit.

7.15 pm

Mr Steve Brine (Winchester) (Con): Thank you very much, Madam Deputy. I shall be speedy.

It is a great pleasure to contribute to this debate and to be part of the Government who have brought this landmark—I do not use that word lightly—Bill before the House. I am sorry to return to this point, but I agree with the shadow Secretary of State on one thing: climate change is too important to be kicked around. That is why her kicking it around was so very disappointing. I support the Bill, and I hope the Opposition come through the Lobby with Government Members this evening. They are very welcome to do so.

I wanted to speak on Second Reading because the Bill has the potential to be truly transformative. Let me make it clear, however, that I am not writing a blank cheque. The Bill is seriously radical and very welcome, but it could be better, and I shall try to explain how.

I was adopted to fight the general election in Winchester back in November 2006—a long time ago. At that time, Al Gore's Oscar-winning film, "An Inconvenient Truth", was absolutely everywhere except Winchester. One of the first things I did was to get it shown at the excellent small, independent Screen cinema in Winchester. The response to the film was overwhelming, proving once again to anybody who does not know the great city of Winchester just how important the green agenda, the fight against climate change and the drive for a low-carbon economy are to my constituency and the people whom I now represent. I should declare an interest in that I have long since been signed up to that agenda, but I love the commitment of many of my constituents to handing a cleaner, greener and better environment on to the next generation, and I back it wholeheartedly.

It was therefore hugely to my satisfaction that in opposition my party developed plans for the green deal and many of the measures in the Bill. I remember welcoming to Winchester my right hon. Friend the Member for Arundel and South Downs (Nick Herbert), then the shadow Environment, Food and Rural Affairs Secretary, to help to explain the green deal to the good people of Hampshire—and a good job he did of it too. He described the policy as a game-changer, and he was not wrong. He is not alone in using that expression, as we have heard in the debate.

The Conservative manifesto was succinct on the subject, stating that:

> "we will create a 'Green Deal', giving every home up to £6,500 worth of energy improvement measures...paid for out of savings made on fuel bills",

and the coalition agreement reaffirmed the two parties' shared commitment to the policy. I am pleased that that part of the coalition agreement will not be reopened.

The green deal was a positive policy to sell as a candidate in the general election. It was one of those rare beasts in politics, because everyone who heard about it saw the logic of it, and no doubt thought, "Why didn't I think of it?" including the Labour party, which might explain its reaction to the Bill.

I outlined the policy at a special hustings meeting purely on the environment—we had only 12 hustings meetings. The meeting was organised by Winchester Action on Climate Change, to which I pay great tribute. As I said at the meeting, what I like about the green deal is that it replaces the stick with the carrot. All too often, changing behaviour to reduce our carbon footprint is about what we must stop doing, and about how awful we are for living our lives, having children and so on—finger-wagging at its worst—but the green deal is different. Yes, it is a game-changer, but I would prefer to describe it as a no-brainer. To my mind, it changes behaviour and reduces carbon footprints the easy way.

Ian Lavery (Wansbeck) (Lab): Does the hon. Gentleman agree that the introduction of the green deal in its current form will hit the poorest hardest?

Mr Brine: I do not agree, and I will come on to why not.

On the economic case for the green deal, I am clear that the Bill is about growth as much as it is about saving energy and reducing carbon emissions. As we heard from the Secretary of State, the Bill, and the green deal it ushers in, will create in legislation a whole new market, which, as we know, does not happen every day. We heard from him about the tens of thousands of new jobs in the green economy that these measures will create. We should remember that these are new jobs in the private sector, many of which will, we hope, be in small and medium-sized enterprises. I hope therefore that Ministers will keep SMEs at the forefront of their minds at all times as the green deal is developed and rolled out. The industrial opportunities that the green deal presents for some of the big guys, such as John Lewis, B&Q and Asda—I have nothing against them—are great, but I am keen to ensure that the small guys are centre stage and can use the new marketplace as a springboard from which to grow their businesses and employ new people as the green deal comes on line.

In addition to the jobs that I hope will be created as the green deal develops, we will undoubtedly see a fast-growing industry for training. I am fortunate to have one such training company in my constituency—New Career Skills on the Chandler's Ford industrial estate. The Prime Minister visited NCS while he was Leader of the Opposition and rightly praised its work in training and retraining college graduates and career changers alike in the green profession. The company offers insulation training as well as training in renewables, and is exactly what we need to make the green deal a reality on the ground. I am told that NCS receives thousands of new inquiries every week via its website, but can enrol only a limited number of new students. The Government need to help that business to grow and to up its operation significantly if the green deal is to have the skilled technicians needed to make it work and credible.

NCS told me, as it told the Prime Minister, that many students struggle to raise the funds necessary to take the course and gain the qualifications. As a provider of this key training, it provides finance, but as a small business it is obviously limited in the number of loans it can underwrite on behalf of those students. The Government have urgently to consider the support available, because this sector needs to grow, and if we are to train enough skilled people—legitimate concerns have been expressed in the Chamber about who they are and where they will come from—to ensure that the green deal reaches critical mass and matches Ministers' obvious ambition, companies such as NCS will be important.

I want to say a word about the third sector and local councils. There is an organisation in my constituency called GreenWin, which sits as part of Winchester city council's climate change programme, and could be a lean and highly efficient vehicle to drive the green deal

[Mr Brine]

in the area I represent. I pay tribute to a constituent of mine, Rob Veck from Colden common, who lives in a house we could call "green deal-plus"—although even that would be an understatement—and who is doing so much to make GreenWin happen. Critical to GreenWin's success is building a district-wide network of affiliated suppliers and installers. The idea is simple: to build a database with moderated customer feedback that acts as a quality check on the delivery of the green deal. It is 100% community based and is big society-plus with bells on. However, GreenWin has been extremely frustrated by funding issues. I urge Ministers to engage with such groups, which is why I appreciate, and will take up, the Minister's offer to meet GreenWin through me.

The role of the new green deal assessors is important to the roll-out of the green deal. However, it is not clear to me, and many others, how these GDAs will make a living. Logic suggests that they should be independent—similar to independent financial advisers—but I would appreciate a lead from the Minister, perhaps in Committee, on how they will operate, and on how we can ensure that they will not be cut out of the green deal by the big boys.

I want to touch briefly on the eligibility criteria for green deal homes, and place on record my thanks to Ministers for clarifying, as they did in Department of Energy and Climate Change questions in March, that the green deal will apply to park home residents, if they have an appropriate energy meter and qualify under the normal rules. Park home residents in Winchester and Chandler's Ford have expressed to me their grave disappointment about how the Warm Front scheme cut them out, and they are very pleased, as is their Member of Parliament, that the green deal will apply to them.

I promised to say where the Bill could be stronger, and I would welcome Ministers' responses, either today or in Committee, to my suggestions. The Government will be aware that many, including the organisations that make up the Stop Climate Chaos Coalition, do not think that the Energy Bill is strong enough and are calling for an amendment—the so-called warm homes amendment we have heard about today—that would introduce provisions to ensure that the Government's programme on energy efficiency, including the green deal, fits within an overarching energy-saving strategy sufficient to meet the ambition of the Climate Change Act 2008. To remind the House, that ambition is for an 80% emissions reduction by 2050 and a 42% reduction by 2020. Do the Government have any sympathy with this proposed amendment—on first reading, it seems reasonable—if only in the interests of open government and accountability? If not, why not?

People contacted me while the Bill was making its way through the other place, asking that we strengthen the role that local authorities must play. We have heard much about that today. I know that the Secretary of State and the ministerial team are aware of the local government offer on climate change, which has been signed by local authority leaders of all different political persuasions, and which supports the amendment to make climate change a core responsibility of every local authority through local carbon budgets. I appreciate that Ministers might think that at odds with the localism credentials the coalition Government rightly set out, but given that we must meet the ambitious targets set by the Climate Change Act, is this Bill not an opportunity to bring local councils to the table?

Nicola Blackwood (Oxford West and Abingdon) (Con): Does my hon. Friend not think that a good place to start would be for the Government to set out exactly how the green deal will help them to achieve their climate change targets?

Mr Brine: I absolutely agree with that point. I can see the logic in setting local carbon budgets, because many council leaders up and down the country of all political persuasions believe in the growth and green agenda as much as hon. Members. However, some do not, and they need to come to the table if we are to meet those ambitious targets.

In closing, I want to place on record my genuine excitement: this could be a transformation Bill; it is true to the Prime Minister's ambition to make this the greenest Government ever; and it is seriously helpful to the Chancellor of the Exchequer in helping to create the growth that we so desperately need right now.

7.26 pm

Mr Michael Meacher (Oldham West and Royton) (Lab): We have listened to a distinctly Panglossian rosy glow of a statement from the Secretary of State. I think that we can all support the green deal's ostensible objectives, but there are profound problems with the mechanisms and financing necessary to deliver on the rhetoric. The Bill's biggest flaw is the failure to address adequately the central issue in energy policy, which is to establish a target for the most efficient way of meeting the nation's energy requirement over the next 20 years or so, and then to put in place secure and effective mechanisms to ensure that those targets are met. I think that the Bill is the wrong way around: it makes assumptions about the level of energy supply in future decades, and then proposes mechanisms, albeit—as I shall show—rather uncertain and dubious ones, to green that supply.

The Government's draft overarching national policy statement blandly states, as a sort of unchallengeable datum, that a doubling, or even tripling, of generation will be required by 2050. That clearly puts the cart before the horse, however. If, instead of planning for X terawatts of extra power over the next two to three decades, it was practicable to reduce the figure by, say, 40%—I think that is practicable—it would make much more sense to set that reduced level of energy production as the central target, and then to implement measures to ensure that it is met in as green and cost-effective a way as possible. That is all the more the case given that energy saving is more cost effective, which is a mantra that spokesmen, including the Minister, of all three main parties have repeatedly asserted.

Why, then, are the Government still refusing to undertake a proper cost-benefit assessment of energy demand? Obviously one can see that the big six operators and power generators will be anxious about anything that might impact on their future profits, but I think that the Government, who are far too committed to accommodating the private sector, need to put the national interest first.

Then there is the question of whether the measures in the Bill will deliver what the Government purport to be aiming at. The fundamental issue, on which the whole

green deal hinges, is what the interest rates will be. When that was put by me and other hon. Members to the Secretary of State, he gave a studiously vague answer—a discourse, but not an answer. However, without a low interest rate, households will be paying a full, unsubsidised rate for measures such as cavity-wall or loft insulation, which were previously available at no cost or little cost under successive supplier obligations. Without a low interest rate, households will be worse off than they are now. I do not wish to be over-critical, because this should be a reasonably non-partisan debate, but it is irresponsible for Ministers to present such a major Bill to the House and yet remain silent on the intended rate of interest, when the success or otherwise of the entire Bill—certainly the green deal part of it—hinges on that point.

WWF has done a lot of research on the issue and reports that the cost of borrowing for the green deal is likely to be around 8% to 10% over the 25-year debt. Do Ministers agree? If that is the likely interest rate, the effect of the Bill is likely to be fairly minimal without much greater financial support being offered. Market research by the so-called Great British Refurb campaign found last September that even if the interest rate were no more than 6%, only 7% of households—one in 14—would be likely to take up the green deal offer. That is all the more significant when, as we all agree, we recall that the people who need help most in energy saving are those in fuel-poor and vulnerable households, who unfortunately live in the most poorly insulated and energy-wasteful houses.

Given the Government's savage cuts to the Warm Front programme over the next two years and its discontinuance in 2013, it is perfectly clear that they are not going to lift a finger to help with repayment charges for fuel-poor households, so I ask this question. Realistically, within the parameters of the Bill, is there any reason why energy suppliers should not be required to meet green deal repayments on behalf of fuel-poor households? After all, as we know, such companies regularly report vast profits arising from adventitious rises in fuel prices. However, such a requirement would help them, because they would be able to spread the capital costs over the full length of the green deal finance arrangements and thereby be able to install far more packages in a much shorter time than under the carbon emissions reduction target.

Mark Tami (Alyn and Deeside) (Lab): Does my right hon. Friend agree that our experience of how the big companies have treated the fuel poor—with pre-payment meters, for example—does not really set a good example or give any hope for how they would look to the future?

Mr Meacher: The point about pre-payment meters is important, because, again, it is the poorest households—the most fuel-poor and vulnerable households—that are so often forced to use pre-payment meters. Their experience under the Bill would be questionable if it were left to private companies to decide how to deal with the issue. Again, that is an area where the Government need to step in and offer support.

A minimum energy efficiency standard is clearly needed in the private rented sector—a point that several hon. Members have made. There is little or no incentive for landlords to do very much to improve their properties, because it is their tenants who pay the fuel bills, not them. What is needed, therefore, is an energy efficiency baseline to prevent properties with an energy performance certificate rating of F or G, or whatever the Government choose, from being re-let or marketed for rent after a reasonable period—say, five years—in which the necessary energy-efficiency measures can be installed.

Lastly—and briefly—it is regrettable that the Home Energy Conservation Act 1995, or HECA, which was a Lib Dem private Member's Bill, is being repealed rather than extended and toughened, because it delivered more savings in domestic fuel than the entire first phase of the energy efficiency commitment.

Gregory Barker: I will address some of the right hon. Gentleman's thoughtful comments in my wind-up, but let me put it on record that we are not repealing HECA. Rather, it will form an important part of our strategy to ensure coherent and joined-up implementation of the green deal right across the country at the local authority and community levels.

Mr Meacher: I am very pleased to hear that, and I will take that point away and look at it again. Obviously if the Minister says that, I accept that it is the case, and I am also grateful for it, because HECA is an important Act. It never had great support because it was a private Member's Bill. Local authorities did not have statutory requirements but had to act voluntarily, so the legislation was not as effective as it could be. However, if the Government are to take it over, supporting and strengthening it, that is excellent.

Gregory Barker: The right hon. Gentleman makes exactly the right point, and although the Secretary of State did not mention it in his opening remarks, that is a new advance—which we are making today, on Second Reading—in strengthening the Bill.

Mr Meacher: I am very pleased to hear that. Clearly there is thinking going on in Government about how the Bill can be improved, which is what we all want. This is a good Bill, but there is a risk that it will not achieve its objectives, so it needs improvements.

Many people have said this, but there are still too many unanswered questions about so many aspects of the Bill, which I do not think is acceptable for a Bill on Second Reading. The Secretary of State was generous in being cross-questioned by Members from all parts of the House, but the increment of information that he was able to provide was not really satisfactory. Given that there is no cap on interest rates, how can the golden rule—that the expected financial savings will be greater than the cost—be guaranteed? Clearly it cannot. What consumer assurances are there that the green deal advisers will not be in cahoots with the green deal installers? Where is the major information campaign? I do not like saying this, but the "Tell Sid" campaign for privatisation in the 1980s was very effective. Where is the information campaign—which only the Government can provide—to support the green deal, rather than leaving it to big business, which will put its own spin on it? In the worst scenario, there is always a risk of repeating the kind of mis-selling scandal that we saw in the City in the 1990s.

I want to be positive about the Bill. Members in all parts of the House acknowledge that this country badly needs a programme for green energy, albeit one that is

[Mr Meacher]

cost-effective, with implementation measures that will ensure the objective—not hope for it on a wing and a prayer—and comprehensively address the energy saving requirements of fuel-poor and vulnerable households, particularly in the private rented sector. The Bill needs a great deal more work in Committee. I hope that the Government Whip will not reject all the helpful and constructive amendments that are suggested, as so often happens. I am glad that the Government appear to be still thinking about the matter. If we make some significant changes, this could be—I stress: could be—a good Bill.

7.38 pm

Zac Goldsmith (Richmond Park) (Con): A number of speakers have already said this, but it is worth repeating that energy efficiency has for so long been bizarrely overlooked in the energy debate, despite the fact that, in terms of value for money, it is a no-brainer. I want to give just one example. Under the energy efficiency commitment, E.ON claims to have installed measures that delivered energy savings equivalent to 2.3 Kingsnorth plants at a cost of £250 million, which is a fraction of what it would have cost to build those 2.3 plants—if, indeed, it were possible to build 2.3 plants.

There will always be debate about the best source of low-carbon energy, but everyone across the House agrees that the best plant of all is the one that we do not need to build because we have eliminated the demand for it. I therefore strongly welcome the Bill, with its focus on efficiency and its simplicity. The green deal will, very simply, enable households and businesses to invest in energy efficiency at no up-front cost, thereby removing the biggest barrier to carbon refurbishment—the up-front cost—by allowing them to repay the debt through savings.

If the green deal works, it will not only reduce our dependence on imported foreign oil but insulate our homes and businesses against rising energy prices. It will also create opportunities on a large scale for green jobs and growth. More than that, it is clear that an ambitious programme of retrofitting is a prerequisite for the UK to meet its carbon targets. That has been made very clear in the fourth carbon budget report of the Committee on Climate Change, which said that we need a major energy efficiency programme to capture what it believes could be a 74% reduction in emissions from our housing stock by 2030.

The right hon. Member for Oldham West and Royton (Mr Meacher) and other Members have aired their concern about how quickly the green deal will be taken up, how far it will go and how much demand there will be for it. The truth is that we have no idea, because it is a new scheme. There are steps that the Government could take, however, to boost the programme. For example, I would strongly urge the Treasury to introduce proposals for a stamp duty rebate for homes participating in the green deal. Given that retrofitting is always disruptive, it makes sense that the biggest incentive should be at the point at which the home changes hands. I suspect that DECC is already lobbying the Treasury on this, and I suggest that if the Treasury wants to avoid being seen as the cuckoo in the nest in relation to green policies—it said that it would try to avoid that—it really ought to take that idea very seriously, because it would have a transformative impact. Another idea is for the green investment bank to have a role in helping to ensure that the necessary low-cost capital can be raised at scale. I am pleased that, as the Bill stands, it does not preclude a role for the green investment bank; at least, that is my understanding of it.

Emissions reduction targets are clearly important, and I want to take this opportunity to urge the Treasury again to accept the recommendation of the Climate Change Committee for a 50% reduction from 1990 levels by 2025. That is important on so many different levels, but they have already been covered in a number of speeches so I will not dwell on them. But, to return to my original point, irrespective of the targets that we set, they will be worth absolutely nothing unless we also develop the mechanisms for delivering and achieving them.

Claire Perry (Devizes) (Con): Does my hon. Friend agree that one of the new and interesting things about the green deal is that it will work with human nature? One of the big impediments to greening up homes, beside the cost, is a distrust of cowboy installers. If we put together a package, working with household names, it will help to overcome that consumer distrust and give us a much better chance of achieving the targets.

Zac Goldsmith: I agree with my hon. Friend 100%. One of the great aspects of the green deal is that it overcomes the obvious barriers that exist without it. The green deal is very much part of the delivery in meeting the targets, but so too is the next energy Bill. Clearly, this is not the end of the energy story for this Government.

Ian Lavery (Wansbeck) (Lab): The hon. Gentleman mentioned how imperative the emissions reduction targets are, and I entirely agree with him. The Committee on Climate Change has suggested this week that we should be looking at more nuclear power, rather than at offshore wind power. Taken in context, that means that there will be a shortage of energy supply that can be bridged only by gas, which would increase emissions levels rather than reducing them.

Zac Goldsmith: I am on record as being sceptical about the possibilities of nuclear power, partly because it will take so long for us to generate the new capacity that it will not address our immediate concerns. Nor do I believe it possible that we will see new nuclear power plants being built under a regime that says "No subsidies for nuclear". I might be wrong—a number of people in the sector have told me that I am—but my hunch is that we will see new nuclear power plants only if the definition of "subsidies" is stretched beyond all recognition. But we will see; we will set the right framework and allow the market to decide. That is a party policy that I am happy with, as long as we reach a clear definition of "subsidies".

Returning to our attempts to meet the targets that I hope will be accepted by the Treasury, one aspect of the second energy Bill—I am not sure that it is legal for me even to talk about it—is important for providing a context for this Bill. That is the concept of "negawatts", which effectively puts energy saved on a par with energy generated. This is absolutely crucial, and represents a hugely exciting change. My understanding—although I will probably be corrected by the Minister in the wind-up—is that under the proposed reforms to the electricity

market, companies will be allowed to pitch for energy contracts and then to fulfil them by reducing energy use, rather that simply by providing more energy. That in itself will transform things in this country on a very exciting scale. It is useful to consider that future Bill alongside the one that we are considering today. Even so, we are going to need more.

If the Government are really serious about energy efficiency, they need to be willing to push for much higher standards in our everyday appliances. One example that I discovered this morning is that we spend £2 billion a year powering washing machines, tumble driers and dishwashers, and a further £2.2 billion a year powering fridges and freezers. If everyone in the UK upgraded their cold appliances to a recommended energy-saving product, energy waste would be cut by two thirds. If we apply that across the board to all the appliances that we use, it is clear that this is one area in which we need direct Government intervention. We need higher levels of regulation, and we need to see standards improving on a rolling basis.

The Bill represents a significant first step in the right direction, and I strongly support it. I congratulate the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Bexhill and Battle (Gregory Barker) on his involvement in it. It is clearly part of a big journey, however, and there are many more steps to come.

7.46 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I am pleased to follow the hon. Member for Richmond Park (Zac Goldsmith), who has made a thoughtful contribution to the debate. He has underlined a number of the issues that I want to raise in connection with the Bill and the green deal. It is extremely important that the green deal should work well, so it must be as good as it possibly can be when the Bill completes its passage through Parliament. That is important because of the ambition that we must have for energy efficiency, whether through "negawatt" arrangements or other forms of energy management and energy saving. We must have the best and most energy-efficient housing stock that we can bring about. That is an essential part of our climate change action, and our action on energy management and the achievement of the CO_2 emissions targets set out by the Committee on Climate Change.

Achieving that will involve an ambitious programme, and as a mechanism, the green deal is certainly ambitious. Indeed, the Minister himself said last summer that by 2050, as a result of the green deal, houses would not have to be visited more than once to assess their energy efficiency. That is the kind of ambition that we need for the green deal; we need to make it work as well as it can. My worry is that as matters stand, many things are missing from that ambition. That is what we need to concentrate on in Committee, so that when the Bill is enacted, the import of the 50-odd pieces of secondary legislation that have yet to be written, let alone enacted, will be much clearer. We shall also need to ensure that that secondary legislation provides the mechanisms to make the green deal work well.

I was pleased to hear this afternoon that among other things, the Government are not now intending to proceed with clause 105, which at the moment proposes the repeal of the Home Energy Conservation Act 1995 in its entirety. I would welcome an intervention from the Minister to confirm that that entire clause will now disappear and not go forward into Committee or beyond. Is that right?

Gregory Barker: I cannot comment on the detail, but I can assure the hon. Gentleman, as I assured the right hon. Member for Oldham West and Royton (Mr Meacher) earlier, that we have looked at this matter in the round. Having listened to a number of experts in the field, we think that we can breathe new life into HECA. It effectively became redundant under the previous Government, but we think that it could be revitalised and become an effective tool that could allow us to avoid imposing new regulation on local government.

Dr Whitehead: I thank the Minister for that clarification.

When we are talking about energy efficiency in homes, we need to understand just how big the task ahead of us is. The SAP—standard assessment procedure—rating of UK homes went up considerably under the last Labour Government. To be precise, the average SAP rating, which measures the energy efficiency of homes, went up by 11 points between 1996 and 2010—from an average of 42 up to 53. Over the last five years, the SAP rate increase went up one a half times as fast as in the previous five years and the five years before that. That shows how measures such as Warm Front and CERT—carbon emissions reduction target—which are going to disappear when the green deal comes in, were having some success in ensuring that homes were more energy-efficient.

In order to get anywhere near the sort of targets that hon. Members have suggested that the Government should consider introducing in an amendment to align energy efficiency with climate change targets—which I hope will happen in Committee—we need to move the SAP ratings much further up over the next few years, perhaps to 70 or more on average at band C by the end of the decade. That means making progress getting on for twice as fast as we have over the last few years. That is the sort of ambition that the Bill needs to encompass. My concern—hon. Members have already mentioned a number of concerns—is that it remains unclear whether that ambition can be achieved under the current mechanism, despite the claims for the efficacy of the green deal.

Mark Tami: Other Members have mentioned the problem of poorer homes, and private landlords are a particular problem, because they have no vested interest in doing anything about them. I am sure we have all had people coming to our surgeries with horrific stories about windows that do not fit, damp all over the place and so forth—yet the landlord often does not care at all.

Dr Whitehead: Indeed. I welcome what I understand to be a change of heart by the Government about the extent to which compulsion can be used to get landlords to improve their properties. Sanctions on landlords with F and G-rated properties have been mentioned; we could argue about when those sanctions might be introduced, but compulsion to prevent landlords from letting properties below certain minimum energy standards is right. The standards are well below the sort of average

[Dr Whitehead]

rating that we have talked about this afternoon, but they are nevertheless minimum standards. If that is indeed a change of heart reflected in this part of the Bill, I welcome it.

I am sure that the detailed provisions affecting landlords can be sorted out effectively in Committee—but first we have to find the landlords. It was not a good sign that when this Bill was being discussed, another Department helpfully removed the idea of having a landlords register as the responsibility of local government. Without that, it will be more difficult to find the landlords who should carry out these arrangements. I trust that the Minister will have a word with his counterpart in the Department for Communities and Local Government and perhaps think again about that particularly destructive act.

The problem of finance has been mentioned. It is essential to making the green deal work. It is not just a matter of suggesting that the market will sort the finances out one way or another and that competitive interest rates will be charged. We can be fairly clear about how finance for the green deal as it stands, without changes, will turn out, because that is how the market works in respect of the sort of return that can be expected at different interest rates. The rate may well be around 9%, or perhaps a bit less. If we look at what can be got under the golden rule with finance at 9%, we find that it turns out to be very little in terms of improvements for properties to which the green deal and the golden rule apply. Loft cavity wall insulation and draft-proofing are probably the only things that work out at that sort of level. With interest rates at 7%, we get draft-proofing, some glazing, some internal wall insulation. With interest rates at 5%, we may get loft cavity wall insulation, glazing and a condensing boiler. If the green deal comes in at 9%, hardly any of the properties that need that sort of level of serious work—glazing, condensing boilers, perhaps microgeneration—will be touched by the mechanism. We must have a better mechanism for making the green deal work.

The energy company obligation exists as a back-up for fuel poverty and hard-to-treat properties. Hon. Members might have noticed that with interest rates at about 5% or so, solid wall insulation, which is present in about 7 million homes up and down the country, will not be touched. The ECO programme might touch it and might have a substantial hand in dealing with those in fuel poverty. Perhaps they should have their green deal underwritten by the ECO so that they can join in the benefits that other people get.

If we are thinking about how the ECO might underwrite the green deal, it is important to understand whether the ECO will exist to any great extent as a financial mechanism. What greatly concerns me—I hope the Committee will be able to look at the problem in much greater detail—is that as matters stand, DECC has signed up to a Treasury-based cap on levy-based arrangements. Under the present financial arrangements—for the spending round up to 2015—DECC has signed up to a cap on renewable obligations, feed-in tariffs and warm homes discount. That cap is set at £11.8 billion over the whole period, but there is also an annual cap.

The Treasury says that any new initiatives that come in the form of a levy must be financed within that cap. If the Department wished to undertake an ECO programme and it proved to be a levy as defined by the Office for National Statistics, it would have to be found under the present cap. That means either that the Government will have to go slow on renewable obligations and reduce the amount of renewable energy, or that the ECO will prove to be so small as to make it impossible to produce the sort of mechanism that many people hoped for—one for adding value to the green deal, getting on with the hard-to-treat properties, dealing with people in fuel poverty and homes off the grid that need extra assistance to make the green deal work, and so forth.

Unless we get the mechanisms right and have the right finance in the system—and, I would suggest, among other things, unless the ECO works properly—the green deal will not work. I am the last person who would want to see the green deal fail. Because a great deal of work has to be done to make our country as energy-efficient as possible, the green deal has to work. The task of making it work properly is the task of the Committee. I hope the Government will be generous in taking on board those ideas, which will make the green deal work as well as it can to bring our energy efficiency targets as close to realisation as possible.

7.58 pm

Mr Brian Binley (Northampton South) (Con): I congratulate the hon. Member for Southampton, Test (Dr Whitehead) on his typically thoughtful speech, which I thought made an important contribution to the debate and was delivered in a helpful tone. I say to the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Bexhill and Battle (Gregory Barker) that I greatly welcome the general thrust of the Bill. I believe it will be a major advance, provided we get it right, but there is a lot to do to help it become a better Bill. I hope that Ministers will approach Committee with that thought in mind. I think that, in general, the House wants the Bill to succeed and considers it important, and we should be able to tap into the House's collective knowledge of an issue that is so important to the future well-being of our country. Knowing the Minister as I do, I am sure that that will be his approach.

Gregory Barker: My hon. and very wise Friend is absolutely right. We want to try to capture some of the positive cross-party engagement that ensured that the Climate Change Act 2008 was scrutinised and improved during its passage. We will seek to draw on the wisdom that exists on both sides of the House to improve this Bill, and we will be open-minded. We are extremely ambitious for the Bill, and we do not want to rule out good ideas just because they were not invented in our Department.

Mr Binley: I am sure that the whole House will welcome the Minister's generous remarks, and I hope that we can set the stage for a consensual approach to this important matter. I was going to say something about limp lettuce leaves, but in view of my desire for that consensual approach, I shall refrain from doing so.

Mr Deputy Speaker—the change is slightly off-putting, but it is good to see you in the Chair—we all know that improvements in energy efficiency are a vital part of the wider picture of our energy policy, for a number of

reasons. They are central to the success of our economy, and to the well-being of the environment that we want our children, grandchildren, and those who come even later to enjoy. They are extremely important to the jobs market. However, they are even more important to consumers, particularly those who are less privileged than many other people in the country. I believe that the Government are genuinely willing to ensure that the benefits of the Bill spread to the sections of the community that we know need help because they suffer from fuel poverty, and I believe that those people would be particularly grateful to the Government if we managed to pull this off.

The Bill provides a welcome opportunity for us to consider the wider question of the direction of energy policy, which chapter 4 of part 1 and chapters 1 and 2 of part 2 refer to in no uncertain terms. Issues such as future generation and supply, low carbon innovation and investment and energy security are vital to the overall picture, and I was pleased to learn that the Minister envisages a review and report in the coming years that will deal with those vital issues more widely.

I think we all agree that a low-carbon energy future offers the strong economic opportunities to which I have referred, but energy can be saved only if there is energy to save. The whole process of generation has become even more delicate and important as a result of happenings on the other side of the world, and the future of energy policy is now a very pertinent matter to which we need to devote serious attention. I do not think that either this or the last Government have embarked on that process to the extent that would satisfy me and, I believe, a number of other Members.

Low-carbon energy provides a tremendous opportunity for us to create new jobs, improve energy security and reduce fuel poverty, and making existing energy supply go further is a positive concept that we would all support. The green deal programme is one of most startling and innovative policies that I have seen during my time in the House. As I have said, there are ways in which we can improve it, but it is a gem of an idea on which we can build, and which will have a massive impact on the people whom we serve. I hope that the rest of the House sees the Bill in the same way. I know that the Builders Merchants Federation will be interested in it, but the federation is only one organisation that will be interested in the possibilities for job creation, let alone improvement of our housing stock and help for those who are less fortunate than many of us in this country.

I am delighted that there will be a focus on the sectors to which I have referred, and I am delighted that those sectors will help to provide the growth that we need to ensure the success of the whole Budget strategy. The Bill is at the heart of that Budget strategy, which is one of the wider considerations that we need to bear in mind in Committee and on Report. However, it poses some difficulties that I think worth identifying from the perspective of a friendly supporter. I find its tone more than a little prescriptive, and I feel that it could have been more flexible at this stage, not least because so much of the detail is yet to be supplied. I hope that my hon. Friend the Minister will take that point on board.

I believe that we should make the green deal more attractive to domestic and commercial energy consumers. In that context, I pay tribute to my hon. Friend the Member for Richmond Park (Zac Goldsmith). I agree that we need to use fiscal drivers such as council tax rebates and changes in stamp duty. Although the green deal is tremendously exciting, it must be sold carefully and honestly, and the marketing process must contain incentives to change the minds of the many people who may be suspicious about phrases such as "Everyone's a winner". Whenever I wanted extra money to spend at the local fairground where the guy cried out "Everyone's a winner", my grandmother warned me to be wary of catchpenny deals. I do not want that sort of marketing to be part of this process; the deal must be marketed in a sensible, mature and honest way.

Nicola Blackwood: When deciding on a marketing strategy, should we not think about how to attract those who are most vulnerable, most likely to be subject to fuel poverty and, in general, least likely to access the support available to them?

Mr Binley: That is an important point, and I note from one or two nods from Opposition Members that there is agreement on it across the House. If we are to attract those who are at the bottom of the poverty chain, our marketing must be subtle. It worries me that the House often does not think about the management of the projects suggested by the Executive. We have seen that in the context of support for small business, and I should hate the same thing to happen to an idea as good as the green deal.

My time is quickly coming to an end. Before it does, let me say a little more about the need to reduce our carbon need. That is particularly relevant to what has happened on the other side of the world, which has changed the way in which some countries think about the production of energy. I therefore want to refer briefly to the vital role carbon capture and storage will play in ensuring we have the energy supply that we need in order to be able to save energy. The Government claim to recognise its importance, yet the levels of uncertainty that have beset progress of late are concerning. I welcome the Minister's recognition that CCS is the only home-grown energy source technology that can help to reduce significantly CO_2 emissions from fossil fuel power stations—indeed, by as much as 90%. I also recognise that the Bill as it stands does not deal with this issue, but there are serious discussions going on about the future supply of power in this country. Doubt has been created as a result of the Government giving £1 billion for the first test model of a CCS facility but then saying we are doing away with the remaining £9 billion and we are going to deal with this from a general tax perspective. That has worried the marketplace and could hold back CCS development. I urge my Front-Bench colleagues to take this on board. There are 300 years of energy requirement under our feet and we have an opportunity to help coal communities. If we do not make progress with CCS, others will and we will miss massive opportunities.

8.11 pm

Caroline Lucas (Brighton, Pavilion) (Green): I am grateful to have the opportunity to speak in this important debate. Let me say straight away that I welcome the Bill as I think it has enormous potential. The green deal could play a hugely important role in ensuring that we

reduce greenhouse gas emissions from our homes and take serious steps towards meeting our climate change targets. The potential economic impacts could be almost as important as the environmental ones. At a time of economic crisis, one of the fastest ways of getting people back to work and stabilising the economy is precisely through a major programme of investment in energy efficiency and renewable energies. Retrofitting all our buildings would create well over 100,000 jobs over the next 10 years. If we were to have the right policy incentives, we could create many thousands more jobs in the renewables industries.

The Bill also has a crucial role to play in tackling the economic and health scourge of fuel poverty. Fuel poverty overall has risen steadily since 2004, and according to the latest Government figures, dating back to 2007, it now affects about 4.5 million UK households. National Energy Action—the national fuel poverty charity—estimates that the figure is in fact closer to 5.4 million households.

We can bandy figures about, but they tell only part of the story. My constituency has one of the largest private-rented sectors in the UK, and many of my constituents have shared with me their experiences of living in cold, damp rented property, and are happy for me to highlight them here today. Jack writes:

"I am currently living in a flat with no central heating and rotted wooden single glazed windows. Needless to say over winter my flatmate and I were horribly cold, and we were both very ill due to the weather."

Jules writes:

"You know those thermal blankets paramedics use? Even with central heating, I had two of those on my bed, two duvets, four blankets, and I still had to wear jeans and hoodie to bed, and I was still shivering in my sleep."

It is beyond doubt, therefore, that there is both a great need for improved household energy efficiency and a great opportunity to address fuel poverty, but in order to realise the full potential of the green deal, some significant changes to the Bill will be needed. My overall concern is that I am not convinced that the measures and mechanisms proposed in the Bill will be ambitious enough to meet the scale of the challenge we face. The Minister has talked both in the press today and at a seminar in my constituency yesterday about the aspiration for 14 million households to be insulated in the first phase of the green deal. I support that aspiration, of course, but it is hard to see how it will be achieved through the current proposals, and that is made even harder by the fact that so much of the detail of the green deal is, unfortunately, being left to secondary legislation.

However, as the hon. Member for Angus (Mr Weir) has suggested, what we do know is that retrofitting 14 million homes by 2020 amounts to over 1.7 million homes a year, or about 145,000 homes a month, or about 4,800 homes a day. That will be a massive step change, which will require an extraordinary ramping up of the supply chain, of the training of engineers and so forth. Even the leading programme in Germany is only achieving 100,000 retrofits a year, and it is doing so by offering publicly subsidised interest rates of 2.65%. The green deal before us today is based on market interest rates, which will be a lot less attractive.

Therefore, although it is very welcome that Ministers are sounding ambitious, those ambitions need first to be stated firmly in the Bill and, secondly, to be backed up by a far-reaching delivery system that will roll out the green deal in a much more comprehensive manner. It is not enough simply to state that a number of homes will be treated, since it is clearly far easier to make minimum energy efficiency improvements to 14 million homes than it is to deliver the whole-house, comprehensive retrofits, including micro-energy generation measures, that are needed. That is why we need to have stated in the Bill not just the number of households to be treated but, crucially, the minimum level of emissions reduction to be achieved.

Maximising the take-up of the green deal involves looking again both at the finance mechanism itself and, crucially, the way it is delivered. Given that we know the most effective agents of change are likely to be local community-based organisations working alongside local authorities, the Bill needs to be clearer about the role of local authorities, and more explicit about the important role of co-ops and mutuals, such as Brighton Energy Co-op in my constituency. I believe that a national, publicly funded, street-by-street, comprehensive energy efficiency improvement scheme would deliver the greatest and quickest financial and CO_2 savings, while also providing the largest boost to the development of a green economy. The effectiveness of such schemes has been seen at a local level across the country, driven by local authorities. Indeed, it was at the heart of the "green new deal" that a number of Greens and others put together some years back. That was a more ambitious forerunner of the Government's green deal and other proposals here.

The Local Government Association has called for much greater clarity on the role that local authorities could play within the green deal, and the New Local Government Network argues for social landlords to have a prominent role in co-ordinating green deal measures across their estates on an area-wide basis, given that pilots suggest that costs can be reduced by as much as 20% per home when whole streets are improved collectively at the same time. That could be facilitated by ensuring that the energy company obligation fund is paid into an open pot that all green deal providers, including local authorities and registered social landlords, can bid into, in order to ensure that the green deal delivers on fuel poverty.

I am very glad to hear that the Home Energy Conservation Act 1995 measures will now not be repealed, and I hope we will link that to calls for local carbon budgets. More than 40 council leaders have called for councils to be given a duty to set a carbon budget for their area, and to meet it through locally agreed and appropriate measures, with the support of central Government where needed. These two things should be going hand in hand.

Local authorities have a unique role to play. They are a trusted brand, and they know where their hard-to-heat homes are and where many of those in fuel poverty live. Their knowledge, experience and reputation will be key to the success of the policy, and I think the Bill needs to be clearer about their central role.

Even with local authorities and local community groups driving forward the delivery of the green deal, we will need to do much more to incentivise people to take it up. Part of the answer lies in getting the financial package right. I support proposals that would include looking at ways of incentivising that through reductions

in stamp duty, and as the right hon. Member for Oldham West and Royton (Mr Meacher) said, it is crucial to get the interest rates right. The success of a home efficiency improvements programme in Germany has shown the value of using publicly subsidised lending. With Government backing, the KfW development bank raises triple A rated bonds for its energy efficiency household loan programme. The Government then subsidise those loans, which are offered to the consumer at a rate of 2.65%. With the support of some further grants and regulation, Germany is achieving 100,000 retrofits of residential homes each year. The current understanding is that green deal providers in the UK will only offer the loans at market interest rates, which prompts this question: where exactly is the "deal" in the green deal?

To meet the ambitions stated by the Minister today of treating 14 million homes by 2020 it is clear that the Government have to go well beyond what is being offered and achieved elsewhere. They have to introduce something like 0% interest rates, linking this to the green investment bank. Unless we cut the cost of the up-front capital for the green deal, we risk limiting the measures that can be implemented under the golden rule.

As I have said, fuel poverty is a crucial issue when it comes to ensuring that the energy company obligation works. I am deeply concerned that there is not enough money in the pot for the ECO and I am also concerned that it has two functions. On the one hand, we are asking for it to address those in fuel poverty and, on the other hand, we are asking it to address those in hard-to-heat homes. People in hard-to-heat homes may be able to pay, so if we provide them with funding from the ECO pot, we are using money that could help people in fuel poverty in order to subsidise residents who are able to pay. Such an approach does not make much sense. We also need to be mindful of the fact that the ECO will be funded through a levy on all bills, as that risks pushing more people into fuel poverty than it takes out of it. If we use a regressive mechanism, such as a levy on all bills, we run a real risk of it putting more people into poverty.

The warm home discount is welcome but, again, there is a problem, because it is paid for in the same way—it is a levy on the bills of all consumers—and it tackles only the 50% of the fuel poor who are of pensionable age. There are plenty of fuel poor people who are not of pensionable age. So we need to make many changes to the Bill, but I repeat that overall it is very helpful. I hope that we will be able to improve it and that we really will have the kind of policy that we can be proud of in this country.

8.21 pm

Tessa Munt (Wells) (LD): It is an honour to follow the hon. Member for Brighton, Pavilion (Caroline Lucas). She made many of the points that I would wish to make, so I shall briefly address the issues of particular concern to my constituents.

I welcome the green deal, in particular the potential for green jobs, the energy-saving capacity measures, the potential savings for those who most need the money and the emphasis on the benefit to individuals. The first thing I wish to focus on is that we should be setting targets on an annual basis. An annual report should be given to Parliament on the progress made, not only on the number of homes that have been dealt with, but on the carbon saving.

I am concerned that there will be no separation between the assessor and the supplier. As such, there will have to be a strong resolution capacity for those who have disputes and grievances. I wish to see something similar to a green ombudsman put in place, as that would help to keep consumer confidence high—we saw what happened in Australia when confidence fell.

Local authorities have been mentioned, and I particularly wish to know the Government's view on including housing associations and some of the larger estates, possibly the Duchy of Cornwall, the Grosvenor estate and many others, in the Bill's arrangements. Would they have the capacity to become green deal providers? The economies of scale that would, thus, be brought in would, of course, have to benefit individual consumers. The idea of introducing schemes so that individual roads, villages, neighbourhoods or districts are dealt with in that way—in a fairly consistent way—is an interesting one.

Heather Wheeler: The hon. Lady raises an interesting point. I recall that when I was serving on Wandsworth council 20-odd years ago we looked at regenerating areas such as the Battersea triangle. I remember writing out a cheque for £4 million for one year. We took over and regenerated entire streets, and the economies of scale involved were superb. When I think of what Battersea is like now compared with what it was like 20-odd years ago, I realise that she is hitting on an interesting point. Perhaps the Minister might be able to wrap this up later.

Tessa Munt: I hope so.

Gregory Barker: I can do that now. I am very happy to say that we want to make the green deal as permissive as possible. These sorts of ideas, which encourage housing associations and other community groups to come together to be green deal providers, alongside the big boys, demonstrate exactly the sort of innovative approach that we want to see.

Tessa Munt: I thank the Minister for that answer.

I wish to return to the issue of fuel poverty. I cannot say how strongly I feel about the fact that the Government must instruct the companies or the regulator, or whomsoever else we are able to instruct, to ensure that we operate a rising block tariff, rather than a falling block tariff. That would be the most green measure we could implement. Leaving things as they are would be a disincentive. It is bonkers not to make energy cheaper for the first units and more expensive as people use more. This measure would be so green and would provide such an incentive to use less energy that I make a plea for the regulator or whomsoever is able to deal with that to be instructed to do so.

The other issue that I wish to return to is that of the pre-payment meters, as it is very unfair to penalise the less well-off through higher charges for pay-as-you-use gas and electricity. I accept that those with arrears must pay them off, but they should not be penalised after that by having to pay more for their power.

Will the Minister clarify something on the issues of fuel poverty and ill health?

Andrew George: Before my hon. Friend moves on, will she take one brief intervention?

Tessa Munt: Of course.

Andrew George: My hon. Friend has mentioned the manner in which the utility companies charge for their power. One further disincentive for those on low income is the advantage that is given to those who can pay their bills by direct debit, as those who live on the margins of credit clearly cannot take advantage of the various deals available to those who have no difficulty in that regard. If we are to wrap up a set of policies that help the less well-off, I would hope that this issue would be addressed as part of it.

Tessa Munt: I thank my hon. Friend for his intervention, and I ask the Minister to add that suggestion to my list.

I assume that it is Government policy, but I am unable to see where it is explicitly stated that all new homes and buildings should be carbon neutral and that that might in some way be reinforced by building regulations. I would like to be given some clarification on that point.

I also believe that it is crucial for assessors to have a duty to ensure the best for the individual customer. I am talking not about the best financial deal or the best deal for the provider, but about the best deal for the individual consumer. We should not be dependent on any one organisation to carry out those assessments, be it B&Q, Marks & Spencer or anyone else; consumers must have some protection and various options.

I would like the Minister to address one particular issue. Park homes have been mentioned and in my constituency there are quite a lot of mobile homes as well as 11-month homes, which are homes, perhaps on the coast, where people are able to live for only 11 months of the year. Do those buildings have any different arrangements? I am concerned about Airey homes and prefab homes, which are definitely not energy-efficient types of building in the first place. Are there special arrangements for them?

I am keen that there should be a tougher stance on private landlords. Private homes, certainly in my constituency, are often occupied by people who are unable to have social housing because there is so little of it. About 2,600 people are waiting for social housing in my constituency and as they have little hope of obtaining a social home of any sort, they move into the private rented sector. I would prefer it if a private landlord could not reasonably refuse any request to be part of the scheme as a huge group of tenants would be affected.

I was interested to hear about appliances, the need to replace many of them and whether that could be done more efficiently. I wonder whether the Government might consider some sort of scrappage scheme.

As I understand it, the Secretary of State has the ability to override offshore wind leases if requested by oil and gas companies. I want a clause that prevents that from happening or, if it is going to happen, provides a clear compensation mechanism for early termination. Otherwise, we will move away from having any investor security.

Finally, I ask the Government to accept the recommendations of the Committee on Climate Change. I hope that this scheme will achieve much more than any previous scheme has before.

8.30 pm

Barry Gardiner (Brent North) (Lab): The Bill is debated under the shadow of the report published this Monday by the independent Committee on Climate Change. The committee has been clear and it is authoritative: in order to achieve our 2050 target of at least 80% carbon reductions, we must adopt a 2025 target of at least 50% emissions reductions. That is the shadow that hangs over the debate today. The Business Secretary has clearly rejected that advice and his Liberal colleague, the Secretary of State for Energy and Climate Change, would, one hopes, wish to accept it. That is the split at the heart of the Government's decision making on where to go with energy policy.

This is entitled the Energy Bill, but it is really a financial services Bill drawn up to enable energy supply companies to act as long-term finance providers for energy-efficiency measures with repayment coming from the anticipated savings on future energy bills. I have changed the speech that I brought into the Chamber this afternoon, partly because of the excellent speeches made by my hon. Friend the Member for Southampton, Test (Dr Whitehead) and the hon. Members for Brighton, Pavilion (Caroline Lucas) and for Richmond Park (Zac Goldsmith). I thought they made excellent contributions and addressed very serious points.

It was, however, the hon. Member for Northampton South (Mr Binley), with whom I do not normally find myself in considerable agreement, who struck me as injecting a note of realism into the debate. We must consider carefully what the Government expect people in the country to do. It is generally accepted that on both sides of the House we would like the Bill to be effective. We would like to see it achieve its objectives in energy efficiency and energy savings. We all know the McKinsey cost curve and it is clear that it is far better to start at the left hand side and achieve the savings in the negative cost element of the curve before we go up to forestry, carbon capture and storage and so on at €60 per tonne.

Of course, we wish the Bill to be successful but we must have a note of realism about the likelihood of people taking on the loans that are on offer. Under the deal, a householder would engage an independent energy assessor to advise on the level of savings that could be made by efficiency improvements. The householder would then take out a loan by entering into a contract with an energy company that paid for a provider—it could be the energy company itself—to fit those energy-saving measures. We know that the energy companies have said that they have serious reservations about the effect that that would have on the rented sector. My hon. Friend the Member for Southampton, Test made some very apposite remarks in relation to that sector.

Are we being realistic in expecting citizens to take out loans to make anticipated savings on future bills which are, by their very nature, uncertain? Let us look at DECC's own projections. It has calculated the green deal financial costs as being cheaper than a "market personal loan", but they could be as high as 11%. My hon. Friend showed a range of interest rates between 9% and 5% and the differential that one might achieve for those rates, but why would a householder take out a loan at 9% to make the changes when it would be cheaper to put it on their mortgage over 20 or 25 years?

Nicola Blackwood: I share the commitment to creating the best incentives possible within the Bill but I think the hon. Gentleman is rather underselling the citizens of this country. Citizens in Oxford West and Abingdon are certainly committed to tackling climate change and I feel that they will undertake some of the financial commitments suggested within the Bill—indeed, many of them already have. Amazing examples have been set by community groups such as Low Carbon West Oxford.

Barry Gardiner: The virtue that the hon. Lady's party usually claims for itself is that it adopts a hard-nosed business approach to things, so I offer her a hard-nosed business approach. If a householder were offered a deal at 9% over a period of 25 years, why would they take that up if they could take out exactly the same capital amount needed to fit the elements required to achieve the savings that the policy is designed to achieve but at the rate they are getting on their mortgage, which might be 4%, 5% or 6%? The simple point is that householders can already make the changes we are discussing at a lower cost than is offered in the green deal that her Government propose.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Has my hon. Friend seen the YouGov poll that was released today in which only 7% of the people polled said they would take up the green deal if the interest rate was set at 6% or more?

Barry Gardiner: I am grateful to my hon. Friend. I want to assure the Minister and all hon. Members present that I have no intention of talking the measures down. What I want is realism about their likelihood of success. Polls are polls—they are what people say about their future action, but I am not trying to present such evidence. I am simply asking hon. Members to look at what people are doing at the moment. They have the opportunity now to take out money on their mortgages and do exactly what the green deal is offering but at a lower rate of interest, and very few people are doing that. I do not want to talk this down, but I do want realism.

One has to look at this issue in the context of the Government's overall policies. Of course, it is right that we should look at efficiency savings and energy reduction, but look at the cuts to the Carbon Trust: they do not sit easily with a Government policy of rigid focus on energy reduction. One of the premier schemes, which has been in place for a long time, is being cut. Look at the carbon reduction commitment—a very good scheme that was initiated a couple of years ago to incentivise businesses to lower their carbon emissions, which was welcomed by the CBI and the Institute of Directors. A billion-pound saving was going to be made and then recycled into those businesses. It was revenue neutral.

What did the Government do? They came in and said, "Thanks very much. We'll have that billion pounds. We won't recycle it into business." They did two things: they destroyed the incentives that the businesses had in the first place to reduce their carbon footprint, and they also destroyed the trust that business had in the Government not changing the goalposts. One of fundamentals that we have heard throughout our debate today is the importance of maintaining a stable investment framework going forward. I appeal to the Government to think about everything they said in opposition about stable fiscal regimes and the need for certainty for business. Their actions in government have gone against that.

The hon. Member for South Suffolk (Mr Yeo), the Chair of the Energy and Climate Change Committee, made the point forcefully when he talked about the changes to the solar PV scheme. The important thing is not the changes themselves. It is understandable why those changes were made. The Government did not wish to see businesses profiting from the scheme that was intended primarily to be a domestic or small-scale scheme. That is not the issue. The issue is that they changed the goalposts and destroyed the confidence that business investors had in that area. That is what the Government are doing.

The Bill calls itself an Energy Bill. I am afraid that does not sit well with a coherent energy policy. If this were an Energy Bill, it would address energy much more in terms of electricity market reforms—again, those were referred to by the Chairman of the Select Committee. We should be looking at what sort of structure there is to the energy market in this country. We have a vertical integration of generator and supplier that is destroying the attempts to bring renewables into the mix, yet the four pillars of the Government's proposals leave that market intact. It is not a reform of the electricity market; it is tinkering around the edges.

What is needed is a genuine reform of that market. That is what the Government are not doing. What is needed is a move to a pooled supply where it can be seen that companies are selling in a transparent and liquid market. At present it is an illiquid market which lacks transparency. That is why the big six are able to rip people off. The Government must do much more to claim that the Bill is an Energy Bill. They must have an energy policy, and the Bill shows that they do not. They are tinkering. Nero fiddled while Rome burned. The Government are fiddling while the planet does.

8.43 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Thank you, Mr Deputy Speaker, for calling me to speak on Second Reading of the Energy Bill. I declare an interest, as I retain shares in a communications company that specialises in regeneration and development.

Over the past 15 years I have seen first-hand how the green agenda has risen up the political agenda and how developers have reacted to increasing environmental demands. Whereas most businesses are keen to keep their costs down and avoid regulation, I have noticed that the moves to improve environmental code levels have come about only because politicians have challenged the development industry to meet these improvements. To encourage private inward investment in this new sector and for developers to include windmills, solar photovoltaics and other energy-efficient schemes, it is important that we do not send a confused set of messages to potential investors.

As an aside, I recently received correspondence from a developer in Plymouth who is concerned that the decision to reduce the higher feed-in tariff from 29.3p to 8.5p by 1 August this year could make his business model unviable and waste his original investment. That would be an enormous shame. I have written about this to the Minister of State, my hon. Friend the Member for Wealden (Charles Hendry), and look forward to receiving his reply.

[Oliver Colvile]

The Stern report, which the previous Government commissioned, clearly set out the global implications of collectively taking no action. The increasing incidence of floods and storms in some of the poorer parts of the world will have a significant impact on helping third-world countries. I welcome the measures set out in the Bill, which will help us to play our part in reducing CO_2 emissions by saving energy. Specifically, I welcome the creation of a new manufacturing industry. My constituency of Plymouth, Sutton and Devonport is very dependent on the public sector and needs to use this initiative to help rebalance its economy. As one of the major global players in marine scientific research, it is well placed to help deliver the Government's green deal by becoming a manufacturing centre for renewable products.

In the 1990s, Cambridge university set up a series of research companies that specialised in genetics. The companies were then sold to the likes of SmithKline and Glaxo to develop pharmaceutical products that helped to build the biotechnology industry we have today.

I have argued for some time that Plymouth needs to develop similar clusters of renewables industries within our travel-to-work area, which will help us to turn the tide in this low-skills and low-wage economy where 38% of the work force are dependent on the public sector. Our university, with its fine reputation for marine science research, should be the catalyst for this economic regeneration. However, to achieve this, we need the Government's help across a number of Departments.

Later this summer, my hon. Friends in the Ministry of Defence will publish the results of the base-porting review, which I hope will identify parts of the naval estate, especially in South Yard, that are not needed for defence and could be used to realise Plymouth's full economic potential. Last week, Defence Ministers announced that Plymouth's seven Type 23 frigates would not be transferred to Portsmouth for the foreseeable future. That is excellent news for a naval garrison city that prides itself on the role it has played in the defence of our country. The Royal Navy's role in that part of the south-west is a key ingredient in creating this cluster of marine industries. It is part of a commercially focused agenda, working with the private sector, Plymouth city council, Cornwall council and academic partners to create a dynamic programme that can bring ocean renewable energy to the world.

Our vision in that part of the south-west is to exploit domestic and international markets for offshore wind, wave and tidal energy. That will enhance trade and industry policy and the low-carbon skills and jobs agenda and will help us to address the urgent need for climate change mitigation and adaptation. We need to develop products that can be sold not only in our domestic and European markets, but to China, India and emerging economies. That is something that we should most certainly concentrate on in a big way.

We also need joined-up thinking between the Department of Energy and Climate Change, the Department for Business, Innovation and Skills and the Treasury, and we must ensure that we give an important role to the green investment bank to create businesses that will be worth hundreds of millions of pounds in coming decades and help the UK maintain is current commercial and intellectual property advantage.

The MOD and the Navy are well placed to benefit from sharing physical assets in Plymouth: low-carbon energy supplies in our dockyard and the presence of service industries, such as Babcock International and Serco. We need to explore a new commercial relationship between the naval estate and potential wealth creators. Those companies and their supply chains, which are largely made up of small and medium-sized enterprises, will benefit from future enterprise zone status in Devonport and elsewhere in Devon and Cornwall. I believe that it will help us to grow defence-related and civilian businesses and marine and renewable energy to the joint benefit of the country's future military and energy security.

The Minister of State will be aware of our increasingly unstable and insecure world, with growing threats of climate change, terrorism and economic instability, and we need only to remember what happened when Russia decided that it was going to hold its next-door neighbours to ransom, but to build greater economic, social and environmental security, as well as commercial and trade advantage, we need to ensure that the relevant Departments work together effectively. In order to realise those opportunities, I hope that my hon. Friends will be able to work with me and other interested parties to establish the UK's first marine energy park in Plymouth and the south-west as soon as possible.

I am delighted that my hon. Friend the Minister has agreed to come to Plymouth later this year to see for himself how we can deliver that economic regeneration. I firmly believe that together we can create a series of green manufacturing businesses in the south-west and help to regenerate our economies in order to improve our skills.

8.50 pm

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): I, like many other Members on both sides of the House, welcome large elements of the Bill and support its general aims. As the hon. Member for Bracknell (Dr Lee) said, the challenges we face in dealing with energy policy cannot be safely confined to a five-year term, and much of the Bill builds on the work that my right hon. Friends the Members for Doncaster North (Edward Miliband) and for Lewisham, Deptford (Joan Ruddock) did in the previous Government. I am pleased to see some of that being built on and developed in the Bill and in other aspects that the current ministerial team is taking forward, and I hope that that helps to bring some cross-party support to elements of it.

There is huge potential in the green deal, which is a significant part of the Bill, and we want it to work. The aims are laudable, and they have been lauded by Ministers. There is the potential not just for energy efficiency, for wider environmental reasons, but for a positive impact on poorer households, in particular, including people with dependants, long-term conditions and a greater need for domestic heating. Many live in properties, such as those in my constituency and in other parts of the country, that by age or design are inherently inefficient. There is huge potential, and that is why, as many contributors have said today, we want to see the green deal work.

I hope that the Minister will acknowledge, however, that some significant gaps still need to be filled, including those on how the green deal will end up working, and, as many others have said, on the crucial issue of the

interest rate. Its impact on what can be managed within the deal has caused concern to many within and outside the House. I hope that Ministers can provide us with further enlightenment on that, if not this evening then in Committee, so that when we return to the Bill we are able to reflect on proposed legislation that is more detailed and comprehensive than that which is currently before us.

I have listened carefully to today's contributions, and to the Secretary of State's responses to earlier interventions. My constituency includes many properties in which cavity wall and loft insulation are unsuitable, because they do not have lofts and their walls are too old for insulation. That is the case in many others places, too, and that is why the detail of the proposals is so significant.

I hope the fact that the Bill has been through the other place without that detail will encourage Ministers to find out how the gaps can be filled, and I hope that the work can be done in the bipartisan way that the Bill's origins and aims naturally dictate. That is why we can support the aims of the Bill and the green deal, but we do not as yet have the confidence safely to proclaim that they will work. There is an obligation on Ministers to help us to reach that position. I am sure that I speak for most, if not all, Members in saying that we want to be in that position on this very important matter. As the Chair of the Select Committee, on which I was privileged to serve briefly at the start of this Parliament, made clear, the need for certainty also has an impact on some of the investment decisions that will help to make the most of the potential of the green deal.

As several hon. Members have said, there are problems relating to energy companies' tariffs. The Bill includes a requirement that companies must provide information on their bills about the cheapest tariffs, if that is not done voluntarily. I am not sure that goes far enough in dealing with an issue that frequently comes to my attention in my surgeries when I see constituents who have been frustrated and confused by what they are told by energy companies. They are baffled by what their bills mean, having been told by suppliers that they would be saving money but end up paying much more. There are dozens of different tariffs for each energy supplier, and social tariffs are probably the least known about among those who need them most. Research carried out by Consumer Focus shows that many consumers not only do not understand the detail of their energy bills but do not necessarily trust the energy companies to provide them with the most accurate information.

In my constituency, we are fortunate to have Lightburn Elderly Assistance Project, or LEAP, which provides help and support to elderly people, including on energy efficiency. It does a superb job in being able to get into the detail of what tariffs people are on and whether they are the most appropriate ones for them. I am sure that other organisations in other parts of the country perform a similar role and are similarly useful and helpful. However, they will inevitably only ever touch the tip of the iceberg of people who need and will benefit from that advice and that degree of specialised knowledge. It would be much better if we were in a position where some of the vagueness and evasiveness were removed from the information that energy suppliers provide to their consumers, which often leads to mistrust and confusion, and to people who have the lowest level of financial literacy paying the highest tariffs when they can least afford it. That problem needs to be addressed. I am sure that there will be an opportunity to do so in Committee, and perhaps appropriate amendments will be tabled.

It would be wrong not to refer to the role that Consumer Focus has played. That is not covered directly in the Bill, nor is it the responsibility of the Ministers in charge. Nevertheless, it is a cause of regret and concern to me and to many others that the decision to abolish Consumer Focus and roll its functions into citizens advice bureaux might leave us without the specialised knowledge that has benefited consumers by providing expert and helpful guidance.

The Bill has laudable aims. The green deal is a laudable policy and a mechanism that many Labour Members hope will work. However, I have to say to Government Members, following their earlier remarks, that it is not partisan to point out that detail is still required, work is still to be done, and confidence is still to be infused. I hope that, as the hon. Member for Northampton South (Mr Binley) said, Ministers will consider the important issues highlighted by Opposition Front Benchers and others, which need to be addressed in the attitude that the Government take to the Committee stage so that when we come to debate the Bill again—it has already been through the other place—it will be improved, it will be more comprehensive, and it will help to give Members on both sides of the House the confidence to be able to support its most significant measures.

There is an energy challenge in this country, and I have congratulated Ministers before on being adept at facing up to that. It is a shared challenge that crosses party boundaries, and it is in the interests of all our constituents that we address it. I hope that we can do that by constructively filling in some of the missing detail in Committee. As has been said, the Opposition will find it difficult to support the measures without that detail. I hope that Ministers will be constructive in responding to this debate and in Committee.

9 pm

Chris White (Warwick and Leamington) (Con): I am pleased to speak in this debate because I believe that this issue is extremely important for our country. It is perhaps the most important issue that we face. In the midst of dealing with a difficult economic situation, restoring strength to our society and empowering local people, we also face the threat of climate change and the need to move away from our dependence on fossil fuels and towards being a greener, more energy-efficient country. The UK has rightly taken the lead on this issue, and the Bill is a welcome step in the right direction.

I am also pleased to speak in this debate because my constituency has great potential as an energy hub. Major national companies such as National Grid, Calor Gas, Wolseley and AGA, and a range of smaller companies such as Encraft, are located around my constituency, providing employment and a potential source of growth.

The Bill marks a significant step forward, but no one can expect it to be the golden bullet. It can only be part of a wider agenda to create a greener energy infrastructure. It is important that we have the strongest Bill possible to build on in the years ahead.

[Chris White]

I wish to discuss fuel poverty in particular. In a written parliamentary question, the Department of Energy and Climate Change calculated that about 6,500 households in Warwick and Leamington—about 14% of households —were living in fuel poverty. Across the west midlands, it is calculated that about 65,000 homes may suffer from excessive cold, which costs the NHS about £12 million a year.

I am pleased that the Bill will create a framework to tackle that problem. The energy company obligation will provide a means to support the poorest and most vulnerable households in the country, who would not be able to make their homes more efficient without help from energy companies. The green deal, which will help millions of households across the country, is a welcome development, but we need to ensure that no one is left behind. The energy company obligation will ensure that we bring every home possible into the 21st century. Moreover, the most energy-inefficient households are often the poorest. It is in those homes that the greatest impact on carbon emissions can be made, and it is right for the Government to focus on them.

I believe that the Bill should be more ambitious. If we are to see real progress on climate change and green energy production, we need to ensure that it is carried out at local level. People across my constituency are proud of the efforts that we have made to increase recycling. Many people want more to be done to make our community greener and more energy-efficient. About 80% of UK emissions are generated by local activity, from heating our homes to getting to work. This is an opportunity for councils to make a difference, co-ordinate local activity and give local people a chance to set priorities.

Like many of my colleagues, I believe in localism. I believe that the Bill is an opportunity to set ambitious targets for local authorities and enable them to focus on one of the biggest challenges that our country has ever faced. A scheme that allowed local communities, through consultation, to put together their own budgets, and bound them to reductions that they believed to be sustainable, would be an excellent way forward, and could result in considerable reductions in carbon emissions. I urge Ministers, who I know have had discussions with several organisations on this subject, to look at these proposals in more detail, and to consider amendments in Committee. We need to take action swiftly, and I believe that the Bill provides the perfect opportunity to rally people and local authorities.

9.4 pm

Julian Sturdy (York Outer) (Con): It is a real pleasure to contribute to today's Second Reading debate. I have a long-held interest in energy-related matters, and I strongly believe that the Bill contains some really positive measures that, together, will lay the foundations for a fairer, more efficient and greener energy market across the country.

Although wide-ranging initiatives covering energy efficiency and the empowerment of the Coal Authority are present in the Bill, it is clear that it is only the first legislative part of the Government's promised energy reform programme. Missing from the Bill—this is no criticism of it—are provisions relating to the regulation of carbon emissions, the creation of a green investment bank and the security of energy supply, which I think is immensely important and on which a number of Members have touched. I see energy security, along with food security, as being the defining issue over the next decade. The decisions that we take in this Parliament will affect generations to come, so we have to get them right.

It is my understanding that, as the Secretary of State outlined earlier, a second energy Bill is planned for the autumn, to provide the missing pieces of that important jigsaw. In light of that assurance, I must confess that I am extremely optimistic about the Government's energy ambitions, and thus very supportive of the Bill. However, I would not want to see the time scales in the Bill slip any further. Energy security must not become a political football, because it is far more important than any party politics.

I wish to focus my thoughts on the attempts in the Bill to improve energy efficiency. Such improvements must be made if we are to meet our international and domestic climate change targets—after all, energy efficiency can play a major role in cutting energy use and emissions of harmful gases. Alongside our requirements to meet international targets, we must tackle once and for all the tragic and unnecessary problem of fuel poverty here in our own towns and cities, and we must also bear in mind the often vast financial cost of energy to ordinary households. Together, meeting legal targets, tackling fuel poverty and reducing families' energy bills make up the triangle of criteria by which we must scrutinise the Bill and judge its success.

In discussing a new approach to energy efficiency, it is worth briefly reviewing previous policies and schemes. The decent homes programme and the Warm Front scheme are two examples. I strongly believe that lessons can be learned from those programmes, particularly Warm Front. I have recently been actively engaged with Warm Front through the provider of the scheme, Eaga, on behalf of local constituents.

As hon. Members will be well aware, Warm Front offers grants to enable certain households in fuel poverty to install energy efficiency improvements such as home and loft insulation and heating measures. Unfortunately, in my constituents' case, applying to Warm Front to get a new boiler to replace one that was broken took over 13 months. The paperwork was burdensome, and the inefficiency and bureaucracy of the system beggared belief at times. Spending on the Warm Front scheme and its predecessors has totalled £2.6 billion between 2000 and 2011, yet at national level too many homes, particularly in vulnerable communities, remain poorly heated and insulated. I urge the ministerial team to ensure that future schemes under the new proposals are accessible to more people, easier to follow and less bureaucratic in nature. Even those simple changes would, in my opinion, encourage households to take advantage of such Government-led measures.

For the time being, despite huge investment in various schemes, the simple truth is that too many properties continue to achieve very poor energy efficiency ratings. We must embark upon a new pathway, and the Bill provides us with a perfect opportunity to do so through the green deal. To coin a phrase, it is a game changer.

The green deal clearly has a mammoth task ahead. I am excited about the realistic tone, and the practical and flexible nature, of the policy. The current lack of investment in efficiency priorities is not only the result of poorly administrated Government schemes such as Warm Front, but because too many households have been put off by the time and money that it takes to benefit from implementing energy efficiency measures.

When tapping into the green deal, customers can take advantage of up-front money to make responsible energy efficiency improvements. Repayments will be attached to energy bills at the property, rather than the individual having an obligation to pay the money back or pass the cost of improvement on to a future owner of the property. That is an important part of the Bill, because it is increasingly clear that the younger generations move more frequently and more widely than generations before them. That simple measure will in effect encourage participation in the green deal through the flexible transfer of responsibility for repayments to whoever benefits from efficiency savings. Although I am very much in support of the principle, I look forward to more detail as the Bill develops.

I am conscious of the time, and that other hon. Members want to speak, but I shall add another note of caution, which my hon. Friend the Member for Northampton South (Mr Binley) mentioned earlier. There should be further incentivisation measures in the green deal. As the CBI has said, there is concern that the policy, which is a truly exciting one, could become a lame duck if people are not truly engaged to take it up. We must not let that happen, because the consequences are too important.

We should not understate the importance of making a breakthrough in improving energy efficiency in this country. It is therefore imperative for the Bill to win cross-party support and progress successfully. I have been heartened by many of the comments made on both sides of the House this evening. If progress is made, the framework to establish the green deal will be in place, and we can be far more optimistic about meeting our emissions targets, reducing energy bills, tackling fuel poverty and contributing to a greener and fairer energy market. I hope that Members on both sides of the House support those objectives.

David Mowat (Warrington South) (Con) *rose—*

Peter Aldous (Waveney) (Con) *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Two hon. Members are yet to speak. Perhaps they could divide the time left between themselves. The winding-up speeches will begin at 9.30 pm.

9.13 pm

Peter Aldous (Waveney) (Con): The Government are to be commended for introducing ambitious legislation, for thinking outside the box and for highlighting the importance of realising the potential for Britain to be a world leader in the move towards a low-carbon economy. The Bill contains a wide variety of measures that can help Britain in that aim, including the promotion of smart meters and the move towards greater transparency for energy companies.

The ministerial team are to be congratulated on adopting an open-door approach in explaining their proposals and listening to parliamentarians' views and concerns. I very much hope that that approach continues in Committee, because although the Government's ambition and strategy are spot on, we need to look closely at some of the provisions to establish whether they need strengthening so that the Bill achieves its objectives.

It is appropriate for the Government to concentrate much of their efforts on domestic buildings, because 24% of the UK's carbon dioxide emissions come from the domestic building stock. The flagship green deal is a bold attempt to improve the nation's housing stock, and giving it every opportunity to succeed is vital.

However, there are a variety of issues to which I would be grateful if the Minister could give further consideration. The CBI, among other organisations, has suggested that there is a need for incentives to encourage take-up of the green deal. I am aware that the Chancellor has indicated that he will look at that. Incentives could include changes to stamp duty, VAT reductions on some works, and council tax rebates.

I would also be grateful if the Minister could consider whether the green deal should include renewables and microgeneration, both of which have important roles to play in the move towards a low-carbon economy. It is also important to consider accepting the warm homes amendment, because the production of an overall plan and strategy kept regularly under review would generate confidence in the green deal and encourage its uptake.

The private rented sector requires specific consideration. Buildings in this sector are more likely to be pre-1919 properties, and thus there is a limit to the energy efficiency improvements that can be made. However, there are other significant challenges in encouraging take-up of the green deal in the private rented sector. First, there is the problem that the initial cost of the works will be borne by the landlord, with the benefits of reduced fuel bills going to the tenants. Secondly, with many tenancies being short term in nature, investment is understandably unattractive to tenants. Thirdly, there is the worry that in the past a non-regulatory approach has invariably not worked. We need to consider how the green deal sits alongside existing tenancy laws and whether legislation is required to encourage landlords to take it up. When the Bill was being considered in the other place, the Government stated that the position would be reviewed after 12 months so that it could be decided whether further legislation was needed requiring landlords to take up the green deal. I welcome the further proposals that the Secretary of State has brought forward today.

I believe that the warm homes amendment has merit, and that consideration should be given to imposing the 2016 deadline for providing minimum energy efficiency standards in the private rented sector, after which landlords will not be able to rent out the worst-performing properties. The warm homes amendment would strengthen the Bill by helping to provide a minimum standard for the private rented sector, and it would help to provide more certainty to businesses expected to deliver the green deal. It is supported by the Federation for Small Businesses and the Federation of Master Builders, and would provide a clear direction for businesses and help to drive the take-up of low-carbon skills across the construction sector.

[Peter Aldous]

Although the green deal applies to non-domestic buildings, research carried out by surveyors Cyril Sweett has revealed that the nature of many buildings, such as schools, offices, industrial units and retail warehouses is such that not enough savings will be made to pay for improvements, and that thus they will not qualify for the green deal. Although the green deal will therefore largely apply to domestic buildings, it is important that the UK's non-domestic buildings are not overlooked as they seek to reduce emissions and energy bills. I therefore urge Ministers to consider carefully the proposal made by the British Property Federation and the UK Green Building Council, which have highlighted an anomaly concerning public sector and private sector buildings: the former are obliged to provide display energy certificates, while the latter are not. The BPF and the GBC believe that a voluntary approach to take-up in the private sector will not work and are of the opinion that it is vital for the Government to provide mandatory DECs. I urge the Government to consider their representations.

It is important that the Bill is framed in such a way as to provide opportunities for small business to play a full role in the roll-out of both the green deal and the energy company obligation, and to ensure that they are not squeezed out by energy suppliers and large companies. There are significant job opportunities for small businesses, ranging from carrying out the energy surveys to installing many of the energy saving works. There is a need for both training and the building up of capacity within the sector in the lead-up to the introduction of the green deal in the latter part of 2012, while with the ECO there is the need to avoid a monopoly situation. There is also a need to encourage banks to provide funding for small and medium-sized enterprises, so that they can get involved in this major opportunity that will help to kick-start the construction sector. With the ECO, it is important to improve access to the market for independent suppliers, and consideration should be given to earmarking a proportion of the obligation for non-obligated suppliers.

Finally, I would be grateful if in Committee the Government could consider addressing a situation that is handicapping the offshore wind sector, which has an important role to play in my constituency. Currently a clause exists in the leases and agreements for lease for offshore wind projects that allows a switch from offshore wind to oil and gas to take place should new oil or gas reserves be found. In that situation, no compensation is payable to wind developers. The existence of the clause continues to cause major problems for offshore wind projects that are seeking finance, with the result that banks view such projects as higher risk than necessary. This comes at a time when both industries are seeking to develop areas of the seabed that are close to each other or even overlap. Efforts to work together to prevent problems will be meaningless unless a fair and clear framework is established in situations where co-existence is impossible. There is an urgent need to ensure that the matter is resolved quickly, through the creation of an early termination mechanism, which would detail how compensation would be paid to the wind developer if a lease is terminated. I urge the Government to take action on the issue now. It has been dragging on for some years and it is important that it should now be resolved, at a time when the offshore wind industry in the UK is rapidly expanding and when companies are looking to make investment decisions. The Energy Bill is an ideal vehicle to tackle the problem.

The Government have the ambition to be the greenest Government ever. I believe that this goal can be achieved if they take on board the helpful suggestions made by right hon. and hon. Members from all parts of the House during the debate this afternoon and this evening.

9.21 pm

David Mowat (Warrington South) (Con): It was not clear to me this evening whether I would make the remarks that I want to make, because it occurred to me that they might be more apposite to the next energy Bill. However, I want to make a few points that perhaps have not yet been made.

First, on the context and the legacy with which this legislation is kicking off, we have heard about two dates this evening. We have heard about 2050, which is the date by which we must reduce our carbon emissions by 80%, and 2020, which is the date by which renewables must account for 15% of electricity generation. However, we have heard less about another date that is equally important, which is 2017 or thereabouts, which is the date by which we will start having power cuts unless we put in place measures to stop that happening.

I have two other pieces of legacy data for the House. Currently, 0.5% of our total energy production comes from renewables. It is also true that 7% of electricity generation comes from renewables, but 0.5% is the measure of what we have to achieve over the next 40 years to meet that 80% reduction. Roughly speaking, even if we achieve a 40% reduction in energy use through such excellent measures as this Bill, we will need to scale up renewables by a factor of about 50. That is absolutely massive.

Although we have talked about fuel poverty, another thing that has not been mentioned in this debate is the fact that energy prices in this country are among the highest in western Europe. Our starting point is that our industries and our people pay more for fuel than others. In particular, those in competitor countries such as France have had cheap, plentiful nuclear power for many years, and they pay less than us. Why does that matter? It matters because we are trying to rebalance the economy towards manufacturing, and a unit of GDP generated from manufacturing requires more energy than a unit of GDP generated from services. That is a further challenge that we have to face.

Broadly speaking, Government policy has two thrusts to it, one of which is energy reduction, which is dealt with in this Bill through the green deal. Our target is to reduce total energy use by some 40%, and that can be achieved—the Royal Academy of Engineering is certainly of that view. Part of that will involve the measures that have been discussed at some length this evening, but part of it will involve, for example, smart meters and smart grids, and all that goes with that.

The other part of our strategy to meet the challenges that I have spoken about is the fact that we are about to manage the market. Why are we managing the market? We are doing so because if the market were left alone, we would end up using gas. That much is clear. Using gas would not be disastrous for our climate change objectives, given that so much energy comes from coal and oil, and that gas is 50% better in terms of carbon

emissions, but that is nothing like enough to meet our statutory targets. That is why the strategy on the mixture of renewables, nuclear and carbon capture is important. One of the oddest things about the whole energy debate is that we talk about nuclear and renewables as though they are competing with each other, when we clearly need both. If anything, they are both competing with fossil fuels. The default solution if we react slowly is that we will have to use gas, because that can be obtained relatively quickly.

I have a couple of observations on the Government's strategy. One relates to urgency. We have heard numbers relating to how quickly we need to implement the green deal, but I do not believe that the 2017 deadline is being treated with sufficient urgency. I was at a meeting recently with some nuclear supply chain people in my constituency, and I was disappointed to hear that they did not believe that any effective nuclear new build would start for at least another year, although time was ticking away. An ex-colleague of mine in Shell once told me that the chief executive officers of the utility companies were quite sanguine about the fact that all this was taking so long, because they had nothing to lose from our inertia. When the time comes, what they have to offer will cost even more. It is important that the Government should take the initiative, rather than leaving this to the utilities, because it would be a perfectly viable strategy for a utility CEO to take their time over this.

Another aspect of the strategy is cost. We have not said a great deal about the differential costs of the different kinds of energy. Energy has to be environmentally sustainable, but it also has to be economically sustainable. I leave the House with the thought that the brilliant technical achievement of the Thanet wind farm, which is a tremendous thing, is going to cost £1 billion in subsidies over its lifetime. It does not produce that much electricity, and its actual cost is therefore very high indeed. Some of the hon. Members who have spoken about fuel poverty today might like to reflect on the fact that a starting point for fuel poverty is when our power costs more than that of other people in the first place.

A third element of our strategy is our approach to technology. Possibly the most impressive technological breakthrough in energy in the past 30 years is horizontal directional drilling, which, combined with a fracture technology, is enabling shale gas and coal gas to be discovered in quantities that would be of material use to the US and the UK, but I am concerned that their use is not forming part of our approach. Perhaps a wider point on technology is that I believe that we should be a fast follower, rather than being at the leading edge—or perhaps the bleeding edge, as one might say. Carbon capture and storage was mentioned earlier. Of course it is a good technology, but it is unproven, and there are other technologies out there that we need to adopt more rapidly.

This all leads me to the subject of nuclear. There is no possibility that we could come close to meeting our 2050 commitment without a massive upgrading of renewables and nuclear. In fact, they go together. Renewables are, by their nature, somewhat intermittent, while nuclear has a very high base-load. The two can be put together quite well. I support the Bill. It is innovative, it is radical and it is right. I hope that it will result in a 40% reduction in energy use, but there is no realistic alternative to nuclear and if we are to meet the 2017 deadline, it is important that we move faster, because 2017 will be here a lot sooner than 2020 or 2050.

9.30 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): One thing has been proved in the course of this excellent debate—that the Government's green ambitions are lofty, but that the green reality is far less certain. Just today, we read that the Energy Secretary cannot convince his right hon. Friend the Business Secretary to support the fourth carbon budget and Ministers cannot explain why the Climate Change Act 2008 is included in the list of burdens on businesses that are currently being considered for the bonfire. Ministers are in danger of presiding over a great green betrayal. We on the Opposition Benches want to help them to meet their green ambitions.

The message we hear consistently and very loudly from consumers, industry, green groups and trade unions is that there is no clarity or consistency of policy. Green jobs are being lost; green business is moving overseas; green non-governmental organisations are becoming increasingly alarmed and frustrated. As my hon. Friend the Member for Brent North (Barry Gardiner) eloquently said, Ministers are failing to provide investor certainty from one week to the next, let alone over the next couple of years.

The threat of climate change and fuel poverty grows greater. When we look back in a decade or more at the actions of the Energy Secretary and his Ministers, we do not want to see guilty men who had a golden opportunity to secure our green future. It is not us alone that are saying this. The CBI, for example, has said that the green deal

> "has clear potential to help unlock...emissions reductions...But without significant action from government to develop an attractive proposition for businesses and households, this potential is unlikely to be realised."

As it stands, this has all the dangers of being a deeply disappointing Bill. It could be so much more effective, but warm words will not deliver warm homes.

Let me deal with some of the important contributions made by Members of all parties. I hope that they will forgive me if I fail to do their arguments justice in the short time available. The theme most constantly revisited throughout the debate was the distinct lack of detail in the Bill. As the hon. Member for South Suffolk (Mr Yeo) mentioned, it is a great concept, but as my right hon. Friend the Member for Oldham West and Royton (Mr Meacher) said, the Secretary of State did not provide a satisfactory increment of information in his responses to the many interventions he took.

The Bill is a stab in the dark. Although the Government first published it no fewer than five months ago, none of the secondary legislation has been outlined, which leaves so many questions unanswered.

Many Members asked about the incentives to be made available to home owners and tenants to encourage take-up. The hon. Member for Richmond Park (Zac Goldsmith) referred to a possible stamp duty rebate, which was raised in the press as something that might crop up in the Budget, while the hon. Member for Northampton South (Mr Binley) referred to a possible council tax rebate.

[Luciana Berger]

A number of Members raised serious concerns about the maximum interest rates on the green deal. As my hon. Friend the Member for Stoke-on-Trent North (Joan Walley) said, this will be absolutely critical. I referred in an intervention to research and polling done by YouGov, showing that more than 40% of households do not believe that the green deal is an attractive proposition for them, and if the interest rate is above 6%, only 7% of people polled said that they would take up the green deal. We need to reflect carefully on that as we go into Committee.

Another big question is who is going to come into the home to assess the situation and to what level those people will be trained. The Secretary of State said that we can get lots of quotes for the green deal. That sounds fantastic, but who is going to pay for the different assessments of the home?

A number of Members, including the hon. Members for Bracknell (Dr Lee) and for Angus (Mr Weir), referred to the opportunities for small and medium-sized enterprises to take part in the green deal. This is crucial because SMEs, co-operatives, charities and social enterprises must have equal opportunities to participate in the scheme, but the Bill does not provide the detail on that. I am also keen to know what guarantees exist that millions will not be saddled with debts that they cannot afford.

Many Members asked a crucial question: after all the work is done, by how much will our national emissions be reduced? We tabled an amendment on that very issue in the House of Lords, which was rejected. I sincerely hope that the Government will revisit it in Committee.

My hon. Friend the Member for Brent North asked what might happen if a new householder or tenant arrived and the energy savings arrangement changed as a result. The Secretary of State made a joke about a Brazilian wife, but my hon. Friend had asked a serious question that needs to be considered. *[Interruption.]* It was a Brazilian husband or wife.

Ministers should already have the answers to the many questions that have been asked, rather than deferring them to more than 50 pieces of delegated secondary legislation. The Secretary of State referred to a watertight legal framework. We want and need that framework, but it does not yet exist.

Another key theme that emerged was the poor deal for the consumer represented by the Bill in its current form. Several Members, including the hon. Member for Northampton South, expressed concerns about consumer rights, and my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) spoke eloquently about the confusion felt by his constituents about their energy bills and the implications of the forthcoming abolition of consumer support. If the Bill is not strengthened in that regard, the green deal has the potential to be a poor deal for the consumer. Consumer Focus has warned that it could erode consumer protections rather than enhancing them, and the consumer watchdog Which? has said that Ministers have yet to provide assurances that consumers will be protected from mis-selling and dodgy cross-selling, that they will have access to redress should something go wrong, and that they will not be expected to pay hidden charges. A lack of clarity on those issues will reduce take-up of the green deal.

Many Members also raised the issue of fairness in tackling fuel poverty. I do not have time to go into as much detail as my hon. Friend the Member for Stoke-on-Trent North and my right hon. Friend the Member for Oldham West and Royton, who made an innovative suggestion about how green deal payments might be met for the 5.5 million households in the UK in fuel poverty, but this is an important issue that urgently needs to be addressed.

According to Ministers and others on the Government Benches, the green deal will be a game-changer for fuel poverty—we heard that phrase a number of times—but that too is not yet evident in the Bill. The new energy company obligation, which underpins the green deal, will be targeted at hard-to-treat homes, but currently no amount has been ring-fenced for the purpose. It is worrying that there are no guarantees that the ECO will be adequate to deal with the scale of the problem, not least in the light of the concern raised by my hon. Friend the Member for Southampton, Test (Dr Whitehead) about the inclusion of the ECO in the Treasury's cap on levies, which the Minister did nothing to assuage.

The hon. Member for Bracknell rightly drew attention to the need for more investment in renewables, referring specifically to marine energy. We know from the Pew Environment Group's report, which was released only a few weeks ago and mentioned by my hon. Friend the Member for Hartlepool (Mr Wright), that in the past year the UK has fallen from third in the world to 13th in terms of investment. Just before the last election the Labour Government published a marine energy action plan, which is currently gathering dust on a shelf at the Department of Energy and Climate Change. I urge the current Government to resuscitate it and make the necessary investment in more renewables, so that we can take advantage of the £100 billion that is expected to be invested next year alone in renewables across the globe.

In his eloquent contribution, my hon. Friend the Member for Hartlepool spoke of the experience of businesses in his constituency and their concerns about the Government having to move quickly. I have mentioned the £100 million that will be spent next year, and he referred to the figure of $2.3 trillion, which is the amount that will be spent on renewable energies over the next decade. Businesses in his constituency are asking for a clear vision from Government, but they are not currently getting one, and I urge the Government to respond.

Several Members on both sides of the House talked about the private rented sector, and there are a number of relevant clauses in the Bill. Some 40% of tenants in the private rented sector live in F and G energy rated homes. We welcome the move to bring forward the timeline, but we hope we might revise that even further in Committee.

A report last week by Friends of the Earth gave a damning verdict. It talked about the great green betrayal and conducted an examination in forensic detail. The report makes it clear who it believes is to blame for what is happening. It talks about

"Liberal Democrats, who have clearly failed to use their influence inside the Coalition to ensure a better performance on the environment."

This is not the greenest Government; it does not yet come close. With 27% of all UK emissions coming from homes, the Bill is not yet adequate for the task.

It is essential that the Secretary of State gets the green deal right. He said it was the first such deal in the world, but a similar scheme was set up in Australia. Unfortunately, it was a complete disaster. After 160,000 homes were fitted with substandard insulation, four people died and the scheme was scrapped. There is also a scheme in Germany where the take-up is 100,000 a year, but it has a Government-supported interest rate, which we are not going to get under the current Bill. Such issues must be revisited in Committee.

In spirit and in principle, we want to support the Bill. The hon. Member for Winchester (Mr Brine) tried to rewrite history earlier; it was, of course, the Labour Government who began to implement a pay-as-you-save scheme. In its current form, the Bill could end up being a wasted opportunity, but we will take the Minister up on his assurances that he will work across the Chamber to make it better. We will not vote against it tonight as we support its aim, and we will work hard and positively to make it better. In Committee, we will strive to convince Ministers to give consumers the protections they deserve, to give British businesses the confidence they require, and to build into the Bill the backbone that it so desperately lacks.

9.43 pm

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I am delighted to hear from the hon. Member for Liverpool, Wavertree (Luciana Berger) that the Opposition will not vote against the Bill, but I will hold her to blame if my hon. Friends now start to disappear from the Chamber during my winding-up speech. She has just delivered a very polished debut from the Dispatch Box. I think that winding up is a much harder job than opening, but she made a very good fist of it.

I do not agree with the hon. Lady's rather gloomy scepticism about this important Bill, but she was spot on in one respect: this has been an excellent debate, with powerful and substantive contributions from both sides of the Chamber. In saying that, I gloss over the opening speech of the shadow Secretary of State, the hon. Member for Hackney South and Shoreditch (Meg Hillier), whose contribution was out of tune with the debate we subsequently had. I was genuinely pleased by the way in which Members across the Chamber engaged in scrutinising these radical and far-reaching proposals, and I have to say it is telling to compare and contrast the shadow Secretary of State's speech with the master-class demonstration by the leader of the Green party, the hon. Member for Brighton, Pavilion (Caroline Lucas), of what can be achieved in an effective and intelligent critique from the Opposition Benches.

This Bill is only the first step in the new Government's plans to reshape and renew our energy economy, but it is certainly a very clear and substantial demonstration of the coalition's determination to be "the greenest Government ever". These measures will be vital tools in helping to meet our stretching carbon reduction targets and they underpin our determination to stop dangerous global warming.

The Bill, however, is no tree hugger's charter, nor is it a narrow response to the science of climate change; it can provide practical help to families and money-saving improvements to every home in Britain. The British housing stock, which for too long has languished at the very bottom of the European energy-efficiency league table, will be transformed. Finally, government will have a game-changing policy framework that is commensurate with the huge twin challenges of improving our housing stock and eradicating fuel poverty.

That said, I am very conscious of the fact that with this Bill we are putting in place a gigantic project that will stretch way beyond this Parliament and, we hope, the next too. The green deal framework is designed to continue well into the 2020s and beyond, so I do not pretend for a moment that this Bill will be the last word on the issue or that we have anticipated every eventuality. We will continue to consider new incentives and levers to drive the programme forward as the market develops and we reach towards that very ambitious level of retrofitting 14 million homes by 2020 and 26 million homes by 2030. But the long-term direction is clear: there will be no more short-term initiatives and no more stop-start schemes. Business certainty created by the green deal will be essential to unlocking the billions in private sector investment that will be key to this programme's success.

I am keenly aware that responsible political consensus on the green deal is particularly desirable. I very much hope that, given the shared climate objectives among the parties, we can all show the same resolve and constructive cross-party engagement that was the hallmark of the Climate Change Act 2008. I listened carefully to the thoughtful speeches made by hon. Members on both sides of the House today, and I would be happy to engage in an informal evidence-based session before the House rises for the Whitsun recess. I noted not only the shared ambition that Members on both sides of the Chamber have for the Bill, but the detailed concerns and questions that have been raised. I hope to address many of these issues now. Where I am unable to do so, I hope to deal with them more seriously, and constructively, in Committee.

Broadly speaking, six main themes have emerged from today's debate, and I hope to hear more about them in that informal session. The first was the scope of the coalition's ambition, the scale and pace of delivery, and how we measure success. The second was the energy company obligation—the ECO—and the challenge of ensuring that we deal effectively with fuel poverty. Thirdly, hon. Members rightly urged robust consumer protection—that is absolutely essential. Fourthly, hon. Members strongly argued the case for more ways to involve local communities and local councils, and, importantly, challenged us on the provisions to tackle recalcitrant landlords in the private rented sector. Fifthly, we debated the enormous potential of the green deal to drive green jobs and green growth, and to create new investment opportunities. Finally, we must not overlook the importance of enhancing our national energy security, as well as moving our economy beyond dependence on foreign oil and expensive imported fossil fuels.

Let me deal briefly with each of those themes in turn. Many questions were asked on the fundamental point of the scale of our ambition by, among others, the hon. Member for Hackney South and Shoreditch, my hon. Friend the Member for Cheltenham (Martin Horwood) and the hon. Member for Stoke-on-Trent North (Joan Walley), with whom I have served for many years on the Environmental Audit Committee. The issue was also

[Gregory Barker]

addressed in particularly informative contributions from the right hon. Member for Oldham West and Royton (Mr Meacher) and the hon. Member for Brent North (Barry Gardiner). I am pleased to respond to them by saying that I can announce two important developments. First, my Department will publish a formal aim—that is, on the face of the Bill—to take reasonable steps to improve the energy efficiency of the English residential sector by 2020 so that emissions from that sector follow a trajectory that is consistent with the UK carbon budgets. Secondly, I will table an amendment that commits to an annual report to Parliament on the specific contribution of the green deal and the ECO, within the context of contributing to the carbon budgets set out by the Climate Change Act that have so concerned Members from all parties in the course of the debate.

Many Members raised the issue of the ECO and fuel poverty. Fuel poverty is key to the essence of the Bill and we will certainly be judged on its success. Those Members included the hon. Member for Hackney South and Shoreditch and my hon. Friend the Member for Bracknell (Dr Lee), who is a member of the Select Committee on Energy and Climate Change as well as of the Conservative friends of Bangladesh and so has a particular interest in international climate change issues. The hon. Member for Southampton, Test (Dr Whitehead), with his usual expertise, focused on the ECO and the role it plays in the potential levies cap. The hon. Member for Brighton, Pavilion had some very vivid cases of fuel poverty from her constituency that will be reflected across the land, as did the hon. Member for Hackney South and Shoreditch.

Let me be clear that the ECO is designed to work hand in glove with the green deal to help the most vulnerable households and hard-to-treat properties. The ECO will deliver heating systems and insulation in the most effective way to help low-income vulnerable households heat their homes affordably and it will be tightly targeted. The ECO and the warm home discount provide a range of support mechanisms for low-income vulnerable households. I have heard the calls for more information and so I commit today to bring forward details on the ECO before we go into Committee.

On the subject of robust consumer protection, we heard the shadow Secretary of State's questions about who will be the regulator and whether we could have more detail. The right hon. Member for Oldham West and Royton wanted to know more about how the green deal would work for vulnerable energy users. My hon. Friend the Member for Northampton South (Mr Binley), in his very statesmanlike speech, also highlighted the need for more protection for the most vulnerable in society.

There will be strong consumer protection. It will be necessary to propose that level of detail in statutory instruments, through which we will all have the opportunity to scrutinise those important points in more detail. There will be a green deal quality mark for installers and warranties against installation failure and poor workmanship. The golden rule is that the charge attached to the Bill should not exceed the expected savings at the time of the assessment and that will be crystal clear. The Consumer Credit Act 1974 will offer protection for green deal customers. I really appreciate the way the industry has got involved on this important issue. Voices such as Kingfisher and the Builders Merchants Federation are essential in helping us to design the green deal so that big companies and local small and medium-sized enterprises can get involved while at the same time offering strong consumer protection.

The question of involving communities and tackling the private rented sector was raised by my hon. Friend the Member for Warwick and Leamington (Chris White), the hon. Members for Stoke-on-Trent North, for Hartlepool (Mr Wright) and for Brighton, Pavilion, the right hon. Member for Oldham West and Royton and the hon. Member for Southampton, Test. We will take robust action on the face of the Bill in respect of the private rented sector. Before we came to the House today, we listened to various voices from a number of stakeholders on the subject of the Home Energy Conservation Act 1995 and we have decided to retain parts of HECA, to breathe new life into it and to ensure that it becomes part of our way of ensuring uniform delivery of the green deal across Britain. We will table those amendments in Committee.

The question of green growth and investment was mentioned by my hon. Friend the Member for Winchester (Mr Brine), who made a very powerful speech arguing that the green deal is a great carrot, rather than a stick, that will throw up a huge number of business opportunities. He also rightly tested us on the need for more training opportunities, which we are taking very seriously. The hon. Member for Angus (Mr Weir) also asked whether we would be letting in small businesses. My hon. Friend the Member for Winchester pointed out that this could mean 100,000 jobs or more. It is important that we do not just capture the carbon savings, but that we really capture the industrial opportunities that this big market push will afford us.

Barry Gardiner: Will the Minister give way?

Gregory Barker: I will not, I am afraid, because there is very little time.

On energy security and moving beyond oil dependence, the Chairman of the Select Committee made a very important contribution at the beginning of the debate pointing out the need for stability in electricity markets and for investors and about the role for nuclear and the important role of renewables. That will be delivered through the next stage of our redesign and renewal of the sector in energy market reform. Those points were all reiterated by the hon. Members for Cheltenham and for Angus and my hon. Friends the Members for Northampton South and for York Outer (Julian Sturdy), who listed a number of energy security measures, as well as by my hon. Friend the Member for Waveney (Peter Aldous), who spoke forcefully about offshore renewables, and my hon. Friend the Member for South Suffolk (Mr Yeo). We are very keen to see a resurgence in renewables and support for new technologies, including carbon capture and storage. I promise to write to hon. Members about any important points they have raised that I do not cover in what will be a rather hasty wind-up now.

In summary, no one should underestimate the sheer scale of the ambition that underpins the Bill, which has the potential to upgrade the homes of every family in Britain by allowing every household to access finance

for up to £10,000-worth of energy improvements irrespective of age or status. Further subsidy is available for hard-to-treat homes and, of course, the fuel-poor. The Bill will unleash the most far-reaching programme of British home improvements since the second world war. It will drive down family energy costs and will insulate consumers against further sharp rises in future. The Bill will unleash billions of pounds in new investment in our green economy and will create thousands of new green jobs.

The Bill will directly help those in poor rented accommodation whose landlords refuse to make improvements, and it declares war on the root causes of fuel poverty. The Bill will deliver huge steps towards meeting our carbon reduction targets and it will strengthen British energy security. The Bill will create a brand new market and will drive choice and competition. It will unleash British research and development as well as technical and industrial innovation that should propel the UK to the forefront of the giant global markets for energy efficiency, products and services—exports up, emissions down. The Bill will deliver greater choice to the consumer and fairer access to investment for the fuel-poor and it will be a massive boost to British businesses. I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

ENERGY BILL [*LORDS*] (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Energy Bill [*Lords*]:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 21 June 2011.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any Message from the Lords) may be programmed.—*(Bill Wiggin.)*

Question agreed to.

ENERGY BILL [*LORDS*] (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Energy Bill [*Lords*], it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred by the Secretary of State or the Gas and Electricity Markets Authority by virtue of the Act, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.—*(Bill Wiggin.)*

Question agreed to.

ENERGY BILL [*LORDS*] (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Energy Bill [Lords], it is expedient to authorise—

(1) the imposition by virtue of the Act of charges under licences issued under the Electricity Act 1989 or the Gas Act 1986, and

(2) the payment of sums into the Consolidated Fund.—*(Bill Wiggin.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

INTERNATIONAL DEVELOPMENT

That the draft African Development Fund (Multilateral Debt Relief Initiative) (Amendment) Order 2011, which was laid before this House on 17 March, be approved.—*(Bill Wiggin.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft African Development Bank (Twelfth Replenishment of the African Development Fund) Order 2011, which was laid before this House on 17 March, be approved. —*(Bill Wiggin.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft African Development Bank (Further Payments to Capital Stock) Order 2011, which was laid before this House on 17 March, be approved.—*(Bill Wiggin.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

WORKING TIME DIRECTIVE

That this House takes note of European Union Document No. 5064/11 and Addendum, Commission report on Member States' Implementation of the Working Time Directive and No. 5068/11 and Addendum, Commission Communication on Reviewing the Working Time Directive; and supports the Government's approach to emphasise to the Commission and the UK's European partners the Government's determination to retain the individual's right to opt out of the 48-hour working week, whilst seeking additional flexibility on the two problematic areas of on-call time and compensatory rest.—*(Bill Wiggin.)*

Question agreed to.

PETITION

St George's Day (Public Holiday)

9.59 pm

Jessica Lee (Erewash) (Con): I present and support the petition prepared by George's Tradition, with 3,674 signatures supporting the petition or wording in similar terms.

The petition states:

The Petition of residents of the Erewash constituency and others,

Declares that England is one of very few countries in the world that does not have a public holiday to celebrate its national day; notes that St Patrick's Day is a bank holiday in Northern Ireland, and that St Andrew's Day is a voluntary public holiday in Scotland; and further declares that everyone who is part of England should be able to celebrate its traditions, its heritage and the English way of life with a public holiday on St George's Day.

The Petitioners therefore request that the House of Commons urges the Government to bring forward proposals to make St George's Day a public holiday in England.

And the Petitioners remain, etc.

[P000920]

Hospices (VAT)

Motion made, and Question proposed, That this House do now adjourn.—*(Bill Wiggin.)*

10.1 pm

Bob Russell (Colchester) (LD): The hospice movement is a great British success story. If we wanted to think of something that epitomises the big society, the 209 independent hospices the length and breadth of the land, with an army of more than 100,000 volunteers, tick all the boxes.

The hospice in my Colchester constituency—St Helena hospice, named after the town's patron saint—which serves the whole of north Essex, has around 800 volunteers who help in a wide variety of ways, raising money and organising events, working at several charity shops and helping at the hospice itself, which is centred on an ancient farmhouse, Myland Hall. Around 180 professionals are employed by the hospice as medical and key support staff, but without the volunteers the hospice could not exist. It is very much a partnership, which for the past 25 years has been a beacon of community involvement. But all this has been achieved with one arm—financially speaking—tied behind their backs.

I refer to the unfairness of the value added tax which penalises the charitable hospices while exempting exactly the same level of operation undertaken at the 36 national health service hospices and hospitals, which are VAT-exempt. This unfairness—the taxman taking money raised for charitable good causes—does not affect hospices alone, of course, but tonight's debate is specifically about hospices. I look to the coalition Government to take urgent action to provide the necessary means to ensure that the VAT currently paid is refunded so that the money can be spent for the purposes for which it is raised or donated—the treatment of patients.

I am grateful to Help the Hospices, the national umbrella group, for its assistance with background briefing for my speech. I also thank the Charity Tax Group for the information that it provided. The Charity Tax Group estimates that before VAT was raised to 20%, the total irrecoverable VAT across all charities was more than £1 billion. The new higher level of VAT has cost the charitable sector an estimated extra £143 million. For the record, I voted against raising VAT to 20%.

This is not the first time that I have raised with the Government of the day the unintended consequences of VAT charged to charities, and thanks to my intervention several years ago the then Chancellor of the Exchequer, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), moved quickly to came up with a solution whereby the Royal British Legion receives a matching grant for the VAT it is required to pay on the production of its Remembrance day poppies. I invite the coalition Government to use this as a precedent to give matching grants to hospices for the VAT that they pay, as an interim measure in advance of seeking to amend the legislation to exempt them from VAT as if they were part of the NHS for this purpose. After all, the work they do is no different from what the NHS does, other than the fact that it involves the voluntary and charitable sector.

If the "poppy" solution is not acceptable, I invite the Government to see whether the relief enjoyed by local authorities and other public bodies under section 33 of

the Value Added Tax Act 1994 and certain health care provisions under section 41 of the same Act could be used to assist hospices. Failing that, why not adapt the provisions in the Finance Bill to ensure that academy schools can recover VAT on non-business supplies in the same way as local authorities can? If it is okay for academies—educational establishments that are not universally welcomed—applying the same solution to hospices would probably generate near unanimous approval. In this respect, I congratulate the hon. Member for Scunthorpe (Nic Dakin) on his ten-minute rule Bill earlier this year, which proposed a simple legislative solution.

When the original European Union VAT system was developed, the special position of charities was not considered. Alas, because hospices provide services that are either exempt from VAT or outside the scope of the VAT system, they cannot recover the VAT they pay on their expenditure on supporting their charitable aims. This is something that I am sure Members across the House would want to see changed.

Increasing demand for hospice care, alongside the Government's public service reform and big society agendas, is likely to result in more care services being transferred to hospices. Indeed, I am grateful to the Sue Ryder charity, which already has seven hospices. It first alerted me to this serious problem, telling me:

"A recent transfer of an NHS hospice to Sue Ryder under the Transforming Community Services initiative has sparked interest in the viability of charities taking on other NHS hospices and services. We believe there should be a level playing field in VAT between charities and the NHS so that all possible funds can go towards the delivery of care."

Martin Horwood (Cheltenham) (LD): One of the Sue Ryder care hospices is in my constituency, and I warmly support what my hon. Friend is saying. Does he agree that as we see the outsourcing of more NHS services to providers such as Sue Ryder, that could deliver a windfall to the Treasury rather than directing funds where they are most needed, which is to health and palliative care?

Bob Russell: I am grateful to my hon. Friend for raising that point, which I was just about to mention. Let me be financially blunt about this: if the hospices did not exist, the excellent work that they do would fall to the NHS and cost the public two to three times more because of the considerably lower cost of hospices, brought about by the special working combination of professionals and volunteers, with fundraising and so on, which is the basis on which hospices were founded and have existed over the years.

I understand that, on average, charitable hospices receive about one third of their funds for the services they provide from statutory sources, which leaves two thirds to be raised to cover all the other costs. This already challenging target is not helped when it is realised that the taxman is helping himself to 20%. I am advised that most local hospices do not have three-year agreements with NHS commissioners, relying instead on year-on-year negotiations that are, by their very nature, subject to budgetary pressures within the NHS. Alarmingly, a survey of member hospices conducted by Help the Hospices last March found that 64% of primary care trusts had frozen NHS funding for hospices for the period 2010-14.

I will set out some statistics about the excellent job that the nation's hospices do. Collectively, they provide more than 26 million hours of specialist care and support every year, 90% of which is provided through day care services and care in people's homes, and 77% of adult palliative care in-patient units are run by hospices, with the voluntary sector providing 2,139 adult in-patient beds, compared with just 490 provided by the NHS. All children's in-patient units in the UK are run by the voluntary sector. Independent voluntary hospice expenditure increased by a fifth between 2007 and 2009, which indicates the continuing growth and importance of hospices in the life of the nation. More than £1 million is raised every day for the nation's hospices, from fundraising, legacies and donations.

The value of the voluntary work carried out by the 100,000-plus volunteers is estimated to be worth in excess of £112 million every year. Help for Hospices has told me:

"Hospices are unique among providers of healthcare because they contribute so significantly to the funding and provision of hospice and palliative care. In 2009, hospices spent £687 million. For every £1 the State invests in local charitable hospices, those hospices deliver £3 worth of care."

It thus makes sense that the burden of VAT on hospices should be lifted so that they can do even more good for the benefit of the communities that they serve.

Help for Hospices also told me:

"Hospice care receives overwhelming public support in the UK. A recent survey showed more than 80 per cent of people believe everyone with a terminal illness should have the right to receive hospice care."

My only observation is that I am amazed the figure is as low as 80%.

I would like to say a little more about the St Helena hospice in Colchester, which I visited on Saturday ahead of this evening's debate and in order to inspect the newly extended Joan Tomkins day care centre, which was officially opened to coincide with the annual fete in the grounds of the hospice.

The original day care centre, named in memory of the late wife of local business man Mr Robin Tomkins, whose generosity made the building possible, was opened in April 1988 by the Princess of Wales. I remember that well, because my mother was in the nearby hospice and died a few days later. The princess spoke to my father at my mother's deathbed, and he spoke afterwards of the warmth of compassion that she had shown.

St Helena hospice, the main building, was officially opened in April 1986 by Her Majesty Queen Elizabeth, the Queen Mother, so we have just celebrated its 25th anniversary. As an aside, I should have said that my mother was one of the volunteers in the early months after the hospice opened.

Like other hospices throughout the country, St Helena is rooted in the local community that it serves. It provides free medical and nursing care and therapy to adult patients with any diagnosis. Alongside the two day centres there is also one at Clacton, and there is in-patient accommodation in the purpose-built extension to the historic Myland Hall.

Services are also provided for patients in their own home. Indeed, in the past five years there has been a 58% increase in the services in patients' homes. St Helena hospice also provides pre and post-bereavement support

[Bob Russell]

to family members, including children, and attached to the hospice is an education centre, providing education for health and social care professionals.

It will cost St Helena hospice more than £4.6 million in the current financial year to provide its valuable services, and it would be great if it did not have to pay value added tax, but could instead spend that money on the purposes for which people wish it to be used—supporting the work of their local hospice.

Help for Hospices told me:

"As the population ages and people approach the end of life with ever-more complex co-morbidities, a spectrum of highly flexible and adaptive hospice and palliative care services need to be available."

Jim Shannon (Strangford) (DUP): Not only the services and the care provided but also hospice-build should be exempt from VAT. Does the hon. Gentleman agree that the Minister should address that in his reply?

Bob Russell: The hon. Gentleman makes an exceedingly good point. We have the nonsense, right across the construction industry, whereby new-build is VAT-exempt, but when a building is added to or converted, as in the instance to which I believe the hon. Gentleman has just referred, VAT is levied. When a hospice wants to extend its building, as in the extension and modernisation of the Joan Tomkins day care centre that I mentioned, VAT is levied, as I understand it. That is wrong.

Help for Hospices also told me:

"The Government has committed to a 'level playing field' for all organisations delivering public services. However, charitable hospices continue to face extra costs that statutory and private providers do not.

Tax burdens should be removed from hospices where they can be. This is particularly necessary as hospices are providing public services and investing considerable charitable funds into the 'health economy' and, unlike other private and public providers of healthcare, are subject to significant funding and contracting challenges."

I believe that the public would overwhelmingly take the view that the coalition Government should urgently introduce measures to deal with the unfairness of levying VAT on our hospices. I have put forward suggestions as to how that can be achieved, and I now invite the Minister to pursue these matters.

10.14 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): I congratulate the hon. Member for Colchester (Bob Russell) on securing this debate and on speaking with such evident passion and knowledge about the hospices in his constituency and the hospice movement more widely. I think I speak for all Members in expressing a sense of admiration for what the hospice movement does. I certainly know of the fantastic work that a number of hospices perform in my constituency.

I am pleased to have a further opportunity to explain and discuss the Government's policy on an issue that has generated considerable interest and is evidently of concern to a large number of hon. Members. It might be helpful if I could start by reminding Members of the current position with regard to VAT and the constraints that we are acting under. Before I do so, I would like to confirm how much the Government appreciate the energy and input of charities across a wide spectrum of national life and interests. We can all agree on the important role that they play in our society and agree that we are fortunate that they are prepared to come forward with their immense contribution.

As we all know, VAT is a broad-based tax levied on final consumption. It is charged by registered businesses on their supplies and can be recovered by a business when the purchase is destined for use in the making of supplies that carry VAT. In this respect, charities are no different from others when they are in business, as they can recover VAT. A business, however, bears the VAT on purchases when it is making supplies that are exempt from VAT. Since the supplies it makes do not carry VAT, it is unable to claim back the VAT. Exemption is applicable to a limited range of supplies such as the rent of land and buildings, education and health care. The application of an exemption has to be in line with international agreements—in this case, the principal VAT directive. Since health care is included in the list of exemptions, we are obliged to apply an exemption.

The hon. Gentleman's central concern is how the impact of VAT on hospices can be mitigated. Ideas that have been mooted include the application of a refund system or arrangements similar to those applying to the NHS. With regard to a refund system, it would, in principle, be possible to introduce such a system in respect of the non-business activities of charities. However, such refunds, as a matter of Government expenditure rather than taxation, would place a very significant cost burden on the Exchequer, especially given the current fiscal position. Furthermore, many charities are engaged in activities where they could be in direct competition with private sector organisations: those activities include the provision of care and welfare services. A refund scheme for VAT incurred in relation to these services would represent a distortion of competition. Any scheme that could be devised would be complex and administratively burdensome for charities to operate.

Bob Russell: Will the Minister explain where the competition is in the treatment of cancer patients? That is something new to me; I did not realise that it was in the competitive world.

Mr Gauke: I wanted to apply this initially to the broad issue of costs incurred by charities as a whole. Clearly, there can be an issue in the provision of care and welfare services more generally, and I was looking at it in that context rather than specifically with regard to hospices.

It is true that the NHS can recover the portion of its VAT costs that relate directly to out-sourced services used in the provision of free healthcare—for example, cleaning, laundry, catering and estate management. That amounts to about 20% of the total VAT incurred across the NHS. This ability to reclaim some VAT costs is taken into account as part of the overall funding arrangements for the NHS. Refunds do not extend to VAT paid on goods and services purchased to support business activities that are exempt from VAT, such as private health care and property rental.

In addition to the obligation placed on the Government to ensure that the VAT system is fiscally neutral and does not distort competition, it is not within our gift to change unilaterally a VAT system unanimously agreed

in Europe and applying in the single market. We need to apply the mandatory exemption in relation to the business supplies of health care providers, with the associated block on recovery. Similarly, under European agreements the Government cannot extend existing VAT zero rates or introduce new ones. Reduced rates can be applied only to a specific list of goods and services, and there is no such reduced rate that applies to all supplies made by all charities.

Nic Dakin (Scunthorpe) (Lab) *rose—*

Mr Gauke: I give way to the hon. Gentleman, who takes a great interest in this matter.

Nic Dakin: The Minister is giving a detailed explanation, which is very helpful. May I refer back to situations in which a hospice, for example, takes over services that were previously run by the NHS, for which the NHS could recover VAT on non-business services? Surely such an imaginative Minister can find a way of transferring that across to the hospice movement so that it is cost-neutral for the Exchequer, but beneficial to the community.

Mr Gauke: If the hon. Gentleman will forgive me, I will come back to that point. It is kind of him to say that I am going through this in a detailed way. If I may, I will proceed and then come back to what we can do. It is worth making the point that the last time we tried to change the list of matters that can be zero rated for VAT, it took six years and some negotiation.

It is worth highlighting the help that Government provide for charities. We are limited in the support that we can give through changes to the VAT system, but it is important to understand that the Government can and do support charities more widely through the existing VAT system and in other ways. We are committed to retaining the existing VAT zero rates that apply specifically to charities, which provide a benefit of about £200 million a year. Those include VAT zero ratings for qualifying charities on sales of donated goods, for medical and scientific equipment, and for goods for use by disabled people. Charities are not charged VAT on the costs of advertising and public media. They also qualify for zero rating on the construction of certain buildings to be used for charitable purposes. All those zero rates are derogations from the normal EU VAT rules and are not enjoyed by charities in other member states. Charities also benefit from the more widely available VAT zero rates that are applicable to purchases.

The UK has one of the most generous tax systems in the world for charities. Our existing reliefs for charities are worth more than £3 billion a year. Gift aid is the largest single relief, and it is now worth nearly £1 billion to charities each year. Our position, which is in line with that taken by successive Governments, is that the most appropriate way of supporting charities is to encourage charitable giving, rather than to create a complex and burdensome system of additional reliefs or refunds.

Martin Horwood: As a former director of fundraising for a national charity, I tell the Minister that encouraging giving is easy to say, but more difficult to achieve, whereas a VAT refund would make a substantial and immediate difference. The problem of the burden on the charity would be easily overcome in exchange for the benefit. The important point, which has been made, is that as we commission more health care services, it will not be cost-neutral for the Treasury, but will give a windfall benefit to the Treasury. Surely something can be done so that at least new services that are provided gain a refund for VAT, and do not just deliver a benefit to the Treasury for no benefit to the community.

Mr Gauke: Again, hon. Members are raising fair points. To jump to the conclusion, we are looking closely at this area.

The help that we provide to charitable giving is important. Charities are central to our big society agenda. The 2011 Budget announced the most radical and generous reforms to charitable giving for 20 years, including reducing the inheritance tax rate when 10% or more of the net estate is left to charity. From 2013, a new scheme will allow charities to claim a gift aid-style top-up on small donations that they receive without gift aid declarations for up to £5,000 for each charity every year. Overall, 100,000 charities can benefit from the 2011 Budget changes to the tune of about £600 million.

It is also worth mentioning the transition fund that was announced at the spending review. It makes £100 million available to charities, voluntary organisations and social enterprises that are delivering front-line services and are affected by reductions in public spending. The fund provides grants of between £12,500 and £500,000 to help organisations make the changes necessary to thrive in the long term. Funding was made available in 2010-11 and 2011-12, and the fund is focused on helping organisations transit and adapt to the new funding environment rather than merely keep going. The first 18 awards were made on 15 February, with further awards in March, April and May.

The Government continue to examine ways of ensuring that VAT does not act as a barrier to the reform of public services, which was the point that the hon. Member for Cheltenham (Martin Horwood) raised. We are examining such options where they are open to us and affordable within agreed funding arrangements. For example, the Government announced in the Budget that we would continue to consult charities and organisations in other sectors to explore options for implementing the EU VAT exemption for cost sharing. I can tell the House that one of the options under consideration is to issue a consultation paper on the subject within the next two months, and we are exploring that possibility closely.

More widely, there are often ways of mitigating the impact of VAT within the existing system. For example, where local authorities and other public bodies enter into contractual rather than funding arrangements with charitable providers, it can greatly lessen any irrecoverable VAT incurred by those providers in many cases. It has to be acknowledged, however, that such an approach does not offer much scope for services that fall within the health exemption.

As I said earlier, I recognise that there is genuine concern about VAT among people involved in hospices. That was why, in March, I met the hon. Members for Scunthorpe (Nic Dakin) and for Leeds North West (Greg Mulholland) and people working in the hospice sector, including for Sue Ryder. Following that meeting I asked officials to continue the dialogue, and they have met subsequently with the intention of exploring any

[Mr Gauke]

viable options. I hope that that provides some reassurance, although I cannot give more detail at the moment. I am certainly keen that we explore options.

Mr Robin Walker (Worcester) (Con): Will the Exchequer Secretary respond to a suggestion that has been made by Richard Shaw, the treasurer of the excellent St Richard's hospice in my constituency? He has suggested that under the NHS reforms, if hospices' income from doctors' consortia could be deemed to be VAT standard rating, that would allow hospices to recover a lot more VAT on their charges. Will that be one of the options that his officials look into?

Bob Russell: It will now.

Mr Gauke: As the hon. Member for Colchester has just muttered, it will now. My hon. Friend the Member for Worcester (Mr Walker) has put that thought on the record, and my officials will certainly take it up.

As I said, there is clearly strong feeling in the House on the subject, and rightly so. We all recognise and respect the value of the hospice movement, and we all recognise the opportunities and benefits of a greater diversity of supply of services. We agree that it would be most unfortunate if the workings of the VAT system were to get in the way of sensible progress. I hope that my comments will provide reassurance to the hon. Member for Colchester that we understand the issues that have been raised and that the Government are taking them very seriously. I hope that we can continue to work closely with the hospice movement in developing proposals.

Question put and agreed to.

10.28 pm

House adjourned.

House of Commons

Wednesday 11 May 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Council Tax Benefit

1. **Jenny Willott** (Cardiff Central) (LD): What discussions she has had with the Secretary of State for Work and Pensions and the Welsh Assembly Government on proposals to transfer responsibility for council tax benefit to local authorities. [54352]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have had discussions with Cabinet colleagues and Welsh Assembly Government Ministers on a range of issues, including welfare reform.

Jenny Willott: As the Minister may know, there is a great deal of concern that people in Wales will struggle to get council tax benefit if the Welsh Assembly refuses to devolve the benefit to local authorities in Wales, as the Government are doing in England. Will he work with the Welsh Assembly Government and the Department for Work and Pensions to ensure that council tax benefit is devolved to either all local authorities across the UK or none?

Mr Jones: Localisation of council tax benefit is part of the wider package of reform set out in the Welfare Reform Bill, which will ensure that work always pays. We are indeed committed to full consultation with the Welsh Assembly Government on the devolved implications of the reforms. The Assembly Government will no doubt wish to consult when they have developed their own policy options, but ultimately it is for them to decide how the delivery arrangements are put in place in Wales.

Devolution Funding

2. **Mary Macleod** (Brentford and Isleworth) (Con): What progress has been made on the Government's commitment to undertake a process similar to the Calman commission on devolution funding; and if she will make a statement. [54353]

4. **Stephen Mosley** (City of Chester) (Con): What progress has been made on the Government's commitment to undertake a process similar to the Calman commission on devolution funding; and if she will make a statement. [54355]

12. **Andrew Selous** (South West Bedfordshire) (Con): What progress has been made on the Government's commitment to undertake a process similar to the Calman commission on devolution funding; and if she will make a statement. [54363]

The Secretary of State for Wales (Mrs Cheryl Gillan): Following the yes vote in the referendum on further powers, we have started to consider the scope and form of such a process. Now that the elections to the National Assembly have taken place I intend to discuss the process with other stakeholders and the First Minister. May I also take this opportunity while I am at the Dispatch Box to offer our congratulations to Carwyn Jones, who is currently considering forming the Welsh Assembly Government and has the largest party in the Welsh Assembly?

Mary Macleod: Our priority in Wales and elsewhere right now is to ensure that the deficit is under control. However, now that Ministers in the Welsh Assembly have more power, is it not right that they should be financially accountable for those powers as well?

Mrs Gillan: I thank my hon. Friend for that question. There is indeed a body of thought that believes that with the power to spend public money should come accountability, and this is certainly a matter that we will be looking at. However, this is not something that should be entered into in haste, and I intend to engage fully with the Welsh Assembly Government on the matter.

Stephen Mosley: The national border between north-east Wales and Chester is almost unique in that it passes through an urban area, with large numbers of people travelling in both directions every day for health care, education and employment. Will my right hon. Friend ensure that the remit of the review specifically includes looking at the impact of devolution on such cross-border services?

Mrs Gillan: I thank my hon. Friend that question too, because he knows that we in the Wales Office have been concerned about cross-border issues and their impact on health in particular. I cannot guarantee that that will fall within the scope of the Calman-like process, but I assure him that I will take into consideration any representations that he or any other Member wishes to make to the Wales Office.

Andrew Selous: Does my right hon. Friend agree that reforming the thoroughly discredited Barnett formula to take a fair and transparent needs-based approach for the whole of the United Kingdom would help Wales and England?

Mrs Gillan: The Government's commitment to a wider review of the Barnett formula is clear, but stabilisation of the public finances comes first. I think we all recognise that the Barnett formula is coming to the end of its life, but we will consider a change to the system only once we have put the public finances in order. There was a good reason why the predecessor Government to this one made no changes to the Barnett formula in 13 years. It is not something that can be achieved in haste, only to be regretted at leisure.

Paul Murphy (Torfaen) (Lab): May I ask the Secretary of State to take great care when she deals with these issues? As she knows, there is really no appetite in Wales for tax-varying or tax-raising powers—the resource base is not there—and even if there were, we would have to have a referendum in Wales for such powers, as happened in Scotland.

Mrs Gillan: I am grateful to the right hon. Gentleman, because I always remember sitting and listening to him give evidence to, I believe, a House of Lords Committee looking at the Barnett formula. He said that there was no case for reviewing it because it had served well. The fact that the last Government repeatedly ruled out reforming the Barnett formula means that any reforms must be looked at carefully. He is quite right that giving tax-raising powers would involve another referendum, which is something that this Government would look at carefully, because I am not sure whether Wales has an appetite at the moment for another referendum.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The Calman process in Scotland had a wider remit than merely to consider funding arrangements. Given the Labour party's opposition to decoupling Westminster and National Assembly constituency boundaries, would it not make sense to base the make-up of the fifth National Assembly on 30 regional and 30 constituency Assembly Members?

Mrs Gillan: That is a very interesting thought. Hon. Members are well aware that the Parliamentary Voting System and Constituencies Act 2011 broke the link between Assembly constituencies and parliamentary constituencies. I have agreed that we need to look carefully at the implications of having constituency boundaries relating to different areas and regions for UK and Assembly elections in Wales. I am taking the hon. Gentleman's question as a recommendation that we have 30 first-past-the-post seats and 30 elected on a list system, and I will look seriously at that suggestion.

Mr Peter Hain (Neath) (Lab): Does the Secretary of State think that the Calman process will be as beneficial for the Tories in Wales as it was in Scotland last Thursday? Will she also congratulate Carwyn Jones on polling Labour's highest ever Welsh Assembly vote, which included taking Cardiff North—about the safest Conservative seat in Wales—and beating the Liberal Democrats in Cardiff Central and Plaid Cymru in Llanelli? Will she ensure that if any financial concessions or flexibilities are offered to Scotland by her Government, as is now being suggested, Wales will receive equivalent benefits to compensate for the horrendous cuts that the Government are imposing on Welsh citizens?

Mrs Gillan: The right hon. Gentleman is on dangerous ground here. I do not want to engage in any sort of triumphalism or tribalism, to use the words of Carwyn Jones. The right hon. Gentleman will note that I came to the Dispatch Box to congratulate Carwyn, because I have worked well with him over the past 12 months. May I just remind him that the Conservative vote went up to 25% in Wales and the number of our seats went up to 14? We are now the second largest party in the Assembly, and the right hon. Gentleman had better think again before he starts taking us on.

Mr Speaker: Order. I just remind the House that we are on the subject of devolution funding.

Mr Hain: I know that the hon. Members for Cardiff North (Jonathan Evans) and for Vale of Glamorgan (Alun Cairns) will disagree with the Secretary of State on that, because Labour won the Assembly seats in their constituencies with thumping majorities. If, as the Chief Secretary to the Treasury suggested yesterday, Alex Salmond is to get the borrowing powers that he is demanding, as well as the ability to reduce corporation tax, how will increasing borrowing fit with her Government's preoccupation with reducing the deficit at all costs? Furthermore, is not her Conservative-led Government playing into the hands of separatists by promoting separate economies?

Mrs Gillan: I would never play into the hands of separatists; I am a devoted Unionist, as I hope the right hon. Gentleman is. Before the Assembly elections, he and his party consistently boasted that they would win a majority in Wales, and I consider failing to do so a significant failure for him and his leader. On the question of separatism, however, he will know that my door is always open, and I would hope that we could join in common cause on this matter. He and I, and his party, support the United Kingdom and I want to ensure that all steps taken by the Wales Office will reinforce the United Kingdom. I see him nodding, and I am grateful for his acknowledgement that he would join me in that cause. I am sure that we can work well together on that.

Departmental Efficiency Savings

3. **Mr Philip Hollobone** (Kettering) (Con): What mechanisms her Department has used to identify efficiency savings since May 2010. [54354]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): Since taking office, we have explored a number of ways to find efficiency savings and we have achieved significant savings, particularly on rail travel and hotel accommodation.

Mr Hollobone: Is it the Minister's intention that the Wales Office should be the most efficient Department in Whitehall? If so, how confident is he that that can be achieved?

Mr Jones: We are certainly moving in that direction. Since taking office, we have introduced a rule that no Minister or official should travel first class. That has saved us nearly £92,000 and more than halved our rail costs this year. We have achieved 36% savings under a new Government contract for booking hotel accommodation, and we have halved the number of ministerial cars. From this month, we will no longer have the Jaguar in Wales that the Secretary of State's predecessor ordered.

Big Society Initiatives

5. **Jonathan Evans** (Cardiff North) (Con): What recent discussions she has had with ministerial colleagues and the Welsh Assembly Government on big society initiatives in Wales. [54356]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): I have discussed a range of issues concerning the big society in Wales with the Minister for civil society, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd) and the Welsh Assembly Government Minister for social justice. I am due to have a further discussion concerning the big society bank with my hon. Friend next week.

Jonathan Evans: I am grateful to my hon. Friend for that response. Will he share with us his anticipation of when the big society bank will be up and running in Wales?

Mr Jones: We are certainly moving in that direction. My hon. Friend the Minister with responsibility for civil society announced this week that the big society bank is being established; £200 million of moneys in that bank will be available on a wholesale basis for charities in Wales.

Jessica Morden (Newport East) (Lab): Many women in Wales who are approaching state pension age are presumably part of the Government's big society in that they have reduced their hours to undertake caring responsibility for elderly parents and grandchildren. They now find themselves having to work up to two years longer with little time to prepare. Does the Minister understand how betrayed these women feel by this dereliction of public duty?

Mr Jones: I am sure that the hon. Lady will also recognise that the economic legacy we inherited from Labour means that it is absolutely necessary that everybody should play their part in contributing to economic recovery. That means, sadly, that there will have to be an extension of the retirement age. I hope that she will explain that to her constituents.

Broadband Infrastructure

6. **David Rutley** (Macclesfield) (Con): What discussions she has had with ministerial colleagues and the Welsh Assembly Government on improving broadband infrastructure in rural Wales. [54357]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have discussed improving broadband infrastructure across Wales with ministerial colleagues and Welsh Assembly Government Ministers. Indeed, I arranged and hosted a meeting between the broadband Minister and the former Deputy First Minister to discuss joint working.

David Rutley: I would like to congratulate my right hon. Friend on the important work she is doing in this vital area. Many studies, including those by the Massachusetts Institute of Technology, the OECD and the World Bank, have highlighted how broadband immeasurably enhances economic growth. In my own local authority of Cheshire East, faster broadband is a key element in the economic development of rural communities. Will my right hon. Friend tell the House what assessment has been made of the economic benefit of enhanced broadband access in rural Wales?

Mrs Gillan: I thank my hon. Friend for his kind remarks. I know that he has a great deal of expertise in this area. An independent estimate in 2009 projected that superfast broadband in the UK could create up to 600,000 jobs and add £18 billion to GDP. We are working closely with the Department for Culture, Media and Sport and the Welsh Assembly Government to ensure that Wales benefits fully. Based on the population share, we estimate up to 30,000 new jobs being created and a possible £900 million of additional wealth being generated in Wales.

Mrs Siân C. James (Swansea East) (Lab): I am sure the Secretary of State will join me in congratulating Virgin Media on rolling out in Swansea this week the fastest broadband speeds in the UK. It is not just a rural problem. We have heard about the economic case. How quickly can we roll out these speeds to other parts the Principality?

Mrs Gillan: I was particularly pleased that we were able to announce on 10 February £10 million of funding to support the extension of superfast broadband to Pwllheli. I know from working with colleagues in the DCMS and the Welsh Assembly Government that more announcements on this front will be made later this year. The hon. Lady is quite right on this issue, and I am particularly keen because broadband take-up in Wales is at 64% in comparison with 71% in the rest of the UK. Broadband take-up in rural Wales, however, is in excess of that in urban Wales, so I am very pleased to welcome Virgin Media's announcement.

Mr Mark Williams (Ceredigion) (LD): The Secretary of State will be aware not only that rural areas have slower and less reliable broadband, but that our constituents in those areas have to pay a lot more for it. Ofcom is currently investigating lowering the price that BT can charge internet service providers for wholesale broadband because it feels that prices are too high in rural areas. Will she make representations to Ofcom on behalf of people in rural areas to ensure that they, as well those in urban areas, secure a fair deal?

Mrs Gillan: I had some difficulty in hearing the whole of the hon. Gentleman's question, but I should be happy to meet him to discuss the problems of rural broadband. He has always been a well-known champion of rural areas, and I am sure that if anyone can help me to make a case for bringing down costs in those areas, it will be him.

Mr Speaker: Order. I remind the Secretary of State that she must face the Chair. However, she was not alone in her difficulty. Far too many noisy private conversations are taking place in the Chamber in which I have no interest whatsoever. I must tell the hon. Member for Broadland (Mr Simpson) that I want to hear Mr Hywel Williams.

Health and Social Care Bill

7. **Hywel Williams** (Arfon) (PC): What discussions she has had with ministerial colleagues and the Welsh Assembly Government on cross-border implications of the provisions of the Health and Social Care Bill. [54358]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have discussed the Health and Social Care Bill with ministerial colleagues and with Welsh Assembly Ministers.

Hywel Williams: We do not impose competition on the health service in Wales. What steps is the Minister taking to ensure that patients in north Wales are protected from the potential chaos caused by competition in the health service in England?

Mr Jones: As the hon. Gentleman knows, the problem has existed for some time. I remember sharing a platform with him to discuss the issue of the Walton centre. Decisions affecting the NHS in Wales are rightly a matter for the Welsh Assembly, but this Government are committed to working with Ministers in Cardiff and Whitehall when health care provision for Welsh patients is under discussion.

Roger Williams (Brecon and Radnorshire) (LD): Many of my constituents depend on services commissioned from Hereford hospital for the meeting of their medical needs. Will the Minister meet me, and a representative of the Department of Health, to establish how that commissioning will proceed in future?

Mr Jones: I think that that would be premature at this stage, but I am pleased about the decision to refresh the existing cross-border health services protocol for a further year, until 31 March 2012.

Owen Smith (Pontypridd) (Lab): The Minister will be aware that one of the other destabilising effects of the Health and Social Care Bill is the abolition of the National Patient Safety Agency, whose job was to monitor patient safety in England and Wales. In England its job will be taken over by the national commissioning board, but what provision has been made for transferring its responsibilities in Wales to ensure patient safety? If the job is given to the National Assembly, will extra funds be made available for the purpose?

Mr Jones: As the hon. Gentleman will know, the existing cross-border protocol is supported by an annual transfer of funds—currently £5.9 million—to the Assembly Government, and an additional payment of some £12 million was made in the last two financial years. These matters will have to be discussed with Welsh Ministers once the new Assembly Government has been established.

Great Western Main Line

8. **Robert Halfon** (Harlow) (Con): What estimate she has made of the number of jobs to be created in Wales as a result of electrification of the Great Western main line to Cardiff. [54359]

The Secretary of State for Wales (Mrs Cheryl Gillan): The electrification of the Great Western main line will create thousands of job opportunities in the UK manufacturing and service supply chains, and Welsh companies will be well placed to take advantage of those opportunities.

Robert Halfon: Does my right hon. Friend agree that the project will be good for jobs, not just in Wales but throughout the United Kingdom? Will she make contracts available to the many first-class English construction and engineering firms, such as those in Harlow, many of which are small businesses?

Mrs Gillan: I was very pleased when we were able to announce the electrification, which will indeed help to provide jobs not only in Wales but in other parts of the United Kingdom. I hope that there will be many opportunities for businesses in my hon. Friend's constituency, as well as throughout Wales, to be involved in the process. Certainly the Wales Office will do all that it can to facilitate that.

Nick Smith (Blaenau Gwent) (Lab): Good transport links are vital to economic success. Will the Secretary of State undertake to deliver electrification of all the valley lines, including the line between Ebbw Vale and Cardiff?

Mrs Gillan: As the hon. Gentleman will know, we identified electrification of the valley lines as a key priority as part of the development of the business case for electrification. As he will also know, I have said that I stand ready to work with the new Welsh Assembly Government and the Department for Transport to facilitate the electrification of those lines. I shall certainly examine the case for electrification of the Ebbw Vale line, which he has made to me before.

Tourism Promotion

9. **Mr Elfyn Llwyd** (Dwyfor Meirionnydd) (PC): What recent representations she has received from tourism operators in Wales on Government financing for tourism promotion. [54360]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have met representatives of the Welsh Tourism Alliance and North Wales Tourism to discuss a range of issues affecting the tourism industry, and we have both visited a number of tourism-related businesses across Wales in the last year.

Mr Llwyd: As the Minister will know, the tourism sector in Wales is extremely important for the economy of Wales. He will also know that a large part of the sector comprises small and medium-sized enterprises—such firms employ about 90% of the people of Wales. What initiatives is he pursuing to expand this all-important sector?

Mr Jones: The right hon. Gentleman is entirely right. The Welsh tourism industry is worth some £3.5 billion to the Welsh economy. Responsibility for promoting tourism in Wales resides with the Welsh Assembly Government, of course, but VisitBritain has established a new £100 million overseas tourism marketing fund, with £50 million being provided by the Department for Culture, Media and Sport. That marketing programme is due to launch to consumers this month and aims to deliver an extra 4 million visitors to the UK, many of whom will, of course, visit Wales.

Mr Llwyd: I thank the Minister for that reply, but may I press him on one point? He and the Secretary of State were lobbied on the need for a cut in value added tax on tourism services so that we can compete fairly with our friends in Ireland and France, for example. Please will they engage with the Treasury on this matter?

Mr Jones: The position with regard to value added tax was set out amply in the Budget.

Nuclear Industry

10. **Steve Baker** (Wycombe) (Con): What recent assessment she has made of the future of the nuclear industry in Wales. [54361]

11. **Graham Evans** (Weaver Vale) (Con): What recent assessment she has made of the future of the nuclear industry in Wales. [54362]

13. **David T. C. Davies** (Monmouth) (Con): What recent assessment she has made of the future of the nuclear industry in Wales. [54364]

The Secretary of State for Wales (Mrs Cheryl Gillan): Nuclear energy is an important component of our future energy security and carbon reduction plans. It will therefore continue to have a future in the UK's energy policy, and I hope that a new build at Wylfa will play a key role in creating new jobs in Wales.

Steve Baker: Will my right hon. Friend join me in lamenting the record of the Labour party, which failed to promote the latest generation of nuclear technologies and thereby put our energy security at risk?

Mrs Gillan: As my hon. Friend knows, this Government have said that nuclear could be part of the future energy mix, and he will know personally of my attitude towards Wylfa continuing as a nuclear power station, with new generation at the site.

Graham Evans: Does the Secretary of State agree that new power plants in Wales are good news for energy security, industry and job creation?

Mrs Gillan: That is an easy question for me to answer. I welcome the work that has been done to enable Wylfa to continue generating low-carbon electricity for a further two years, and I am delighted that the site has been chosen as a future new site for generation. *[Interruption.]*

Mr Speaker: Order. Let us have a bit of hush in the Chamber for the Chairman of the Select Committee on Welsh Affairs, Mr David T. C. Davies.

David T. C. Davies: In light of the comments of the Committee on Climate Change, which has said that nuclear represents the most cost-effective way of delivering carbon-free electricity, will the Secretary of State support the plant in Anglesey as a means of protecting future generations of homo sapiens?

Mrs Gillan: Once again, this is a very easy question to answer, but I nevertheless thank my hon. Friend for asking it. There is now a growing consensus of opinion right across the board in Wales that Wylfa in Anglesey would be an excellent site for future nuclear generation.

Nia Griffith (Llanelli) (Lab): Given that an enormous amount of time and money has been put into studying tidal energy in the Severn estuary, what efforts is the Secretary of State making to take forward the plans for that and ensure they do not get lost?

Mrs Gillan: The hon. Lady knows that throughout the years when I have been both shadow Secretary of State and now Secretary of State for Wales, I have been very supportive of all the work that has been done, particularly on tidal lagoons, as well as in examining the case for the Severn barrage, which has, of course, been put to one side for the time being. I can assure her, businesses in her constituency and our research institutes that we will always consider that option for future generation in and around the Welsh coast.

Paul Flynn (Newport West) (Lab): In addition to the fear of a Welsh Fukushima, the cost of new nuclear is such that the only new nuclear power station in the world is already three years late and £2 billion over budget. Why does the Secretary of State not concentrate on the immense power of the tides in Wales, including the second highest rise and fall of tide in the world, and give us energy that is clean, safe and eternal?

Mrs Gillan: The hon. Gentleman has been consistent, but he has asked questions on this matter of the Minister with responsibility for energy, my hon. Friend the Member for Wealden (Charles Hendry), and of my right hon. Friend the Prime Minister, and he knows very well that the Government's view is that tidal energy has a part to play in our energy programmes of the future, but so, too, has nuclear.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [54956] **Mr Philip Hollobone** (Kettering) (Con): If he will list his official engagements for Wednesday 11 May.

The Prime Minister (Mr David Cameron): I am sure that everyone across the House of Commons will want to join me in paying tribute to David Cairns, the Member of Parliament for Inverclyde, who, very sadly, died on Monday, aged just 44. I will always remember him as someone who was very quick-witted and sharply intelligent, and as someone who was an extremely kind and compassionate man. Not many people can claim to have come to this House only because legislation was passed to allow them to come here, but as a former Catholic priest that had to happen in his case, and the House was better off for that happening. I am sure that everyone will join me in sending our deepest condolences to his partner, his family and his many friends, and I know that his constituents, like many others, will miss his tireless work very much indeed.

This morning, I had meetings with ministerial colleagues and others and, in addition to my duties in this House, I shall have further such meetings later today.

Mr Hollobone: May I associate myself with the Prime Minister's remarks? David Cairns was a great parliamentarian and a good friend.

On 10 February, this House voted overwhelmingly, by a majority of 10:1, to continue the ban on giving prisoners the vote, since which time the European Court of Human Rights has effectively ignored the will of this House. It still insists that the law be changed and has given the Government until October to bring forward proposals. Will Her Majesty's Government bend their knee to the European Court or will they stand up and insist that on this issue Britain will not budge?

The Prime Minister: My hon. Friend is absolutely clear that the House of Commons has given a very clear view that prisoners should not have the vote and my own view is that prisoners should not have the vote. I think that we should do two things. First, we should be trying to reform the European Court, as we are doing; my right hon. and learned Friend the Justice Secretary is leading this charge to make sure that it does pay more attention to national judgments and national Parliaments. But at the same time we will have to consider our response to this issue, and I want it to be as close as possible to the clearly expressed will of the House of Commons.

Edward Miliband (Doncaster North) (Lab): I want to start by paying tribute to our much-loved colleague David Cairns. His death is a tragedy at such a young age, and we send our deepest condolences to his partner, Dermot, and to the whole of his family. He was what any Member of Parliament would aspire to be in this House: he was warm, principled and independent-minded, even if that was not always comfortable for the leadership of our party. He fought for the causes that he believed in, he was Labour through and through, he will be missed throughout the labour movement, and I know that he will be missed throughout this House as well.

A year into his Government, how would the Prime Minister rate his handling of the NHS?

The Prime Minister: I think that the most important thing we have done is increase spending on the NHS, which is something that has happened only because of the commitment we made at the last election. So an extra £11.6 billion will be going into the NHS because of the decisions we have taken. In addition, there is a £200 million cancer drugs fund, so that people get the drugs they need and, for the first time in a long time, the number of doctors is growing very quickly and the number of bureaucrats is actually falling.

Edward Miliband: In case the Prime Minister did not realise, it takes seven years to train a doctor, so I would like to thank him for his congratulations on our record on the NHS. I have to say to him, if it is all going so well, why have we seen the number of people waiting for diagnosis rising again this morning? More than 10,000 people are waiting to get their tests, three times the number it was a year ago. I also noticed that he did not mention his top-down reorganisation when he talked about his handling of the NHS. Let me remind him of what he said just a month ago. He said:

"I've been involved in designing these changes way back into opposition with Andrew Lansley".

Will he therefore confirm that the failing NHS plans are not the Health Secretary's fault, but his?

The Prime Minister: The Leader of the Opposition himself has said that no change is not an option. We are seeing the usual empty opposition. I am glad that he mentioned waiting times, because, two weeks ago, at that Dispatch Box, he said that waiting times

"have risen month on month under this Government".—[*Official Report*, 27 April 2011; Vol. 527, c. 169.]

That is not true. The figures, which he had at the time, show that in-patient waiting times fell from 9.1 to 9 weeks. For out-patients, they went down from 4.8 weeks to 3.5 weeks, the lowest for a year. It is important when we come to this House and make statements that are inaccurate that we correct the record at the first available opportunity.

Edward Miliband *rose—*

The Prime Minister: Hold on. Would he like to take this opportunity to correct that specific mistake?

Edward Miliband: No, waiting times are rising. I notice that the Prime Minister did not even take the opportunity to take responsibility for the health policy. Where is the Health Secretary, after all? Where is he? It is becoming a pattern with this Prime Minister. This morning, in the papers, we saw the Universities Minister being dumped on for his tuition fees policy; we see the Schools Secretary being dumped on for his free schools policy; and the poor Deputy Prime Minister just gets dumped on every day of the week. The Prime Minister must believe that something has gone wrong with his health policy, because he has launched his so-called listening exercise. Can he reassure doctors, nurses and patients that it is a genuine exercise?

The Prime Minister: Of course it is a genuine exercise. Let me be clear: the right hon. Gentleman is wrong on the waiting times. The figures are clear and I shall place them in the Library of the House of Commons. Waiting times went down last month and he ought to have the guts and the courage to correct the record when he gets it wrong. He asks about my Health Secretary, and perhaps I can remind him of what his health spokesman has said. He said it this week. He said the general aims of the reform are sound. That is what he said. He said earlier, "I have no problem with the broad aim of the changes," and went on to praise them. When I look at this, it all reminds me of Labour 30 years ago. They had a leader with the ratings of Michael Foot and he was being undermined by someone called Healey, as well.

Edward Miliband: We read in the papers about a PMQs makeover, but I have to say that it did not last very long. Flashman is back. Of course, the thing is that Flashman does not answer the questions, so let me ask the right hon. Gentleman again. Can he explain why the chief executive of the NHS, Sir David Nicholson, wrote to NHS staff on 13 April, after the Prime Minister's so-called pause had begun, and said that they should "press on with implementation" of the plans? That does not sound like a pause to me.

The Prime Minister: I can absolutely guarantee that there will be significant and substantial changes to the reforms because we want to get them right and because we want to guarantee an NHS that is free at the point of use and available based on need rather than the ability

to pay. Unlike the Labour party, which is now cutting the NHS in Wales, this Government will put more money into the NHS.

The right hon. Gentleman talks about what is in the newspapers today, but he ought to be looking at the GPs representing 7 million patients who wrote to the papers today to say that this is evolution, not revolution, that it is good for patients, and that it will help some of the "most vulnerable" people in our community. I have to accept that some of the recent cultural references—Michael Winner, Benny Hill—are all a little out of date, but I must say that when I look at the right hon. Gentleman, who told us that the fight back would start in Scotland before going down to a massive defeat, he rather reminds me of Eddie the Eagle.

Edward Miliband: Let me congratulate the Prime Minister on getting 42 GPs to write to *The Daily Telegraph* supporting his plans. The Royal College of General Practitioners represents 42,000 GPs and it says—the Prime Minister said that he would protect the NHS, so I would have thought he would be embarrassed by this—that his plans will cause "irreparable damage" to the core values of the NHS. I do not know whether he even knows about the letter that David Nicholson sent, but the truth is that the Prime Minister's pause is nothing more than a sham.

The Prime Minister: Why does not the right hon. Gentleman for once in his life actually deal with the substance of the reform? The truth of the matter is that he has said, quite rightly, that no change is not an option. We believe that no change is not an option and that is what the overwhelming amount of people in the NHS feel. Let us look at the elements of the reform: GP fundholding started under Labour and is now being improved under this coalition; foundation hospitals started under Labour and are now being taken forward by this coalition; payment by results—so that we make sure that we get good value for money in the NHS—started under Labour and is now being carried forward under this coalition. That is the point. He should be seriously engaging in how we make sure we have a strong NHS for all our people for the future. Instead, we have empty opposition, which got him absolutely nowhere last week.

Edward Miliband: In a phrase that the Prime Minister is familiar with, "Calm down, dear." Calm down. Does not his mess on the NHS tell us all we need to know about this Prime Minister? He breaks his promises, he does not think things through and when the going gets tough, he dumps on his colleagues. On a day when waiting lists are rising, this confirms what we always knew about the Tories—you cannot trust the Tories on the NHS.

The Prime Minister: What we have seen is just the product of empty opposition and weak leadership. It is this Government who are putting more money into the NHS; it is this Government who are putting money into the cancer drugs fund; it is this Government who are seeing the number of doctors and nurses grow while the number of bureaucrats shrinks. It is this party that is defending the NHS and it is Labour in Wales that is cutting the NHS. That is the truth. There is only one party you can trust on the NHS and it is the one that I lead.

Hon. Members: More, more!

Mr Speaker: Order. There is far too much shouting in the Chamber and the Secretary of State for Education should not be shouting his head off—it is a very bad example to set to the nation's schoolchildren.

Q2. [54957] **Sir Paul Beresford** (Mole Valley) (Con): I have a slightly calmer question, Mr Speaker. I am sure that the Prime Minister is aware that the fatal and incurable human brain disease variant Creutzfeldt-Jakob disease is transferred through prions, blood products and surgical instruments. Recently, Professor Collinge and others at the Medical Research Council prion unit have produced an effective prion-deactivation instrument soak and a blood test for variant CJD, both of which could and should protect the public. Unfortunately, there has been a small financial hiccup in progressing those breakthroughs. Does the Prime Minister accept the importance of preventing this despicable disease, particularly for future generations, and will he meet me and Professor Collinge to discuss potential progress?

The Prime Minister: My hon. Friend raises an important point about a very dangerous disease and I would certainly be happy to arrange a meeting, probably between him and Professor Sally Davies, the chief medical officer, to discuss this. He will know that there have been various research studies into the impact of variant CJD on the population. We do not yet have all the answers that we need. Since 1990, there has been funding of the national CJD research and surveillance unit to the tune of £18 million, and through the Medical Research Council we have committed to providing £32 million to the national prion unit between 2010 and 2014. That should be the money that gets the answers that he so badly wants.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): The Protection from Harassment Act 1997 has served its purpose well over the years, but recently there has been a huge increase in incidents of cyber-stalking, sometimes with devastating consequences. Will the Prime Minister, in due course, meet me and a small delegation of Members from across the House who are concerned about the issue?

The Prime Minister: I am happy to hold that meeting with the right hon. Gentleman. We are trying to make sure that right across the board we take cybercrime seriously because there is a huge growth in it. Often it is about trying to take people's money or about espionage, but the point that he makes about harassment is also important. We need to make sure that the strategy dealing with cyber takes full account of what he says.

Q3. [54958] **Bob Russell** (Colchester) (LD): The Labour Government took Britain to the brink of bankruptcy. The gap between rich and poor widened, and nearly 4 million children were left living below the poverty line. Last month, the coalition Government cut income tax, liberally helping millions of people, but I have to ask the Prime Minister this: if we are all in this together, what is he going to do about the obscenity of 1,000 multimillionaires boosting their personal wealth by 18% in the past year?

The Prime Minister: One of the things we absolutely will do—and we have put in the money to make sure it happens– is crack down on the tax evasion that takes place so widely in our country. The Treasury has put money into that campaign to make sure it happens. The hon. Gentleman makes a good point. Because of our Coalition Government, we have lifted 1 million people out of income tax and, at the same time over the past year, we see exports up, private sector jobs up, the economy growing and borrowing down—all radically different from what would have happened if we had listened to the recipe from the Labour party.

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): On the subject of empty opposition, the Prime Minister castigated his predecessor for not proscribing the radical Islamist organisation, Hizb ut-Tahrir, when the previous Prime Minister had been in post for a week. The right hon. Gentleman has now been in post for a year. I would like to give him the opportunity to castigate himself.

The Prime Minister: It is very kind of the right hon. Gentleman to give me that opportunity. We are clear that we must target groups that promote extremism, not just violent extremism. We have proscribed one or two groups. I would like to see action taken against Hizb ut-Tahrir, and that review is under way.

Q4. [54959] **Tony Baldry** (Banbury) (Con): What estimate has my right hon. Friend made of the comments this week by the director general of the CBI on the Government's deficit reduction plan?

The Prime Minister: In its history the CBI has not always supported action to tackle deficits and to get on top of bad public finances, but on this occasion it is four-square behind the action that the Government have taken. When asked what would have happened if we had followed the ideas of the Labour party, the CBI said:

"The economy would be weaker because of the impact of a loss of confidence in the markets.

If we did not have a clear programme to reduce the deficit over this parliament we would have seen a significant rise in our interest rates, and growth would have been eroded rather more than it has been".

That is the view of the CBI—the experts at the heart of British industry, who say that one cannot trust Labour with the economy.

Mr Wayne David (Caerphilly) (Lab): Last week we had an excellent result in Wales for the Labour party. Given the Prime Minister's general election manifesto commitment, and the commitment of the Liberal Democrats, what progress has he made so far on reforming the Barnett formula as it applies to Wales?

The Prime Minister: We will look closely at a Calman-like approach for Wales. If those results are the hon. Gentleman's definition of success, I suppose he will be a happy man. He should spend a little time studying what his colleague, the hon. Member for Glasgow South (Mr Harris), said about Labour's performance in Scotland:

"Labour deserved to lose. We insulted the intelligence of our voters by peddling a myth".

That is what happened. I know the hon. Member for Caerphilly (Mr David) does not want to hear about Scotland, but he ought to think about it.

Q5. [54960] **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): Conservative-controlled Shropshire council has managed to make savings of £30 million while protecting front-line services. That has been achieved partly by a reduction in salaries for councillors and senior managers. Will the Prime Minister join me in congratulating Shropshire council on this achievement, and is it not a shining example for other councils up and down the country to follow?

The Prime Minister: My hon. Friend makes a very good point, which is that up and down the country councils have been able to reduce back-office costs, bureaucracy and the pay of chief executives and crack down on council allowances and all those things in order to protect front-line services. It has happened in Shropshire and many other parts of the country and it is an example that should be followed.

Mr Tom Watson (West Bromwich East) (Lab): The Prime Minister told me that the hacking inquiry should go where the evidence leads. It leads to the parents of the Soham children and to rogue intelligence officers. He knows of more sinister forms of cybercrime. Lord Fowler is calling for a judicial inquiry. Will the Prime Minister please order one now, before the avalanche of new evidence forces him to do so?

The Prime Minister: I think there is a real problem with interfering, which that would effectively do, with the criminal investigations that are taking place. The most important thing is to allow the criminal investigation to take place and, as I have said to the hon. Gentleman before, make sure that the police and the prosecuting authorities can follow the evidence wherever it leads. That is the most important thing that needs to happen.

Q6. [54961] **Robert Halfon** (Harlow) (Con): Does my right hon. Friend agree that the story of Robin Hood has parallels with a Government who are taxing bankers to build the big society, City fat cats to fund tax cuts for lower earners and oil barons to cut fuel prices? Will he invite disaffected Opposition Members to join a Government who help the poor and take away from the rich?

The Prime Minister: My hon. Friend makes a good point. It was this Government who introduced a bank levy and used the money to help some of the poorest in our country. It is this Government who have taxed the oil companies at a time when the oil price is so high in order to cut petrol duties and help millions of people in our country. What a contrast with the Labour party; the action it took against the banks was to give Fred Goodwin a knighthood.

Liz Kendall (Leicester West) (Lab): The Prime Minister knows about the real pressures faced by London's emergency services, including those they will face in the run-up to the Olympics next year. What risk assessment has he made of the London ambulance service's decision to cut 20% of its work force, including 560 front-line NHS staff?

The Prime Minister: I have discussed with London's emergency services some of the challenges they face, not least the Olympics and the terrorist threat. All

organisations in this country are having to make savings and efficiencies and try to concentrate on the front line. That is what is happening in the police and elsewhere. The point about ambulance services and the NHS is that we are protecting spending on the NHS. There was, frankly, only one party that proposed that at the last election. If we had not proposed that, it would not be happening. We listened to the Labour party, including the former health spokesman, the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), who spoke earlier, and they were going to cut the NHS. That would have affected the London ambulance service like everything else.

Q7. [54962] **Julian Sturdy** (York Outer) (Con): Does the Prime Minister share the shadow Chancellor's view that the Government should adopt the Obama Administration's pace of deficit reduction?

The Prime Minister: My hon. Friend makes a very good point. For months the Opposition have been telling us that we should follow the American approach. It now emerges that the Obama deficit reduction programme will go exactly as fast, as quick and as deep as the proposals in the UK, so one of the planks of the good ship Balls has been completely holed below the waterline.

Q8. [54963] **Sammy Wilson** (East Antrim) (DUP): May I associate myself with the Prime Minister's tribute to David Cairns? David served with distinction as a Minister in Northern Ireland during the period of direct rule, and many people there have great respect for the work he did in Northern Ireland.

The UK's contribution to the bail-out for eurozone countries that find themselves in financial difficulties amounts to half the savings made in the deficit reduction plan in the UK this year, a fact that will stagger and appal many people in this country. Can the Prime Minister give an assurance that the UK will make no further contributions to the bail-out of those countries that have got into financial difficulties—

Mr Speaker: Order. I think we have the thrust of it and are grateful.

The Prime Minister: I congratulate the hon. Gentleman on his re-election last week to the Northern Irish Assembly. The point that I would make is this: the only money that Britain has lent directly is to the Republic of Ireland, and I think it is actually in our national interest and, I would say, in the interests of Northern Ireland that we do not see a collapse in the economy in the Republic. That was a difficult decision but the right decision to make.

The other contingent liabilities on Britain flow through the finance mechanism in Europe, which we did not support the establishment of and have negotiated to get rid of when the new arrangements come in in 2013, and we will do everything that we can to safeguard Britain's finances.

Q9. [54964] **Mr Laurence Robertson** (Tewkesbury) (Con): Can the Prime Minister confirm that, if any part of the United Kingdom decided to leave the Union, although part of the national debt would follow them, a continuation of subsidy from the remaining British taxpayers would not?

The Prime Minister: Of course I can confirm that, but I believe that everyone in this House who believes in the United Kingdom and the future of the United Kingdom should join together and make sure that we fight off the threat of the idea of breaking up our United Kingdom. I do not believe that we will achieve that by threats, or by saying that small countries cannot make it; I believe that the way we will make that argument is by saying that being part of the United Kingdom is good for Scotland, and that Scotland being part of the United Kingdom is good for the rest of the United Kingdom. I want us to make an uplifting and optimistic case for why we are better off together. That is what all of us who support our Union should do, and I for one will certainly play my part.

Q10. [54965] **Mr Ronnie Campbell** (Blyth Valley) (Lab): Now that the referendum is out the way—incidentally, nobody asked for it and nobody wanted it, except for the Liberals, or Bob, Rag and Ragtail here—*[Interruption.]* I did not want it—*[Interruption.]* I did not want it. Yet, Prime Minister, a survey done a few weeks ago said that 70% of the British people wanted a referendum on Europe. It is in the Liberal manifesto, although that does not mean much, and more than half your Back Benchers want a referendum as well. When are the people going to get the referendum on Europe?

The Prime Minister: The hon. Gentleman says that the referendum on the alternative vote was something nobody wanted, but I have to remind him that it was in his manifesto. I know that it was a pretty turgid document, and he might want to have a word with the author about how to improve things next time, but I would recommend reading the manifesto before you stand for the party.

Q15. [54970] **Caroline Nokes** (Romsey and Southampton North) (Con): Given the high demand from the public to attend the consultation events on the future of children's cardiac services in Southampton, will my right hon. Friend the Prime Minister join me in calling for additional events so that the maximum number of people in the wider Southampton area can participate?

The Prime Minister: I certainly agree with my hon. Friend, and in the review of child cardiac services—this affects my constituency as well as hers, and people are talking about how Southampton and Oxford should work together—I think that there should be as many events as people want to go to, as much transparency as possible and, if specialisation is necessary, as much explanation as possible about why it is necessary and why it is good for patients. In the end that must be the test of everything we do in the NHS.

Q11. [54966] **Dr Alan Whitehead** (Southampton, Test) (Lab): We know what a number of the right hon. Gentleman's Ministers think about the adoption of the fourth budget proposed by the Committee on Climate Change, but what does he think about it? Will he press for the adoption of that budget when the Cabinet meets to discuss it, as we are reliably informed it will?

The Prime Minister: We will respond in full to the House on the fourth carbon budget. It is very important that we get that right. We have strict timetables and

targets laid out in terms of our carbon reduction, and this Government are committed to making sure that we meet those.

Mr Speaker: Closed question, I call Mr Richard Bacon.

Computer Sciences Corporation

Q12. [54967] **Mr Richard Bacon** (South Norfolk) (Con): What discussions he has had with the Minister for the Cabinet Office and the Secretary of State for Health on the performance of Computer Sciences Corporation in installing Lorenzo software within the national programme for IT in the NHS.

The Prime Minister: We are very concerned that the NHS IT projects that we inherited were of poor value for money, an issue we raised repeatedly in opposition. According to the National Audit Office, even in 2008, delivery of the care records system was likely to take four years more than planned. Since coming into government, we have reviewed the projects with the intention of making the best of what we have inherited. In part, as a result of our work, the Government have cut £1.3 billion from the cost of the national programme for IT in the NHS, including planned savings of at least £500 million from Computer Sciences Corporation.

Mr Bacon: Does the Prime Minister agree that the NHS IT programme will never deliver its early promise, that in particular CSC has failed with Lorenzo and that, rather than squandering £4.7 billion that is still unspent, the solution is to negotiate a way forward that frees up billions of pounds for the benefit of patients?

The Prime Minister: I agree with my hon. Friend that we are absolutely determined to achieve better value for money. Let me reassure him that there are no plans to sign any new contract with Computer Sciences Corporation until the National Audit Office report has been reviewed and until the Public Accounts Committee meetings and the Major Projects Authority reviews have taken place. The Department of Health and the Cabinet Office will examine all the available options under the current contract, including the option of terminating some of, or indeed all of, the contract.

Engagements

Q13. [54968] **Sheila Gilmore** (Edinburgh East) (Lab): Will the Prime Minister investigate why his much-trumpeted Work programme will be delivered in Scotland by private companies with only an 8% voluntary sector component—or does his big society not apply in Scotland?

The Prime Minister: While I accept that the figure the hon. Lady gives for the lead number of voluntary bodies is right, if she looks at the details of who in Scotland is going to be providing the voluntary sector projects—the subcontracting arrangements—I think she will see bigger and better opportunities for the voluntary sector. If she is saying that we should be doing even more to open up public services to voluntary and other providers, then absolutely yes—and perhaps she can persuade her Front Benchers to make it Labour policy too.

Tom Brake (Carshalton and Wallington) (LD): One year on after the coalition was formed, would the Prime Minister like to update the House on the progress that has been made in tackling the economic and financial wasteland that was left to us by the previous Government?

The Prime Minister: The point I would make to the hon. Gentleman is that not only are exports growing and manufacturing growing, but we have 400,000 more people in work than there were a year ago—*[Interruption.]*

Mr Speaker: Order. I apologise to the Prime Minister. There is far too much noise in the Chamber. I heard the question; I want to hear the Prime Minister's answer.

The Prime Minister: The fact is, Mr Speaker, that Labour Members do not want to hear what this Government have achieved over the last year, because it is this Government who have cut the deficit, who capped immigration, who froze the council tax, who have linked the pension back to earnings, who have taken a million people out of income tax, who have reformed welfare, and who have created more academy schools in 12 months than that lot managed in 12 years. That is a record, with much more to do, that I think the coalition can be proud of.

Q14. [54969] **Dr William McCrea** (South Antrim) (DUP): Last week the widow of Captain Mark Hale, who died serving in Afghanistan, was elected to the Northern Ireland Assembly as a member of the strengthened Democratic Unionist party team. Brenda is a leading campaigner to have the military covenant enshrined in law. Will the Prime Minister recognise the public support for the campaign by Brenda and other folks, and will he give our heroes the support that they deserve?

The Prime Minister: First, I congratulate Brenda Hale on her election. It is excellent that someone who is going to speak up for the military and for their families is going to have a seat in the Northern Irish Assembly, particularly when Ireland, both north and south, has given so much to Britain's armed forces over so many years. I do want to see a very strong armed forces covenant set out clearly, debated in this House, and clearly referenced in law. I want to see us make bigger steps forward on the things we do to help our armed forces' families. We have made some steps over this last year, doubling the operational allowance, giving more money to schools where forces children go, and helping in ways including health and scholarships for those whose parents have sadly fallen in battle. But I believe there is more we can do, and this Government will not let up in making sure that we have an armed forces covenant we can be proud of.

Mr Speaker: Order. We now have a statement from the Foreign Secretary. I appeal to Members who are leaving the Chamber to do so quickly and quietly so that we can hear the statement from Mr Secretary Hague.

Future Diplomatic Network

12.33 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): With permission, Mr Speaker, I will make a statement on Britain's future diplomatic network.

Our embassies and high commissions are the essential infrastructure of our country's influence overseas and of our economic recovery. They provide an early warning system for threats to our security and to wider peace, and assist British nationals in times of crisis. They support our economy and help British businesses to access markets abroad. They promote our values of democracy and political freedom across the world, and help to craft vital international agreements from nuclear proliferation to climate change. We could not do without them for a single day.

I promised in our first week in office as the coalition Government that there would be no strategic shrinkage of Britain's diplomatic influence overseas under this Government, and that instead we would strengthen Britain's diplomatic network. Today I want to set out how we will achieve this while saving money overall.

The spending review settlement for the Foreign Office requires a 10% real-terms reduction in the budget. That is, of course, on top of years of unplanned cuts after the last Government stripped the Foreign and Commonwealth Office budget, more than half of which is spent in foreign currencies, of its protection against exchange rate fluctuations in 2007, just before the sharp fall of sterling. In the last two years before the general election, the Foreign Office experienced a 14% real-terms reduction in its budget, resulting in the sudden loss of personnel and training in many embassies. The Foreign Affairs Committee has done much to sound a warning about these matters, and I have been unable to find any other major Foreign Ministry in the world that raises and reduces its diplomatic activity on the basis of movements in exchange rates. I promised to put an end to that ludicrous situation, and the protection is now being restored under a new foreign currency mechanism agreed with the Treasury. That means that the Foreign Office can once again plan properly for the future.

Fortified by that ability to plan, we will find £100 million per year of administrative savings by the end of the Parliament, on a carefully planned basis. We will save over £30 million by simplifying procedures, removing bureaucracy and ensuring that administrative work overseas is done by locally recruited staff or in regional centres. We will save over £34 million a year from our annual estates and security costs, for instance by moving to a single site in London. We will reduce our annual staff costs by £30 million a year by 2014 by reducing to a minimum the number of junior staff posted overseas from London, by removing or reorganising their positions or recruiting locally. We will do so in consultation with staff to mitigate the impact on individuals and their careers. Those savings are not easy but they are essential. They will allow us to live within the necessary financial constraints and to provide the diplomatic network we need for the future.

We will now reverse the previous Government's policy of closing embassies and reducing our diplomatic presence in key parts of the world, as a result of which 45 UK posts were closed after 1997, including six in Africa, seven in Latin America and eight in Asia, and the overall number of UK posts in the world fell by more than 30.

We will embark on a substantial reinvigoration of the diplomatic network to make it ready for the 21st century, to expand our connections with the emerging powers of the world, and to signal that where Britain was retreating, it is now advancing. The case for a strengthened network is utterly compelling. The only way to increase our national prosperity and secure growth for our economy is through trade, and our embassies play a vital role in supporting British business. The emerging powers are expanding their diplomatic networks. Turkey is opening many new posts and Brazil already has more posts in more countries in Africa than Britain has. Given that political influence will follow economic trends in the world and increasingly shift to the countries of the south and east over the long term, we need to plan ahead and create the right network for the future.

Although we are working closely with the new European External Action Service and ensuring that talented British candidates enter it, there is not and will never be any substitute for a strong British diplomatic service that advances the interests of the United Kingdom. We can never rely on anyone else to do that.

We will therefore significantly increase our presence in India and China, the world's two emerging superpowers. We will strengthen our front-line staff in China by up to 50 officials and in India by 30, and will work to transform Britain's relationship with their fastest growing cities and regions. We will also expand substantially our diplomatic strength in Brazil, Turkey, Mexico and Indonesia. We will add diplomatic staff in the following countries and places: Thailand, Burma, South Korea, North Korea, Taiwan, Mongolia, Malaysia, Nigeria, Angola, Botswana, Chile, Argentina, Colombia, Panama, Peru, Pakistan, Vietnam and the Philippines.

We will maintain the strength of our delegations to multilateral institutions, such as the United Nations in New York and Geneva, NATO, and the European Union in Brussels, all of whom have done an outstanding job in recent months. We will maintain our active and substantial embassy in Washington and our network of consulates general across the United States, which remains our indispensable ally in defence, security, foreign policy and commerce.

We have a strong network in the middle east and north Africa, on which the demands have been so great in recent months. Although there is no need to open new posts there, we have frequently and substantially reinforced our diplomats there in recent months and have sent a special mission to Benghazi. Over the coming months, we will review the need for additional deployments.

This expansion does come at a price. In Europe, there have already been significant savings in our diplomatic network. I am determined not to hollow out our embassies there, but we will need to find further savings in recognition of the fact that only three of the world's 30 richest cities in total gross domestic product terms are in Europe, and the fact that our embassies there still cost more than elsewhere. So although we will fully maintain our embassy network across Europe, we will also find additional resource for our expansion elsewhere in the world from the network of subordinate posts in Europe outside capital cities. We will withdraw diplomatic staff from

[Mr William Hague]

some subordinate posts, while retaining UK Trade & Investment and consular staff in many cases. That will lead to there being fewer subordinate posts in European countries.

With those additional resources we will be able to open new British embassies, including in places where they had previously been closed. We will reopen the embassy in El Salvador, closed in 2003, as part of a major diplomatic advance in Latin America after years of retreat. We will open a new consulate general in Brazil at Recife, which will be one of approximately seven new consulates general that we will open in the emerging powers. We will open a new embassy in strategically important Kyrgyzstan, and another in July in the new nation of South Sudan.

I always doubted the last Government's decision to close the embassy in Madagascar, to which I know many Members of all parties objected. I am delighted to say that we will reopen that embassy as soon as the local political situation is right. I will also consider upgrading our political office in Côte d'Ivoire to a full embassy. I have made provision within our budget to open a new embassy in Somalia when the security situation has improved sufficiently. It is vital for our security that we are present in the horn of Africa, so I have made that decision now so that we will be ready to open the new embassy as soon as possible.

In addition to those new embassies, I give the House a commitment today that whereas the previous Government shut 17 sovereign posts in their time in office, we intend to retain all 140 existing British embassies and high commissions throughout the life of this Parliament. Other savings will be found as we reduce, over time, our diplomatic footprint in Iraq and Afghanistan, which is very large relative to the rest of the network. As the nature of the UK military involvement in Afghanistan changes, we will redeploy staff elsewhere.

The strength of our embassies is a signal to the world of our engagement and our role in international peace and security. They are the platform for the strong bilateral relations that are increasingly vital in a networked world, and indispensable to success in multilateral diplomacy. Our decisions will mean that our reach when British companies need assistance or British nationals are in danger will go further and be stronger. That is why the maintenance, extension and strengthening of our global diplomatic network is a central objective of this Government and will be a priority for the use of Foreign and Commonwealth Office funds over the coming years.

Although I have increased programme funding in the FCO to £139 million this year, our financial constraints and the priority that I am placing on retaining and improving our diplomatic network for the future mean that it will have to fall in future years, although it will remain above £100 million. I am sure it is right to give priority to long-term relations and the reversal of Britain's strategic shrinkage.

This development of our network should be seen alongside the diplomatic excellence initiative that I have instigated in the FCO, which began six months ago. That places a renewed emphasis on policy creativity, in-depth knowledge of other nations, geographic and linguistic expertise and the enhancement of traditional diplomatic skills in a manner suitable for the modern world. A combination of strict savings in administrative spending, reductions in our subordinate posts in Europe and the other savings that I have set out will allow us, for the first time in many years, to mount a diplomatic advance. For the first time in decades, our diplomatic reach will be extended, not reduced. That is the right use of public money, and it is the right course for Britain in this century.

This Government will work to build up Britain's influence in the world, to forge stronger bilateral relations with emerging giants and some old allies that have been neglected for too long, and to seize opportunities for prosperity and advance democratic values. We will maintain and enhance the Foreign and Commonwealth Office as a central Department of State leading an ambitious and distinctive British foreign policy, and we will expand and use Britain's diplomatic network to the very full, in the interests of the United Kingdom and in support of the wider peace and security of the world.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the right hon. Gentleman for advance sight of his statement. I first join him, of course, in paying tribute to the work of all Britain's diplomats around the world. Their work often goes unrecognised here at home, but Britain's prosperity and influence would be hugely diminished were it not for their considerable efforts.

The Government are right to assess where best to deploy the Foreign and Commonwealth Office's finite resources. In particular, I welcome the decision to expand Britain's diplomatic presence in China. UK exports to China were worth £5.5 billion in 2007—by 2009, that had grown by more than 40% in cash terms—and 17,000 British nationals are permanently resident in China. Next week, I will visit Britain's embassy in Beijing. I am conscious that it is playing a hugely valuable role in supporting the promotion of Britain's values and interests in the world's most populous country.

The FCO should not, of course, be exempt from the need to reduce the deficit, but in making cuts to a relatively small budget that has a global impact, there is a need for particular care and clarity. The Foreign Secretary spent a great deal of time in his statement criticising Foreign Office expenditure decisions under the previous Government. Will he therefore confirm that it was under his leadership of the FCO that it was fined £20 million by the Treasury for its attitude to

"getting money out of the door"

before the end of the financial year?

The Foreign Secretary placed a great deal of emphasis on trade in his statement, but will he set out in greater detail the position on the headcount and resourcing of UKTI in the years ahead?

The Foreign Secretary briefly mentioned cuts in programme expenditure from the current level of £139 million to a figure, he said, that would be retained above £100 million. Perhaps, in the spirit of candour, he will share a little more of his thinking on which programmes he is contemplating cutting to make the reduction of which he spoke. He has already announced real-terms reductions in programme spending on counter-terrorism, and a £2 million cash reduction in spending on counter-narcotics and rule-of-law programmes in Afghanistan. Will he therefore confirm that the decisions announced

today will mean no reduction in the levels of staffing dedicated to counter-terrorism and counter-narcotics, either in Afghanistan or across the whole diplomatic network?

The right hon. Gentleman is right to highlight the fact that as we draw down our forces from Afghanistan, greater resources will be freed up. However, given the repeated and urgent calls from both sides of the House for a diplomatic surge to match the military effort, will he set out precisely what will happen and when in relation to FCO staffing in Afghanistan for the remainder of this Parliament?

There is much to study in today's announcement, and the Opposition will scrutinise in detail the specific changes in each country. I welcome the Foreign Secretary's re-announcement of his commitment to ensuring that there is no strategic shrinkage of Britain's influence under this Government, but such shrinkage cannot be prevented through diplomats alone. Many commentators saw the Government's initial plan—to step back from foreign affairs and ensure that a quiet period on the world stage took place, reinforcing a domestic austerity agenda—as a profound error. Perhaps for the pre-Tahrir square era, such a plan seemed appropriate, but the Government's passivity and lack of ambition for a bilateral, mercantilist approach to foreign policy has been found badly wanting by recent events in north Africa.

Will the Foreign Secretary therefore provide the House with more detail on Britain's staffing of those multilateral institutions of which he spoke so warmly? Ours is the one country that can operate simultaneously through the EU, the Security Council, NATO and the Commonwealth. Will he therefore clarify what will happen to staffing in each of those institutions?

Is the Foreign Secretary really telling the House that, after the seismic political changes that have swept north Africa and the middle east in recent months, with protests from Morocco in the west to Iran in the east, the review makes no fundamental changes to the diplomatic distribution of assets in the region? That is what the Opposition heard him say, but many will think that that is unsustainable. I suggest that he commits now to a more fundamental review of diplomatic coverage in the region in the months ahead.

The review must not be a means by which the Government once again choose bilateralism over multilateralism, and trade over wider influence, and thereby, however inadvertently, sleepwalk into strategic shrinkage.

Mr Hague: I welcome some of the right hon. Gentleman's comments, including his tribute to the diplomats who serve all Governments loyally and well, as, of course, they will continue to do in the future. I also welcome his welcome for the expansion of our presence in China; it is the largest of all these expansions of our diplomatic presence in the world. Relations with China have been built up and improved under successive Governments, and I welcome the fact that he is visiting it next week. This trend has been continued across parties.

I wish, however, that the right hon. Gentleman had felt able to welcome some of our changes to the previous Government's policies, particularly the reopening of embassies they closed. The embassy in Côte d'Ivoire was closed not only under the previous Government, but while he was a Foreign Office Minister. Trade offices in Brazil were closed, which I hope Labour Members will now recognise was a short-sighted mistake given the expansion of the Brazilian economy, and posts were withdrawn from Latin America, which was a mistake he chose not to dwell on in his questions. Furthermore, consulates general were closed in Frankfurt, Stuttgart and elsewhere across Europe. Taken together, the closure of more than 30 posts under the previous Government was a fundamentally mistaken policy that we are now changing. The withdrawal of the overseas pricing mechanism, which led to so many unplanned and rather chaotic Foreign Office spending reductions, was also a mistake, and it is time that Opposition spokesmen acknowledged that and said, as I said when I was in opposition, that in the future there will be no changes to the Foreign Office budget according to exchange rate fluctuations.

All those things were missing from the right hon. Gentleman's response to my statement. He asked about various other details this year. The Treasury has not fined the Foreign Office, which now has a much better relationship with the Treasury than it did under the previous Government. Last night my right hon. Friend the Business Secretary and I launched the new UK Trade & Investment strategy and the FCO charter for business. Like all parts of government, UKTI has to manage with expenditure reductions and will have to produce more for its budget, which, like that of the Foreign Office over time, will fall by 17%. However, it will be able to do more with its budget by running it well.

Our programme spending decisions this year have already been set out in detail, but obviously what happens in future years will depend on how the situation develops. I am simply sounding a cautionary note today that some of those programmes may have to be reduced. However, it is far too early to make decisions about that. Furthermore, reductions in Afghanistan are not immediate. I am merely foreshadowing changes, given that we have said that by 2015, our troops will not be engaged in combat operations, or in anything like the numbers they are now. It follows that there will be diplomatic changes as well.

The strength of our diplomatic presence in multilateral institutions will not be affected. As I said in my statement, our diplomatic team have done a great job. However, it is also time for the right hon. Gentleman to recognise that success in multilateral institutions often comes from strong bilateral relations, as well as a great diplomatic team in those multilateral institutions, which is one reason why we place such emphasis on bilateral relations with many of the leading world powers. In many cases, those relations need to be restored. I do not know where he got the idea that the Government planned to step back from foreign affairs and think the world peaceful, or that we planned to be passive. After all, I keep finding myself going to countries that no Foreign Secretary visited during the entire 13 years of the previous Government, whether they be rather troublesome spots such as Yemen or old allies such as Australia. The passivity was in the previous Administration, rather than the current one.

Chris Bryant (Rhondda) (Lab): I went to Australia!

Mr Hague: Neither the Australians nor anyone here thought that the hon. Gentleman was the Foreign Secretary, even if he thought so.

Of course we will have to keep under review our diplomatic strength in the middle east, but our diplomats have done a great job. We often reinforce them, as we have done in recent months, and we will need to do so again in the coming months. However, we have sovereign posts in the key nations concerned, so it is not necessary to introduce new ones in the countries directly affected so far by the Arab spring. Ours is a real plan for engagement in the world, with the right level of resources and the right arrangements with the Treasury, and with a vision of where we need a diplomatic presence in the future. There was no evidence of any of those things under the previous Government.

Richard Ottaway (Croydon South) (Con): May I give a warm welcome to every aspect of this statement? To be opening new embassies now is highly symbolic and sends an important signal to the rest of the world. Can my right hon. Friend assure me that in the focus on trade and consular activity, there will be equal emphasis on diplomatic skills, which many feel have shrunk in recent years, and which he seems to be addressing in the diplomatic excellence initiative? On a more practical note, what percentage of the extra overseas posts will be recruited locally?

Mr Hague: As my hon. Friend knows, some of what I announced reflected the work and opinions of him and his colleagues on the Foreign Affairs Committee, and concerns expressed by the Committee under his chairmanship and that of the hon. Member for Ilford South (Mike Gapes). Those have been well-founded concerns, such as over the loss of the exchange protection and so on. My hon. Friend is right that alongside and accompanying our emphasis on trade goes the important diplomatic skills that I feel have been undervalued in recent years in the Foreign Office. It is important for diplomats to have in-depth knowledge of their countries, geographic and historical expertise built up over time and the diplomatic skills of influencing events in other nations, not just of internal management. Those things are all being attended to in the diplomatic excellence initiative launched by the Foreign Office. I shall illustrate the proportion of UK-based and locally engaged staff: I envisage, for instance, that about one third of the additional staff in China will be UK-based, and that about half in the emerging powers outside China and India—in countries such as Brazil, Turkey, Mexico and Indonesia—will be UK-based.

Mr Jack Straw (Blackburn) (Lab): In welcoming the Foreign Secretary's statement, may I say that it would have been all the stronger had he not found it necessary to parody and seek comprehensively to trash the record of the previous Government? I accept that the budget under the previous Government was insufficient. I also accept, and thought at the time, that the Treasury's decision in 2007 to impose this foreign exchange regulator was utterly irrational, verging on the mad—*[Interruption.]*

Chris Bryant: He was not Foreign Secretary then.

Mr Straw: No, I was Leader of the House—just so that we are clear.

I am delighted, therefore, that the Foreign Secretary has restored that protection. However, I hope that on reflection he thinks about some of his other criticisms, which were wholly misplaced, including the suggestion that we—I and other previous Labour Foreign Secretaries, and my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander)—were not as committed as him to the quality of traditional diplomacy, which is of fundamental importance. On that I hope that there is a bipartisan approach. What more is he doing to ensure that the posts and the work of the Department for International Development are brought under the broad umbrella of our overall diplomatic effort? Will he also comment on reports of a request to increase the budget of the European External Action Service, which, at a time of spending restraint across Europe, is unlikely to be justified?

Mr Hague: Some interesting confessions are being produced by this statement. I am delighted to hear that the right hon. Gentleman objected to the previous Government's withdrawal of the Foreign Office exchange rate protection—although he might have wanted to say that at the time. However, I am grateful that he is now well ahead of his Front-Bench team in agreeing with me that it was a mistake. It is time for the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) to say the same and dissociate himself from this foolish policy of the previous Government.

That has got me back on to that partisan theme again that the right hon. Member for Blackburn (Mr Straw) does not like—he must forgive me. I am not a very partisan—in the party sense—Foreign Secretary, but on this issue I think that the previous Government made some serious mistakes, so I make no apology for going on about it. The closure of embassies and the chaotic state in which Foreign Office finances were left were mistakes—they were messed up by the previous Government—and I want to make it clear that under the coalition there is a very different approach. Today, therefore, I will be a little partisan, although of course I always have great respect for him.

On the right hon. Gentleman's other questions, the EAS should not get the proposed budget increase. We are all having to manage within budgetary constraints, and so should it, which is why the proposal in recent days is unacceptable, as the United Kingdom will make clear.

We are working closely with the Department for International Development. Together with my right hon. Friend the Secretary of State for International Development we are bringing about a cultural change in relations between the FCO and DFID, which has always been difficult in the past. We are co-locating more and the teams in each country are working together well. My right hon. Friend and I are in daily consultation about the policies that we are pursuing—an approach that is working much better.

Mr Brian Binley (Northampton South) (Con): The Secretary of State put emphasis on UKTI, saying that, in effect, it would be able to do more with less. May I suggest that he could achieve that outcome by ensuring that more people with genuine business experience are involved with UKTI? If he agrees with that premise, will he tell us how he might proceed towards achieving that objective?

Mr Hague: My hon. Friend is quite right that we need people with good business experience working for and with UKTI, but in a way we have gone above and beyond that. The Prime Minister has appointed Lord Green—Stephen Green—as the new Minister for Trade and Investment working in both the Foreign Office and the Department for Business, Innovation and Skills. He comes with enormous business experience and has put together the new strategy for UKTI, which is very impressive and will set many new and demanding targets. Right at the head of that strategy will be somebody who is steeped in business experience and the private sector.

Chris Bryant: Just for the avoidance of doubt, I am thoroughly aware that I was not the Foreign Secretary, because nobody ever listened to a word I ever said. I am sure that people listen to everything that the Foreign Secretary says, and act upon it.

May I ask the right hon. Gentleman about an omission in his statement? There may be others, but one country that he made no mention of at all was Russia. We closed a post in Russia, but that was because the Russian Government insisted that we do so, because of the relations between our two Governments and, I believe, the harassment and corruption in the Russian system. I wonder whether he can update us on relations with Russia. I believe that he will be visiting soon, so will he ensure that he always underlines human rights and the need for doing away with corruption in the Russian system?

Mr Hague: We are much reassured to know that the hon. Gentleman did not think that he was the Foreign Secretary. We are also reassured to know that nobody took any notice of what he was saying. That is an enormous relief to us.

As the hon. Gentleman knows, we have a strong diplomatic presence in Russia, with one of our major embassies in the world in Moscow. I do not think that it is necessary either to increase the size of that embassy from the current level of activity or to reduce it. That is why the embassy did not feature in the statement. Given that we have 260 posts altogether, there are many nations around the world that I did not mention in the statement. I am highlighting changes today.

Relations with Russia have improved in recent months, and we have made an effort to improve them. I visited Russia last October and my counterpart, Sergei Lavrov, came here in February. The Prime Minister intends to visit Russia later in the year. Both sides have been working at improvements in relations, but I do not think that we are at the point yet where we can reverse decisions that were taken under the previous Government about this. I make no criticism of the previous Administration on this issue, because the difficult relations with Russia were not their fault. *[Interruption.]* Yes, that is very generous of me, isn't it? We will always continue to raise the difficult issues that the hon. Gentleman mentioned.

Martin Horwood (Cheltenham) (LD): I welcome the statement's much needed strategic vision of a diplomatic network that is stronger in a changed world, and the Foreign Secretary's commitment to working closely with the European External Action Service. Does he agree that working in close collaboration with the External Action Service and supporting it offers a cost-effective and efficient way to strengthen our diplomatic connections, to protect more Britons abroad and to increase Britain's voice in world affairs?

Mr Hague: I very much welcome the hon. Gentleman's warm welcome for the statement and the input from him and his colleagues among Liberal Democrat Back Benchers, which has been valuable. We must work with the European External Action Service and have good people going into it. I am afraid that I am going to offend the Opposition again, but that will be part of rectifying something else that went awry under the last Government, which is that the number of British people going into European institutions was too low. We are putting that right, including in the External Action Service. It is right that it can be an extension of our influence in the world, but it is not a substitute for it, as I made clear in my statement. The External Action Service does not mean that we do not need British diplomatic posts or a British diplomatic presence, which are the only way to be sure of advancing the interests of the United Kingdom.

Keith Vaz (Leicester East) (Lab): I warmly welcome the Foreign Secretary's statement, especially the increase in diplomatic activity in India and Pakistan. I am on record as being delighted that the right hon. Gentleman was the first Foreign Secretary ever to visit Yemen—although he did not manage to get to the city of my birth. As he knows, the embassy in Sana'a has been closed since 2010. There is limited consular access, visas are not really being granted, and unfortunately the previous Government closed our consulate in Aden. Does he have the flexibility where necessary to increase diplomatic staff in areas that need attention, and will he be able to reopen the consulate in Aden once matters are resolved?

Mr Hague: The right hon. Gentleman has been a long-standing champion of the interests of this House in Yemen. I am sorry that I did not get to the place of his birth—where I presume there is a statue and all kinds of other tributes to him; I look forward to seeing that one day. I might have misheard him, but I think he said that the embassy in Sana'a had closed. I can assure him that it has not closed; it is functioning. I visited it in February and it was working, albeit in difficult security conditions—there is no doubt about that. As he knows, two attempts were made last year on the lives of our diplomatic staff in Sana'a. The embassy works in the most difficult security conditions of any of our embassies abroad, but it is still functioning and has an important influence on events in Yemen. In the current security situation it is not possible to open additional diplomatic posts in Yemen. However, we have the flexibility in our plans to open further consulates and reinforce our presence in the middle east. That remains a live issue for the future.

Margot James (Stourbridge) (Con): I congratulate the Foreign Secretary on strengthening our diplomatic network at a time of such economic austerity. I strongly agree with his view that embassies play a vital role in world trade. In that context, I congratulate our embassy in Japan on its sterling work on behalf of British business, which I observed on a recent visit to Tokyo last November. Could he advise the House on the workings of his Department with the Department for

[Margot James]

Business, Innovation and Skills, which is essential to our country's ability to maximise trade opportunities in the newer markets that he mentioned?

Mr Hague: I am grateful for my hon. Friend's reference to the great work of our embassy in Japan. At the UKTI strategy launch last night I met someone from a very innovative new business who was immensely enthusiastic about the support that it had received from our embassy in Japan, so I can absolutely confirm what my hon. Friend says—*[Interruption]*—although I have slightly forgotten her other point.

Margot James: About relations with BIS.

Mr Hague: Relations are very good. As I have said, the Business Secretary and I launched our UKTI strategy together last night. Lord Green works equally—half and half—in the Department for Business, Innovation and Skills and the Foreign and Commonwealth Office, to ensure that we are absolutely in step on pursuing the strategy, and he is already doing a great job.

Angus Robertson (Moray) (SNP): The Secretary of State has announced that an embassy will open in South Sudan when it becomes an independent state shortly, joining the international community of nations in the United Nations and the African Union. Will he confirm that Whitehall has the most experience of any capital in the world when dealing with independence issues? The normal procedure is: recognition of the right of self-determination; the acceptance of independence referendum results; the establishment of diplomatic relations; and the maintenance of close co-operation between friendly sovereign nations.

Mr Hague: Of course Whitehall has experience in all those matters, but the hon. Gentleman will also see from my statement that running the necessary network of sovereign posts and consulates around the world is very expensive for any Government. Any newly independent nation with any hope of maintaining its diplomatic strength in the world would have to come up with the several hundred million pounds in additional costs that would be necessary.

Mr William Cash (Stone) (Con): The Foreign Secretary makes an excellent case for bilateral relations. I am sure he will understand if I point out that under the Lisbon treaty, the External Action Service creates circumstances in which there could be conflict between our own national interests and those promoted by the European Union. Does he therefore accept that it would be far better if we were to retrench, and abolish the External Action Service by renegotiating the Lisbon treaty?

Mr Hague: I think that if my hon. Friend had his way, all our relations in Europe would be bilateral. He and I both opposed the Lisbon treaty and the creation of the External Action Service, but we have to work with what we have. As we are in this situation, and as we respect the fact that we are a coalition Government, our approach is to make the best of this and to ensure that there are British people working in the External Action Service. I hope that we shall not reach a point of conflict, as my hon. Friend puts it, between the External Action Service and the United Kingdom's approach to foreign affairs, because decisions on foreign policy are taken by unanimity in the European Union, and in the event of a direct conflict arising, the British Foreign Secretary would be able to veto any such proposal in the EU.

Ann Clwyd (Cynon Valley) (Lab): May I ask the Foreign Secretary to look carefully at any proposals to reduce the number of staff at our embassy in Iraq, because I believe that we have a certain responsibility towards Iraq? There is no dedicated human rights officer at the embassy. A human rights report was recently produced by Amnesty International about conditions in detention there. I always said that we should not hand over the detained prisoners until the Iraqis had the capacity to deal with them, which they do not have. It is therefore vital that we continue to have a considerable presence in Iraq, possibly with a dedicated human rights officer.

Mr Hague: I will look at the point that the right hon. Lady raises about a human rights officer. I can certainly reassure her that we will retain a very considerable presence in Iraq; there is no doubt about that. I should point out that it is one of our most expensive diplomatic operations, partly because of the security that is still required. The embassy in Baghdad and its associated posts amount to one of our five most expensive embassies in the world. At the moment, that is out of proportion with the strategic and economic importance of Iraq, although that remains considerable. That is why we have to look for savings there, but I fully take the right hon. Lady's point and we will retain a very considerable presence.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): I am delighted to hear that our growing diplomatic network is committed to playing such an important part in promoting UK business. Can my right hon. Friend advise me on how small and medium-sized enterprises, especially those in my constituency, can make the best of that commitment?

Mr Hague: The new strategy of UKTI, which Lord Green has taken the leading role in putting together, places the greatest emphasis on small and medium-sized enterprises. Only one in five of the SMEs in this country are exporters on any significant scale. If we could raise that to one in four, which is the European average, the extra exports from Britain would more than cancel out the trade deficits that we have experienced in recent years. This is a central goal, and UKTI's work in the United Kingdom will reach out to those businesses in particular over the coming months and years. I will write to my hon. Friend with the details of what we announced last night.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary has already referred to the reports produced by the Foreign Affairs Committee in the last Parliament and in this one. He will be aware that just before the general election the Committee made a number of serious recommendations. I congratulate him on announcing the implementation of several of them in the statement today, particularly those relating to the embassy in Kyrgyzstan and to the scrapping of the overseas price mechanism to bring back some form of

stability. Will he take a similar attitude to the Select Committee reports produced during this Parliament, and particularly to our recommendation that he reverse the cuts in the BBC World Service?

Mr Hague: As the hon. Gentleman can see from the statement, I always attach great importance to the Foreign Affairs Committee's reports and to its work. I thank him for his support for some of the decisions that I have announced today. We have discussed the World Service on other occasions, and we will be able to discuss it further. I will just point out that the reduction in the World Service's funding over the period from 2007 to 2014 is roughly the same as the reduction that will have taken place in the Foreign and Commonwealth Office as a whole, yet the Foreign and Commonwealth Office, through administrative savings and the changes that I have set out, is able to expand its network. That is not to make a direct analogy with what can be done with the World Service, but it is necessary for all public sector organisations to work out how to do more with less funding.

Joseph Johnson (Orpington) (Con): I echo the right hon. Member for Leicester East (Keith Vaz) in welcoming the announcement of an additional 30 diplomats for the network in India. They will play a valuable part in creating the enhanced partnership that the two countries are seeking, and in reversing the decline in our trading relationships that we witnessed under the previous Government. In 1999 the UK was India's fourth most important source of imports, but by 2009 we were its 22nd most important. I urge my right hon. Friend to ensure that the 30 new diplomats put trade representation at the top of their priorities.

Mr Hague: As my hon. Friend knows, we already afford great importance to the links with India. In July last year the Prime Minister led our largest ever ministerial and trade delegation to India, and we are continuing to build up those links. I am grateful to my hon. Friend for his welcome for the additional staff in India. I hope that that addition will allow us to open new consulates general at various locations, although we have to discuss that matter with the Indian Government to ensure that they are happy with the locations.

John Cryer (Leyton and Wanstead) (Lab): May I press the Foreign Secretary further on the question asked by my hon. Friend the Member for Ilford South (Mike Gapes)? The arguments that the Foreign Secretary has presented for the expansion and maintenance of the diplomatic network seem pretty sound, but do not many of the same arguments apply to the BBC World Service, especially in the light of the events in the various Arab nations? Will he look at that matter again?

Mr Hague: The argument is that all parts of the public sector have to make the best possible use of reduced resources. I hope that the way in which we are now running the Foreign Office budget is a good example of that, and that it can be used as an example to other organisations, including the World Service. None of us enjoys making reductions anywhere, but it would clearly be impossible to do all the other things that we are committed to doing if we had maintained the World Service's budget at exactly the level that it was before. We are putting the World Service on a long-term sustainable footing by moving it so that its funding comes from the BBC licence fee and enabling it to work together with the development of BBC World television. For the medium to long-term future, the World Service is on a much sounder, more sustainable footing.

Simon Hughes (Bermondsey and Old Southwark) (LD): The Foreign Secretary's statement is very welcome, and I particularly welcome the expansion of our missions in countries whose citizens are represented in large numbers here as students, residents and business people. Those include China, India, Turkey and the countries of Latin America. Will he also assure us that in parts of the world where there are tensions and conflicts—where he also wants us to be properly represented—the work of conflict prevention and the upholding of human rights is a key priority in all our missions, just as it is in the United Nations, where we have international responsibilities?

Mr Hague: My right hon. Friend makes an important point. The work that we are doing in Yemen is conflict prevention. In particular, the very active work undertaken by the Foreign Office and the Department for International Development in Sudan during the referendum there earlier this year has so far made a material difference in preventing new conflict. That is part of the rationale for establishing a new embassy promptly in South Sudan. Conflict prevention saves many lives, and it is much cheaper and much more effective than having to intervene in conflicts when they arise. That will remain an important plank of our policies.

Yasmin Qureshi (Bolton South East) (Lab): I welcome the Foreign Secretary's statement about additional diplomatic staff. I have visited a few British embassies around the world, and I recently visited our embassy in Pakistan and met the staff there, including the high commissioner, Adam Thomson. I was incredibly impressed by the work that they, and our diplomatic service in general, do. In extending the number of posts and members of staff, will the Foreign Secretary consider sending people from different backgrounds out to those missions? There is still a tendency for many of the people who work for the Foreign Office and the diplomatic service to come from certain backgrounds and certain universities. Is it perhaps time to open this up and to allow a much wider variety of people to serve as our diplomats?

Mr Hague: The hon. Lady is right about the outstanding work of our high commissioner and his staff in Pakistan, and I will relay what she said to him. I agree that our staff should come from many backgrounds, speaking as a Foreign Secretary who went to a comprehensive school—and there have not been many of those before.

Chris Bryant: The one before you did!

Mr Hague: I did not say that there were not any; I said that there had not been that many before. If the hon. Lady had met the new intake of graduates into the Foreign Office, as I did a few months ago, she would have seen a great diversity, and been completely reassured. I think we are set on the right course for the future, but we are always ready to do more.

James Morris (Halesowen and Rowley Regis) (Con): I welcome the Foreign Secretary's statement, particularly his emphasis on upgrading and developing diplomatic skills. Does he agree that Britain's national interest in the future will be highly dependent on our ability to build relationships with emerging economies, so that we need to develop the appropriate diplomatic skills to achieve that?

Mr Hague: I absolutely agree. That is what the diplomatic excellence initiative is all about. It is the main subject we discussed at the FCO leadership conference taking place this week for all our ambassadors and high commissioners from around the world. It is necessary to know countries in detail—to know them geographically, to know personally their leaders and potential leaders, to know their languages and to understand their history—in order to be able to influence events. Those skills now need accentuating again. That is the clear and constant signal that I am sending out from the Foreign Office.

Sarah Newton (Truro and Falmouth) (Con): I very much welcome today's announcement, particularly the comments about Russia. I would like to move on to other European countries and our representation in them, and ask my right hon. Friend to reflect on the fact that not all capital cities in Europe are the centres of commerce and industry. When he is thinking about our representation, will he consult British businesses—our trade with Europe will remain vital in the years to come—to ensure that we have the right representation in the right places?

Mr Hague: Yes, my hon. Friend makes a very important point. One commitment in the FCO charter for business that I published last night is to consult business about the work of UK Trade & Investment. That will, of course, continue. Let me reassure her that the changes I am announcing for Europe do not necessarily mean changes to UKTI deployments and consular work around Europe. We believe that it is possible for diplomatic work in European countries to be centred on those nations' capitals, but it will also be important in many cases to retain our commercial functions and presence in many other parts of those countries.

Mr Robin Walker (Worcester) (Con): I congratulate the Foreign Secretary on this truly internationalist statement, especially on the significant expansion of the UK's diplomatic presence in Latin America—a region of great potential, where we have many friends. Will my right hon. Friend comment a little more on the opportunities for UK business in that region and the extent to which any expansion of our presence will be focused on promoting trade?

Mr Hague: Trade is an important part of it. We need to be aware that the whole of Latin America is an economy bigger than China, and that it is growing at very substantial rates. That is why it is important to strengthen our diplomatic presence. In many Latin American countries the trading opportunities are, as my hon. Friend says, enormous. Making the most of the trading opportunities is important not just for economic reasons, because in the long term this also bolsters our relations with those countries and helps to improve our security and our influence in the world. I do not view it as a choice between trade and other aspects of our foreign policy goals, as advancing trade helps us to advance our other goals as well.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Foreign Secretary's statement and ask him for clarification. Where countries have shown high levels of brutality and oppression—this applies to Syria, and not just now, because in the 1980s President Assad senior killed thousands during a similar uprising—will our diplomatic relations be kept to the bare minimum?

Mr Hague: Our views on such outrages will be very clear across the House. This country stands for human rights, for respect for minorities and for democratic developments, and we have made our views about Syria very clear in recent days. I would, however, depart from the thrust of my hon. Friend's question in one respect, in that it is sometimes necessary to have an enhanced diplomatic presence even for countries with which we have difficult relations—in order to do more work with them, to try to influence them more effectively and to understand what is going on more fully. Diplomacy is about talking to people with whom we disagree, as well as about developing good relations with friends. That is why North Korea appeared in the list of countries for which I announced an increase in the number of our diplomats. Despite the difficulties of our relationship with that country—in fact, because of those difficulties—we need to do more in order to influence what is happening there.

Jonathan Evans (Cardiff North) (Con): I am very impressed by the approach my right hon. Friend has articulated today to the European External Action Service and the need to encourage British candidates not only to participate in that service but to get more widely involved in European institutions. Apart from simply promoting British applications, could he do more, for example, by expanding the number of time-limited secondments as a special initiative? It is very important that the skills acquired are then brought back to bear on the bilateral relations about which he has said so much today.

Mr Hague: Yes, we are reintroducing the European fast stream for UK civil servants so that they can experience working in European institutions and then bring that experience back with them. The fast stream was discontinued—for about 10 years, I believe—after eastern and central European countries joined the European Union and the opportunities were reduced. Now that there can be more of an equilibrium in the intake into the EU, it is time to encourage the fast stream again. We are restarting it, and British civil servants will be able to spend part of their careers in European institutions.

Points of Order

1.27 pm

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker.

The shadow Foreign Secretary said earlier that he was grateful to the Foreign Secretary for advance sight of the statement. Unfortunately, however, the whole House, and indeed the whole country, had advance sight of it because it appeared in *The Guardian* this morning. In some respects, the newspaper provided greater detail than appeared in the Foreign Secretary's statement. Furthermore, the Secretary of State for Transport's announcements in a written statement were all broadcast on Radio 4's "Today" programme this morning. I understand that everyone thinks that this happens all the time, and that it also happened under the Labour Government and all the rest of it, but I urge you, Mr Speaker, to take action. It is not enough to say every time this issue is raised that you deplore it and you want it to stop. Action needs to be taken to find out how frequently Ministers ignore the House and make announcements in other places before they make them here.

Mr Speaker: The Procedure Committee has been looking into the matter, and its thoughts will be shared more widely with the House. I accept the importance of the point that hon. Gentleman has made. At this stage, I would point out that the Foreign Secretary is here and is free to respond if he so wishes. Also, it can be difficult to identify a specific breach. Where such a breach is identified, culprits have been asked to apologise to the House, so it is not just a question of making general denunciations. Specific requirements have been imposed on Ministers. Before I hear the Foreign Secretary, let me say that I know of no parliamentarian or member of the Government who has greater respect for the House than him. I believe we will hear from him.

Mr Hague: Further to that point of order, I hope that you think, Mr Speaker, that the Foreign Office does a good job on the whole of making sure that announcements are made to this House. I have lost count of the number of times I have resisted the temptation to appear on the media before making a statement here. In this case it was necessary, because of the staffing implications, to make announcements about these changes yesterday at a private meeting of our ambassadors and high commissioners. That might have affected the media coverage.

Mr Speaker: I note what the Foreign Secretary has said. We will leave it there for today.

Simon Hughes (Bermondsey and Old Southwark) (LD): On a point of order, Mr Speaker. I apologise for not giving you notice of it, but the matter has arisen literally since I left the Chamber a few moments ago.

Yesterday, Mr Speaker, you gave a very clear indication of your view when my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) raised a matter concerning my right hon. Friend the Member for Yeovil (Mr Laws) and an inquiry by the Parliamentary Commissioner for Standards, after reports concerning the commissioner's report had appeared in a national newspaper and on one of the television channels.

In the last hour, Sky News has reported on not just what appears to be the commissioner's report, but a meeting of the relevant Committee of Members of the House of Commons. That is clearly in breach of rulings that you, Sir, have made in the past, and of all the principles guarding both the confidentiality of and respect for the proceedings of, in particular, our very important Committees. May I not just alert you to what has happened, Mr Speaker, but ask you to state—as you have on previous occasions, in the most strident terms—that it is clearly a breach of the rules of the House, and that everyone who has breached the rules must understand the implications of that when the matter is examined both by you and by the relevant Committees?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order. I hope that I made clear in the most uncompromising terms, on behalf of the House, my view of unauthorised disclosures in response to the point of order raised yesterday by the right hon. and learned Member for North East Fife (Sir Menzies Campbell). On that occasion I made the point—which I must reiterate today—that at this juncture what has been raised is not specifically a matter for me, but a matter for the Committee itself to investigate.

The Committee may wish to establish how this came about, because I think that all Members who care about this place would unite in deprecating it in the strongest terms, because of the unfairness to the Member concerned and the rank discourtesy to the institution of the House of Commons.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On a point of order, Mr Speaker. I wish to raise with you the extraordinary conduct of 10 Downing street in relation to correspondence from Members of Parliament.

On 26 April, I wrote to the Prime Minister at the request of a constituent. During the last half hour I have received a reply from 10 Downing street, signed "Mrs E Adams, Direct Communications Unit", saying that my letter has been diverted to receive a response from a Minister in the Treasury.

When I telephoned Mrs Adams to ask why the diversion had taken place, I was first transferred to someone in the correspondence unit, who told me that Mrs Adams did not speak on the telephone. I said that as she had written to me, I assumed that she was capable of speaking to me on the telephone. I was then transferred to someone who described herself as "head of the correspondence unit", who said that Mrs Adams did not exist and that hers was a computer-generated name. Presumably, hers is also a computer-generated bogus signature.

It so happens that I have been a Member of the House of Commons for nearly 41 years, and that in the past whenever I wrote to a Prime Minister, that Prime Minister replied to me personally, whichever party was in office and whether I was a Back Bencher or a Front Bencher. During the past year, this Prime Minister has not once replied directly to any letters that I have sent him, but has diverted them to other Departments.

I ask for your guidance, Mr Speaker. Can you tell me first why the present Prime Minister does not answer letters as his predecessors have, and secondly what extraordinary events are taking place in 10 Downing street as a result of which it sends letters from someone who does not exist and expects people to accept that?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order. First, I must confess that during my 14 years in the House it has not always been my experience, having written to a Prime Minister, to receive a reply from that Prime Minister. Sometimes it happens, and sometimes it does not. Secondly, let me say that in general—as Members will understand—the way in which letters are dealt with by Departments is principally a matter for those Departments. Thirdly, let me say to the right hon. Gentleman and to the House as a whole that I consider it to be of the utmost importance for Members to be treated with courtesy by the Departments or agencies to which they write.

It seems peculiarly unfortunate that the right hon. Gentleman's inquiry has been handled in this way. If it is possible to imagine a Member who would take such treatment lying down, that Member is certainly not the right hon. Gentleman.

If there are no further points of order, I think we will leave it there for today. Let us proceed to the ten-minute rule motion, for which the hon. Member for South Thanet (Laura Sandys) has been waiting very patiently.

Planning (Grade 1 Agricultural Land Protection)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.35 pm

Laura Sandys (South Thanet) (Con): I beg to move,

That leave be given to bring in a Bill to prohibit local authorities granting planning permission involving the development of Grade 1 agricultural land other than in exceptional circumstances; and for connected purposes.

The Bill aims to reinstate the protection that was in place when food production was one of our national security considerations and was seen as a strategic asset. Although there is guidance on development on agricultural land, it does not provide a sufficiently robust defence of what I believe is a national asset. However, the Government have an excellent opportunity to include the objectives of my Bill in the forthcoming national policy planning frameworks. I hope that, unlike the previous Government, this Government do not see the countryside as merely a public amenity space or an aesthetic experience for urban dwellers to enjoy. Grade 1 agricultural land is important and has strategic implications for all our constituents, urban and rural.

Let us be clear that once highly productive land has been built on, there is no going back—it has gone for ever. Some might ask, "Who cares?" The reason why food production should be of interest to everyone is that we are increasingly vulnerable to global food price rises that have an impact on each and every one of our constituents. International protectionism, climate change and increased global population are all resulting in significant volatility in the food sector. We must therefore do what we are doing in the energy sector, and regard national food production as part of our national security agenda. An essential part of that agenda is ensuring that we do not reduce our ability to produce food domestically, and land use is at the heart of the issue.

Agriculture, food production and land use are distant concepts to many of our constituents. I myself was brought up in London, far from anything to do with the world of farming. Do the majority of our constituents worry about whether a farm is turned into a golf course or whether some fields are sold for development? That does not affect us, and if we gain a new business park or some new houses and the farmer can retire to the Caribbean on the proceeds, good for him.

Our lack of appreciation of food production is due to the fact that our capacity to produce food is not seen as a strategic asset. It is no longer considered to be important to our economy and the well-being of our population. As a result, the amount of arable land in the United Kingdom has decreased by 30% and food imports have increased to 47% over the past 20 years—of course, no one has been on the streets protesting.

The ideal combination of globally sourced food and reasonable prices was shaken in 2008. There was a perfect storm of bad weather conditions, crop failures, a change in global consumption patterns, a 50% leap in the cost of a barrel of oil and some speculation, and commodity prices rocketed by 66%. The food price spike was further compounded by a new phenomenon, food protectionism. Global variations in food prices fluctuated dramatically. Countries that withheld exports,

such as Indonesia, were able to keep their domestic prices down, but those that did not experienced a much higher rate of food inflation, which created real political instability. Unfortunately, that experience revealed the short-term benefits of protectionism, and it has created a new political and economic reality that might lead to further protectionism and exacerbate food volatility. Much of this has passed us by, however. Food security and food prices are rarely, if ever, raised in the House, and few of our constituents are particularly concerned so long as the supermarket shelves are full of what they want to buy at a price that they are prepared to pay.

The price of food should be making the future of productive land an important concern for us all. The Foresight report on food security stresses that

"the past century of low food prices is at an end."

Agricultural production will become a much more important industry sector, and at this time when food production is so important, we have no restrictions in place to stop developers tarmacing over our own highly productive food-producing land.

Price is starting to impact on my constituents. In my constituency, the average wage is just £17,000 and therefore more money as a percentage of income is spent on food than in many other areas. My constituents are noticing prices. I had a gentleman in my surgery this weekend who said that he had had a heart attack and was told by his doctor that good fresh food was essential to his health. As he is on jobseeker's allowance, he cannot afford to eat good food and is now reverting to buying cheap junk food.

Supermarkets are extending their promotional offers, as they know more than anyone the extent to which prices are rising, but for how long will they be able to resist passing on the increased commodity costs to the consumer? Prices are increasing, nutritional standards will fall, the vulnerable in our constituencies will have to revert to the cheapest food possible, and—following on from those who have protested about fuel price increases—we will receive more post from people on the subject of food prices. There is a good reason for that. Commodity prices in April were 4.7% higher than in the same period last year. I hope the Treasury is looking into the impact that that will have on economic growth and inflation; the Bank of England certainly is. Kraft Foods has announced that it will be raising its food prices, which will hit every one of our constituents. The cost of food is also increasing, because of the high reliance on energy in agriculture, while the British Chamber of Shipping calculates that sea transport costs are increasing due to piracy, and the degradation of land due to droughts, flooding or urbanisation will put further stresses on existing productive land, yet we have no statutory defence against those who might want to build on our most productive land.

We must start to approach food security with the same zeal that we approach energy security. Domestic energy supply is seen as critical to our long-term energy security. We seem to understand that reliance on volatile suppliers of energy is bad for economic growth, stability and consumers, and for food security, too, we need to start to put in place the measures that will give us further certainty in terms of price, production and vulnerability of supply.

As the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark), will know, according to the Campaign to Protect Rural England, by 2030 Kent will lose 10% of its productive land due to sea level rises, so we will be losing productive land in any case due to climate change and sea level rises. It would be mad at the same time to lose additional productive land when we have the powers to stop that happening.

I urge the Minister to take on board the genuine importance of this Bill for wider economic and social needs, to recognise that the protection it offers grade 1 agricultural land must be incorporated into the national policy planning frameworks, and to ensure that food production is seen as an increasingly important part of our domestic security. I realise that protecting grade 1 agricultural land is not the sole answer to food insecurity and price increases, and I am not proposing food sovereignty, but land use protection is one of the mechanisms that we must put in place in order to reduce our exposure to the volatility of the international market. Therefore, we must, at the very least, not lose more productive land than we have lost to date.

Question put and agreed to.

Ordered,

That Laura Sandys, Zac Goldsmith, Mr Tim Yeo, Mr Roger Gale, Caroline Lucas, Rebecca Harris, Bill Esterson, Elizabeth Truss, Richard Drax, Priti Patel and Mr Dominic Raab present the Bill.

Laura Sandys accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 14 October, and to be printed (Bill 187).

Education Bill

Consideration of Bill, as amended in the Public Bill Committee.

New Clause 20

FINANCING OF PUPIL REFERRAL UNITS

'(1) Section 45 of SSFA 1998 (financing of maintained schools: maintained schools to have budget shares) is amended as follows.

(2) In subsection (1A), omit "or" at the end of paragraph (b), and after paragraph (c) insert ", or

(d) a pupil referral unit in England."

(3) In subsection (3)—

(a) in paragraph (a), after "pupil referral units" insert "in Wales";

(b) after paragraph (a) insert—

"(aa) references to the governing body of a maintained school or of a school maintained by a local authority shall be read, in relation to a pupil referral unit in England, as references to the management committee for the unit (in spite of paragraph 1 of Schedule 1 to the Education Act 1996);

(ab) references to governors shall be read, in relation to a pupil referral unit in England, as references to the members of the management committee for the unit;".'.—*(Mr Gibb.)*

Brought up, and read the First time.

1.47 pm

The Minister of State, Department for Education (Mr Nick Gibb): I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to discuss the following:

Government new clause 21—*Charges at boarding Academies.*

New clause 1—*Tackling educational underachievement*—

'(1) The Secretary of State may, by order, in circumstances where an existing school has for the preceding two years or for three of the preceding five years failed to meet or exceed the "National Floor Standards", disapply any provisions of the Academies Act 2010 to facilitate the making of an academy under section 4 of the Academies Act 2010 (Academy orders).

(2) For the purposes of this clause the term "National Floor Standards" means standards of educational attainment and progress of pupils established from time to time by the Secretary of State and in place at the time of the order and which may be applied retrospectively for the purposes of this section.'.

New clause 13—*Schools Causing Concern and disapplication of the Transfer of Undertakings (Protection of Employment) Regulations 2006*—

'(1) The Academies Act 2010 shall be amended as follows.

(2) In section 4, at end insert— "The Secretary of State may by order disapply the Transfer of Undertakings (Protection of Employment) Regulations 2006 when making an academy order under this section if the school is eligible for intervention (within the meaning of Part 4 of the Education and Inspections Act 2006).".

New clause 19—*Purchase by academies of places for pupils aged 14 at a private school*—

'(1) An Academy may apply its funds for the purpose of purchasing a place at a private school for a relevant pupil for the whole or part of the pupil's remaining school career.

(2) For the purposes of this section, a relevant pupil—

(a) is a pupil on the school roll of the Academy; and

(b) is aged 14.'.

Government amendments 34, 35, 38 and 39.

Mr Gibb: I shall also speak to Government new clause 21 and Government amendments 34, 35, 38 and 39.

It is a delight to return to scrutinising the Education Bill after 22 pleasurable Committee sittings.

Mr Iain Wright (Hartlepool) (Lab): And innovative ones.

Mr Gibb: Yes, and innovative sittings.

New clause 20 seeks to give pupil referral units in England greater autonomy, to enable them to provide vulnerable children with high-quality education and support. In the schools White Paper, "The Importance of Teaching", we announced that we would give PRUs control over their budgets and staffing. We had intended to use PRU regulations to achieve the financial control aspect of that objective, but although we could do that, the regulations would become very complex and difficult to understand and use. The easiest and clearest way to achieve the objective is to amend section 45 of the School Standards and Framework Act 1998, so that the provisions on school finances apply to PRU management committees. That is what new clause 20 does.

This is a small change, but its effect will be significant, and we believe that it will be an important driver for further improvement in the PRU sector. In common with our other education reforms, it is based on the trust that we place in the teaching profession and our desire to give schools of all kinds the freedom and autonomy to run their own affairs.

Kevin Brennan (Cardiff West) (Lab): Will the Minister explain how each PRU's budget share will be calculated?

Mr Gibb: The finance regulations will apply to PRUs in the same way that they apply to maintained schools, and, of course, we are currently consulting on the entire school funding arrangements.

The purpose of new clause 21 is to ensure that rights enjoyed by pupils in boarding academies are the same as those in maintained state boarding schools. Under section 458 of the Education Act 1996, local authorities are required to remit boarding fees for pupils from their area who are attending state boarding schools in certain circumstances. Those provisions apply solely to maintained schools. When section 458 was enacted, there were no academies, and as a number of boarding schools are taking the opportunity to convert to become academies, we want to ensure that the pupils at those boarding academies continue to have their right to be considered for a remission of boarding fees safeguarded. So the new clause mirrors the provisions in section 458, with the exception that we are not mirroring subsection (1), which enables local authorities to charge fees for boarding. That provision is unnecessary in the case of academies, because the funding agreement allows academies to charge boarding fees. It must be right that on the remission of boarding fees we have a level playing field in our treatment of pupils at maintained and academy boarding schools.

Government amendments 34 and 35 are being introduced so that some of the pupils who would most benefit from good alternative provision—AP—can be referred to AP academies.

Kevin Brennan: Will the Minister give way?

Mr Gibb: I am happy to give way to the hon. Gentleman.

Kevin Brennan: I am grateful, again, to the Minister, and I think that it sometimes saves us time if we do things in this way.

On new clause 21 and amendment 38, what safeguards are in place to ensure that excessive fees cannot be charged to the state in relation to independent boarding schools that become academies?

Mr Gibb: Ultimately, it is up to the local authority as to whether it remits boarding fees. These powers are rarely used and apply only in two very limited circumstances. The first is where no other educational provision that is needed for the particular pupil is available in the area. The second, as an alternative, is where the parent is suffering financial hardship, and in those circumstances the local authority can take into account how much it remits. So it is very much up to the local authority to make the decision, and of course it would not be persuaded to pay unreasonable figures in those circumstances.

On Government amendments 34 and 35, the current wording of clause 51 means that an AP academy would be restricted to taking a majority of its pupils as referrals by local authorities under section 19 of the Education Act 1996, which places a duty on local authorities to make arrangements to provide education for children who, because of illness, exclusion or otherwise, would not receive suitable education unless those arrangements were made. That restriction arises because of the definition of "alternative provision", which is why there is a restriction on the amount of children that can be taken as a result of other referrals.

We know that, in addition to those children, the AP sector also provides education and support for pupils referred to it by schools for early intervention to tackle behavioural problems. We want to encourage greater use of early intervention, which can re-engage a child and address behavioural problems at an early stage and, thus, reduce the risk of permanent exclusion. That type of intervention benefits both the child, whose education is less disrupted, and the school, which can ensure that other pupils' education is not disrupted by poor classroom behaviour. The trial that we will run of a new approach to exclusions will help us to understand how schools can most effectively use early intervention in this way.

We want AP academies to be responsive, and it makes no sense to restrict the proportion of children that they can take from school referrals. Alternative provision academies will be assessed against rigorous criteria in order to obtain academy status, and they will be accountable through their funding agreements or grant arrangements, and through Ofsted inspections. The high level of accountability should mean that they are among the best providers, and we want them to be able to accept the children who most need their provision, regardless of whether they are referred by schools or by local authorities.

Kevin Brennan: Will the Minister confirm that full data and statistics will be kept on the number of pupils being referred in this way, just as they are for exclusions?

Mr Gibb: Local authorities will, of course, keep records. Our trial is being run precisely to tackle the problem that the hon. Gentleman is hinting at. We want to make sure that the responsibility for what happens to pupils once they are excluded is retained in the system, which is why we are running the trial from this year to see whether we can move that responsibility to the schools where the pupils are originally registered.

Kevin Brennan: Clearly, if pupils are no longer being excluded as an alternative provision referral is being made, it is important that that is properly monitored and followed. Will the Minister confirm that we will have a clear picture, across the board, of what is happening on referrals to alternative provision, just as we do on exclusions?

Mr Gibb: I will write to the hon. Gentleman to make sure that I am giving him an accurate response on the data collection issues to which he is referring. Of course the funding for places at an AP academy will come through the system, where a record will be kept to make sure that that funding is properly allocated. He is referring to the national collection of data, and I will write to him about that to make sure that we have the case precisely summarised.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): This discussion is important. The Minister will know that many Labour Committee members were particularly concerned about vulnerable children, so will he explain why we are discussing this now, why these provisions were not introduced earlier and why we have not had a proper chance to debate at length these fundamental issues, which he knows to be of great concern to Committee members?

Mr Gibb: The issues were raised in Committee, and these are technical amendments—they are about getting the wording of the provisions right. These things could have been done in a more cumbersome way, but we decided to deal with them in the Bill, so that the provisions are made simpler for people who read it. There is no policy difference between what we discussed in Committee and what is set out clearly in the White Paper.

Government amendment 39 is even more technical. It seeks to correct a missed consequential amendment in the Bill. It removes a reference in section 77(3) of the School Standards and Framework Act 1998 to section 77(4) because, if the Bill is passed, paragraph 17(4) of schedule 14 to the Bill will remove subsection (4) from section 77, so we do not want any references to section 77(4) in the Bill. I urge hon. Members to support the Government amendments and new clauses.

Mr Deputy Speaker (Mr Lindsay Hoyle): I call Mr Andy Burnham.

Andy Burnham (Leigh) (Lab): Thank you, Mr Deputy Speaker.

Labour's main objection to this Bill is with how it takes power off parents and pupils—*[Interruption.]* Have we moved on to the amendments about admissions, Mr Deputy Speaker?

Mr Deputy Speaker: No, we are dealing with the whole of the first group.

Andy Burnham: Then I think that you should have called Kevin Brennan instead.

Mr Deputy Speaker: I did ask the Whip to check. I call Mr Kevin Brennan.

Kevin Brennan: Sorry about that, Mr Deputy Speaker. Of course I would never interrupt my boss in mid-flow—we know the consequences of that sort of thing.

The Opposition do not have any fundamental objections to the Government amendments and new clauses. We merely seek to question, as my hon. Friend the Member for Sheffield, Heeley (Meg Munn) has done, the late stage at which they have been introduced, because we are now on Report.

I have asked the Minister some questions about how each PRU's budget share will be calculated, and he has given half an answer. I wonder whether that calculation will be done on the same basis as that for a special school, where the majority of funding goes on the basis of places and not on occupancy, unlike in mainstream schools. When Labour produced a White Paper on this very subject, we gave more examples of where that is already happening.

The Minister has confirmed that new clause 21, to which he has referred, will not give a blank cheque to independent boarding schools seeking to become academies that will enable them to charge excessive fees and that it will be up to local authorities to decide whether it is appropriate to support pupils in such a way. He is absolutely right that there are circumstances in which it is appropriate for pupils to be supported in boarding provision by the state. In some cases, that is entirely appropriate, but it is important that we should have safeguards in place to ensure that there is no blank cheque for independent schools that are seeking to become academies, and the Minister sought to reassure me on that.

2 pm

Mr Gibb: Of course, boarding academies will not be permitted to make a profit on the boarding elements of their provision, so there are double safeguards in place.

Kevin Brennan: I am grateful to the Schools Minister for that answer, which is very helpful.

On amendments 34 and 35, I would be grateful if we could have an assurance that there is no risk that pupils will be referred unnecessarily under these provisions or that there will be a huge increase in the volume and therefore the cost of alternative provision. What safeguards are in place to ensure that pupils are not simply referred out of mainstream schools and into alternative provision because, for example, their academic performance is not up to scratch as regards hitting their English baccalaureate targets or because schools want a way of dealing with pupils with special educational needs? I would be grateful if the Minister could assure us that strict safeguards will be in place to ensure that the new alternative provision approach cannot be abused in such a way by any schools that are seeking to hit any particular targets on special educational needs and academic achievement. Who will pick up the bill in such cases? Will it be the referring school or the local authority?

Finally, the Minister mentioned the technical Government amendments, and I am grateful for his explanation of them.

Mr Frank Field (Birkenhead) (Lab): I rise to support new clause 19, which stands in my name. I can do so briefly and I am sure that colleagues will be grateful for that, but I must explain that the new clause comes not out of the ether of theory but out of practice. I will happily declare an interest, in case I have to, in that I chair one of the two new academy schools in Birkenhead. The governors have made no decisions on the new clause, if we were to be successful, or on some of the other options about which I shall speak. We are testing the ground to see the best forms of education we can offer some young people in Birkenhead. The new clause is very simple and states that as an academy we will be able to buy any places anywhere we want for our pupils, including in private schools, but that we should not be able to do so until pupils have spent three years with us—that is, until they are 14. The governors are seriously considering how we can start to reinforce once again the idea of life chances for our pupils by giving them a range of options that they might wish to choose at 14.

I know that this is the responsibility of the Minister's colleague in the Lords, but I am anxious that we should be successful in bidding for moneys from the new tranche of finance that the Chancellor announced in the Budget to establish what I might call a Baker academy. We would like some of our pupils to be able to consider that as one option. We have a first-class metropolitan college and we would like pupils to be able to choose—perhaps at 14—to transfer their talents and prosper even more in those circumstances. We will, of course, have some pupils of high academic attainment and it would be good to be able to fast-track them and their education in a local private school. This new clause is about giving not just our academy but academies in general that power.

I asked our brilliant experts in the Library whether the academies had such a power now and, more importantly, whether the law would prevent us from exercising it now. The answer was that, on the face of the record, we do not have that power now, but it is certainly cloudy whether any provision in statute would prevent us from using it. As the Bill moves to the other place, where we will try to move this clause in all seriousness, I am anxious that we should clarify the position beyond any doubt.

I do not know the views of Tory Back Benchers on such a new clause, but I imagine that the Liberal Democrats would insist that it should be part of the renegotiations of the coalition agreement, as it ticks every box in the Liberal vocabulary. If we felt that they were dragging their feet, in Birkenhead we would know who was stopping us increasing life chances for some of our poorest pupils. If the Liberals made this provision a key part of their renegotiations, they would get the credit.

The new clause moves the focus of the debate from buildings to pupils. I know we love the cant in this place and to pretend that we have moved in such a way, but everything we decide is really about buildings and institutions. The clause takes the debate beyond institutions and schools, and centres it on pupils. What can we buy that they most need at a certain point of time? I hasten to add—in case this disappoints any Tories—that this is

not a subsidy to the private sector. We would buy provision at less cost than that spent in a state school on the very small group of pupils whom we might wish to give the opportunity of going to a local public school. If the Liberals opposed us, they would be saying that they were not in favour of our having this freedom and that we would have to spend the money in the state sector, even though that would mean spending more and not getting the sort of education that we want for the small minority of pupils who might benefit from such choice.

Stephen Phillips (Sleaford and North Hykeham) (Con): As someone who benefited from the assisted places scheme, I can perhaps understand more than most the right hon. Gentleman's argument about what his provision might do for pupils' life chances. I have no concluded view on the new clause, which I shall consider carefully—I am sure the rest of the House will do so, too—but why would an academy that purchased a place at a public school for one of its pupils spend less on that pupil than if it maintained them in the academy?

Mr Field: For the simple reason that the average payment that we get from taxpayers to educate would be less than the marginal cost that the school might wish to charge us for allowing pupils to attend it. Its costs would be covered, we would make a profit and we would be doing what we would wish for the small number of our scholars who might want to move into a public school.

Let me emphasise that such a reform is not just about changing institutions and breaking down the terrible, crippling divide in this country between public schools and state schools. The new clause is an attempt to begin a reform that would allow us to spend our budget in the best way possible to give the greatest advantages and life chances to pupils, whoever they are. It is not the only option we wish to develop; we will not be prevented from developing the others and we will develop them. In this area, however, there is some doubt about what the law says.

Dan Rogerson (North Cornwall) (LD): First, I hasten to clarify that it is not the coalition agreement that is under renegotiation. There are many matters outside the coalition agreement that arise, which the two parties will need to deal with.

An interesting question occurs to me about funding levels per pupil across the country, which vary greatly. Has the right hon. Gentleman considered that variation in comparing the costs of local independent schools? Pupils in some parts of the country would have less resource going to them than is currently the case in a London borough, for example, where they are very well funded.

Mr Field: I was doing the calculations without the pupil premium, which is a terrifically important innovation. I understand the difference between the marginal cost in the north-west compared with going to Eton. I do not have any wish for those pupils to go to Eton, although I have nothing against Eton or the education it produces.

As I have said, this is a probing amendment; we hope to bring back the new clause in another place. I hope that the Minister understands that whatever we in Birkenhead decide—we have made no decisions about this as governors yet—we want to know the range of possibilities that we could develop for our young pupils at the academy school. This new clause is not going to go away. This is where the debate is going and the Government have a choice between joining us or opposing us until they have to give way. On that happy note, I have said what I want to say about this probing new clause, which we will try to push more seriously in the other place.

Richard Fuller (Bedford) (Con): It is a great pleasure to follow the right hon. Member for Birkenhead (Mr Field) for the second time in succession. It has also been a great pleasure to participate in proceedings in Committee on the Bill. I am still relatively new to the House and I found it encouraging, compared with the spectacle that we see at Prime Minister's Question Time, to see parties on both sides coming together to put their experience and best interests at the forefront of trying to improve education in our country. I pay tribute to all the parties for doing that.

I should like to comment mainly on my new clause 1, but first I shall make a couple of points about special educational needs, which the hon. Member for Cardiff West (Kevin Brennan) has mentioned. It was a great pleasure, a week ago, to welcome the Secretary of State for Education to Bedford to talk to the head teachers of our three special schools, the Grange, Ridgeway and St Johns, and to talk about the Green Paper. The coalition Government have moved forward significantly in understanding what is required for children with SEN not only while they are at school but when they are preparing to go on to the work environment. That is a record that the Government can build on over the next five years and which will be a tremendous success and tribute to them. The Secretary of State's discussion with the head teachers in Bedford and Kempston was most illuminating. Two of those three schools are outstanding and one is good with outstanding features, so they are already providing excellent education to children, and their knowledge and experience is most valuable.

It is important to consider the particular impact of the Bill on exclusions. The Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), knows how important this issue is, particularly for children with autism and the impact on them if they are later excluded. I hope that he will take into account the recommendations of the special educational consortium about future decisions so that he can make sure that the issue of exclusion does not have an undue impact on children with autism.

New clause 1 would pay particular attention to schools with a history of educational underachievement, by which I mean achieving below the minimum national floor standards for a number of years. It would give the Secretary of State the powers that he or she might require in such circumstances to intervene to support change and to provide educational opportunity to the children in those areas. The new clause is not about passing comment on teachers; indeed, the teachers who go to poorly performing schools are sometimes the most inspired and capable teachers in the country.

2.15 pm

The new clause is not about resources either. Too often, when we look at educational underachievement we think that throwing money at it will solve the problem,

but often it does not tackle the problem directly. Indeed, it can hide the problem or provide an excuse for continuing with underachievement while the benefit of the additional resources comes into play. That is all very well when one is looking at a five-year investment to do something as a business, but the critical urgency is that every child gets only one chance at each year of their education. Every year of delay in overcoming educational underachievement is a year lost to a whole cohort of children that will not be recovered. In those circumstances—I will go on to explain how they arise—it would be a mistake for the Secretary of State not to have the opportunity to intervene to provide hope to that cohort.

My concern is with providing the opportunity for fast action to be taken to remedy a legacy of educational underachievement, because, as we have rightly heard many times, educational underachievement compounds social separation. Hon. Members on both sides of the House recognise that a good start to education in the early years leads to better educational attainment in later years and greater chance of success in later life. When educational achievement is combined with catchment areas, the problem of social separation is compounded, with housing stock and rental prices around underachieving schools going down and with parents flocking to areas where schools perform well. I see that happen in my constituency and my borough. That effect compounds the view taken by parents that particular schools are bad. I do not know whether there is such a thing as a bad school or a good school—a school is a school—but we have a responsibility to ensure that parents do not have to make the terrible sacrifices that many make. Some parents put enormous effort into getting their child into a school other than the local, "bad" school and then they have to spend an hour or so driving their child to that "good" school to avoid the other school. That is precisely because we have this tyranny of catchment areas, which may be compounded despite the best efforts of my right hon. and hon. Friends on the Front Bench to improve educational performance if they do not have more power to be more radical than they are providing for themselves in the Bill.

The Government have made substantial progress, particularly, as the right hon. Member for Birkenhead mentioned, with the significant advance of the pupil premium. I would add to that the potential advance of free schools, which should be embraced on both sides of the House as part of an effort to get our teachers to address educational underachievement. If I have one criticism of my right hon. Friend the Secretary of State it is that he listens too much to those who believe he is too radical in that area; there is plenty of scope for him to be more radical.

The problem that the new clause seeks to address is the situation that arises when members of a local community combine to frustrate those who would challenge the existing orthodoxy. However, it focuses only on areas where that orthodoxy is failing children by maintaining a standard of education that is below the national minimum accepted standard. In those circumstances, which I know from my own area can persist, a local authority may not take action with a school and the school may have absolutely no interest in taking action itself. The school will always seek to have more time and the local authority will always want to maintain its influence and control over the school. Such a system might not be failing the local authority or certain teachers, but by heavens it is surely failing the children whom our educational system is supposed to be serving.

Let me give an example that comes readily to mind: the efforts in my constituency to establish a new academy, the Kempston free school, in an area of educational underachievement. I shall not use this opportunity to talk specifically about the teachers or the actions of particular teachers in those schools. They work extremely hard to get improvement for the pupils, but over the past five years satisfactory results have not been achieved overall. What has the borough council done about that? It has asked for more time. What have schools tried to do? They are trying to do their best, but the results have not yet met the national minimum standards.

One teacher resigned his job, worked with local parents and wanted to take up the freedoms that this Government have permitted to establish a free school in his area. He had a passion for education and directed that passion at an area of economic and educational disadvantage. That is what everyone who has a passion for education should seek to support. The reaction of the local authority was, essentially, to kick the scheme into the long grass, pretend that it cared, go along with the process, make sure that it checked the boxes that the Government said it must check, but in reality to stifle and seek to eradicate the effort and initiative of those volunteers.

What was the reaction of the schools? They made some good points. What would be the impact on their budget? What would happen with falling rolls when children decided to go not to the existing schools but to the new school? Those are valid points and ones that I wanted to raise with the Secretary of State, but I needed a free school there to do it. It is far better for that discussion about how best to allocate resources in areas of educational underachievement to take place among establishments than to maintain the line that continuing to put funds into a school that is failing is a sign of one's commitment to education, because it is not.

Educational commitment is what motivated Mark Lehain and the parents and volunteers who supported the Kempston free school. They were inspired to help children in their area, and they were stymied by a local authority and by the efforts of local schools. They wanted a site. The local authority had plenty of sites that it could have made available. Did it welcome the group with open arms? No. It did the minimum required to ensure that it accommodated the Government's process.

Let us look at the other side. Whereas the local authority can pull its whole local bureaucracy full time to the effort, and the educational establishment can use its incumbency and the loyalty that parents naturally have to their school, regardless of its overall educational performance, what could the free school people draw on? They could draw on their inspiration. They could quit their job to demonstrate their passion. They could get parents and others to say, "Yes, we really want to do it," but that was never going to be a match for the combined resources of the local authority and the local teaching establishment.

What was worse were the actions of our teaching unions and the Anti Academies Alliance and its fellow travellers in the Local Schools Network, who will crush anyone who threatens the orthodoxy of our teaching establishment. It is a disgrace that those unions flood local meetings to make political points, rather than

allowing local meetings, which are part of the consultation process, truly to represent the interests of local parents and teachers. It is disgraceful that people will attack others for their passion when they have an inspiration to provide education for children, albeit not through the established ways, but through a free school. Those people are teachers and care about education just as much as any other teacher. Why is it legitimate for those teachers to be attacked for trying to find an alternative way to serve their local community?

In all these efforts, when the only thing that the people who wished to set up these schools in areas of educational underachievement have is their own inspiration and voluntary effort, I say they need extra help from a Secretary of State who can say, "Here we have the evidence. You have had years of educational underachievement. Here we see that you are not fulfilling your overall mission to educate people in your area. You have an opportunity to do so by providing another academy and I, the Secretary of State, will intervene, disapply all the things that stand in the way and all the tools that can be used to stop people making that advance, and provide that lifeline of support so that children in areas of educational underachievement will have fresh hope and opportunity."

That is what parents in such areas expect from a Conservative Government and a coalition Government. That is what they were hoping for when they got the pupil premium. That is what they are looking to the Bill to provide—an extension of power from the Secretary of State to local areas. I hope the Minister will listen and seek to embrace that vision as he moves forward. In a few years we will look back on this period, with the current Secretary of State, as a great opportunity to help many who are suffering severe economic and educational disadvantage. New clause 1 seeks to achieve that.

Stephen Phillips: I am grateful for the opportunity to address, albeit briefly, new clause 1 to which my hon. Friend the Member for Bedford (Richard Fuller) has just spoken. I was not intending to do so and I therefore hesitated to rise. The charge that he levels at the Secretary of State is essentially that my right hon. Friend is not being sufficiently radical. May I respectfully say that, if that charge is right, the new clause that my hon. Friend moves is itself not sufficiently radical?

The new clause identifies only one set of circumstances—the circumstances of underachievement—in which the Secretary of State should have the ability to disapply the provisions of the Bill in order to ensure that an academy comes into being. I have little doubt that there are many other circumstances in which it might equally be advocated that the Secretary of State should intervene to disapply provisions of the Bill in order to ensure that an academy comes into being. I have in mind an issue that has recently arisen in my constituency which affects many other rural constituencies where there are village primary schools with insufficient places to meet the demand of local parents in the village, with the effect that children from villages sometimes have to travel a great distance for their primary education, often at the cost of being separated from their peers with whom they spend the remainder of their time. One might seek to argue that the Secretary of State should equally have the right to disapply the provisions of the Bill should it be passed and receive Royal Assent. The problem to which I refer is particularly acute in a village called Witham St Hughs in my constituency.

I wonder, therefore, whether the charge which my hon. Friend perhaps rightly levels at the Front Bench could be levelled at his own new clause. He might like to consider whether it should go much wider, in giving the Secretary of State the power not just to disapply the provisions where there is underachievement, but to disapply the provisions that stand in the way of the creation of an academy in other circumstances as well. He may wish to consider amending his new clause in due course. That rather depends, I suspect, on whether he presses it to a Division today.

I should like to hear from the Minister that there is to be some action from the Government on the problem that I have outlined, which affects rural communities and villages in rural constituencies such as mine, as it does in Witham St Hughs. The lack of sufficient primary places is a problem that the Government will need to address, not necessarily because their immediate predecessor did not address it, but because successive Governments across a number of decades have failed to recognise the needs of village communities in constituencies such as mine.

Stephen McPartland (Stevenage) (Con): I, too, had not intended to speak, but I would like to do so in defence of new clause 1, tabled by my hon. Friend the Member for Bedford (Richard Fuller). He is very radical when it comes to education and desperately keen to ensure, as am I and many Members across the House, that children from deprived backgrounds get the education that they deserve and that would allow them to be educated out of poverty. He is concerned that that is not happening because we are not being radical enough in providing the Secretary of State with powers to help those schools that are trying to move forward and improve the benefits they offer.

2.30 pm

New clause 1 suggests that local authorities have some powers to take on the task of getting rid of some of the poorer head teachers or dealing with those aspects in schools that cause the problems, but that they seem unwilling to use them. My constituency is in a neighbouring authority to that of my hon. Friend. In that authority, more than half of the secondary schools have applied for academy status, but none of the schools in my constituency has applied because, apart from one, they are all rated as satisfactory. Our concern is that all those schools should have the benefits and opportunities that come with academy status and that allow them to take forward the aspirations of poorer children.

I support the new clause and believe that we must be radical. The Government are pushing huge sums of money at helping poorer children. I support the Bill because in my constituency the pupil premium will be worth nearly £1 million this year for poorer children. I believe that my hon. Friend is being radical enough in probing the Government to ensure that poorer children in more deprived areas have the opportunity to benefit from academy schooling.

Mr Sam Gyimah (East Surrey) (Con): I wish to speak to new clause 1, tabled by my hon. Friend the Member for Bedford (Richard Fuller), which I wholly support. It

[Mr Sam Gyimah]

suggests that we should be able to disapply the provisions of the Bill, especially when we are trying to help very disadvantaged children. I think that all Government Members, including those who were involved in Committee, agree that that is ultimately our purpose, although we may not always agree on the means.

The arguments that my hon. Friend has put forward are right. On being radical, I think that the Government can go forward in helping poor and disadvantaged children. Currently, there are more than 1,000 failing schools across the country. Less than 35% of children get five GCSEs at grades A* to C, including in English and maths. Less than 55% of primary school children reach the expected level at key stage 2. All we can say—most Government Members agree—is that too many children are being let down.

If we are serious about reforming our education system so that it has a bright future—and most politicians talk about that in their election literature when they say that they are committed to education—we have to do it now. We have the opportunity and we must take it now. That is why I urge the Minister in my new clause 13 to consider disapplying the Transfer of Undertakings (Protection of Employment) Regulations in the case of failing schools. Some might consider that an unusual new clause. I firmly believe in employment rights, for people who work in the private sector as much as for people who work in the public sector, but when a school fails, it is often because the teachers have let the children down. We should consider whether all those terms and conditions should be transferred across.

I wish to make two further points. First, we must consider the cost involved in transferring across all the terms and conditions, which can add up to about £100,000 for the local authority and the Government. Secondly, we must also consider the bureaucracy involved in doing that. Of course we have to go through a consultation process, unless that has been agreed with all the staff before the academy opens, but I think that it is important that we give the Secretary of State the power to disapply those provisions when they think it necessary to do so. That is because there is only one objective here: we want to ensure that our duty is not to the teachers who may have failed the students, but primarily to the children. This is a probing new clause, and I urge the Minister to consider it seriously.

Mr Gibb: I will speak first to new clause 1, tabled by my hon. Friend the Member for Bedford (Richard Fuller), and new clause 13, tabled by my hon. Friend the Member for East Surrey (Mr Gyimah), who both served, alongside my hon. Friend the Member for Stevenage (Stephen McPartland), on the Bill Committee. I welcome the strong support for the Government's expansion of the academies programme that lies behind both new clauses. There are now more than 650 academies, more than two thirds of which have opened since September 2010, and that is equivalent to more than two every working day. I am proud that the coalition has achieved this pace of expansion in its first year in office. I believe that it is vital to ensure that the benefits of academy status are used to address underperformance in our education system.

As my hon. Friends will know from their scrutiny in Committee, the Bill includes measures to strengthen the Secretary of State's power to intervene in underperforming schools. We are strengthening those powers to ensure that we can take the necessary action to invite an effective academy sponsor to transform a school where children are receiving an unacceptably low standard of education and the governing body and the local authority are reluctant to intervene.

My hon. Friend the Member for Bedford mentioned exclusions, special educational needs and, in particular, children with autism. I welcome his support for the Green Paper on special educational needs and disability. He is right to raise those issues. I, along with officials, recently met the Special Educational Consortium to discuss the matter. I look forward to continued discussion with it on the Bill as it progresses through the House and another place. He rightly highlighted the fact that even with the Bill's new provisions, many schools will still not be eligible for intervention, despite performing below the minimum floor standard. Ofsted's inspection judgments in recent years have not always paid sufficient attention to the quality of teaching when identifying schools that require special measures or a notice to improve. I welcome the fact that the changes to the inspection framework proposed by Ofsted start to address that issue.

I share my hon. Friend's concern that no excuses should be made for low standards. He may be right that the current proposals do not go far enough in allowing my right hon. Friend the Secretary of State to intervene swiftly in schools that perform below the minimum floor standard. However, we need to be sure that, in any changes we make, there are appropriate safeguards in place for schools to ensure that the Secretary of State is not left open to legal challenge that might continue to frustrate the conversion process.

On new clauses 1 and 13, I sympathise with my hon. Friends' desire to ensure that unnecessary hurdles do not get in the way of the efficient transformation of poorly performing schools. However, there is a need to ensure appropriate safeguards. We have been convinced by the weight of opinion across both Houses that appropriate local consultation should inform conversion to academy status. The ability to disapply such requirements when converting poorly performing schools, as proposed in new clause 1, is not something we are seeking. For those reasons I cannot accept the new clause.

Mr Mark Field (Cities of London and Westminster) (Con): Does the Minister not recognise some of the concerns felt by Government Members? One of the fundamental problems is that often there are not articulate parents who can make the difference in those failing schools and provide the safeguard to ensure that children's need are properly looked after. It is for that reason alone that we would like some additional powers in the hands of the Secretary of State, along the lines of those outlined new clause 1.

Mr Gibb: My hon. Friend makes an important point, and I am not unsympathetic to the views he expresses. I know how concerned he is about educational standards, and the Government are committed to raising standards throughout the system, particularly in inner-city districts, such as those he represents, where there are areas of deprivation that are not well served by schools.

We believe, however, that we do have significant powers. It is always open to argument that more are needed, but we believe that there are sufficient powers, and the Department, headed by my right hon. Friend the Secretary of State, is determined to raise standards and is actively seeking sponsors to take over the leadership of schools that do not provide the necessary quality of education. The pressure, help and assistance coming from the Department means that people will be able to make proposals—more articulately than I am being at the moment—locally, but that does not mean that, at the same time as an academy proposal is going forward, there should not be a consultation process enabling all local people to put their views forward.

Richard Fuller: Does my hon. Friend agree that a consultation process that requires and comprises a public meeting for local parents, but which the teaching unions, the Anti Academies Alliance and the Local Schools Network flood with activists who have little or, in many cases, no adherence to the community in which that school would be located, is hardly public consultation?

Mr Gibb: My hon. Friend makes an important point. There is no requirement to conduct a consultation in a specified way, and we have been careful not to introduce one, because every consultation should be adapted to local circumstances. We want to be flexible about how local consultation takes place and, before reaching a decision, the Secretary of State will look realistically at the local extent of that consultation in order to ensure that it has been genuine.

I share the view of my hon. Friend that, when meetings are packed with political activists who are not necessarily even from the local community but there to deliver their own ideological message, that is not genuine consultation. When a meeting is held and the overwhelming opinion expressed by those people gives the impression of one view, the Secretary of State will look through that to see what the genuine view is of local people in the community. He wants to ensure that the consultation has been extensive and has included local people, so, when local people have in effect been excluded by such activity, he will take that into account before reaching a decision. There is a need for appropriate safeguards, however, and we have been persuaded by the weight of opinion across both Houses to ensure that there is proper consultation.

New clause 13, in the name of my hon. Friend the Member for East Surrey (Mr Gyimah), explores the possibility of disapplying the TUPE regulations in schools that are eligible for intervention and that the Secretary of State wishes to transform through conversion to academy status. My hon. Friend will know that the Transfer of Undertakings (Protection of Employment) Regulations 2006, which the new clause seeks to disapply, were implemented in response to the European acquired rights directive. In line with European legislation, they set out the circumstances in which they must be applied, preserving an employee's statutory duty and contractual employment rights through any transfer process. Disapplying those regulations for staff in converting schools would mean that such staff were unprotected when compared with other employees whose employment is transferred from the public sector.

I gave assurances in Committee that the rights of staff when transferring from the employment of a maintained school to an academy trust are protected by TUPE, but the application of TUPE at conversion does not mean that staffing cannot be reviewed and restructured after conversion—just as it can be before. We are clear about the need for school work force reform to improve the quality of teaching. We want to make it easier for schools to tackle poor performance by helping underperforming teachers to address their professional weaknesses or by enabling head teachers to deal more quickly with entrenched underperformance.

I listened carefully to my hon. Friend's argument, and he will have some support for the views that he expresses.

2.45 pm

Mr Graham Stuart (Beverley and Holderness) (Con): I share the sentiments expressed by my hon. Friend the Member for East Surrey (Mr Gyimah) about the need to put the interests of the children first, but, as he said that it was a probing new clause, it would not be right to weaken the protection of those who teach and work in some of our toughest and most challenging schools. We have to send out the message—I think my hon. Friend the Minister has just done so—that, although we will protect and support the rights of the people who work in the toughest schools, we will ensure that we have a performance management framework that challenges underperformance, and we will not be afraid to restructure when putting new measures in place.

Mr Gibb: My hon. Friend is right, and the Government are committed to protecting those employment rights.

The underperformance of teachers is not necessarily the only reason why schools underperform; there is a whole host of reasons, one of which is that schools are burdened by bureaucracy. One key measure that we implemented in the opening months of the Administration was a reduction in the amount of bureaucracy and prescription that has been heaped on teachers over the past 10 years. With those few comments, I hope that my hon. Friend the Member for East Surrey will not press his probing new clause any further.

I turn to the new clause tabled by the right hon. Member for Birkenhead (Mr Field). We welcome the many initiatives in the independent schools sector, assisted by the schools themselves through bursaries and scholarships and by many charities, to support children who would not otherwise be able to receive an independent school education. The right hon. Gentleman may have seen the article in *The Times* today by Lord Adonis and Anthony Seldon, the headmaster of Wellington college, urging the independent sector to sponsor more academies, and we share the views of those two contributors. That should be happening, and we want to see more independent schools sponsoring academies, but the Government's priority is to transform the state education system so that all children are able to access a good-quality education regardless of their background.

Our independent schools provide some of the best education in the world, according to the OECD and other commentators, and we are keen to encourage greater collaboration between the sectors so that best practice can be shared and schools can work more

[Mr Gibb]

effectively together in the best interests of pupils and staff, but the right hon. Gentleman's new clause is neither desirable nor necessary.

An academy is free to further its education objectives by using any funds it is able to raise through charitable donations or other similar sources, but academy funding agreements regulate the way in which such schools can use taxpayer funding. The general annual grant paid by the Secretary of State can be spent by an academy only on its normal running costs, and we have no intention of changing that. That does not mean academies cannot buy in additional support from independent schools or collaborate with them on joint provision, but the bulk of state funding should rightly be used to raise educational attainment and standards for the benefit of all pupils in the academy.

Mr Frank Field *rose—*

Mr Gibb: I give way to the right hon. Gentleman.

Mr Field: I am grateful to the Minister for giving way; I am not too grateful for his comments. Supposing the Government allowed a free vote on my new clause, does he think that we would run him close tonight?

Mr Gibb: I have no idea what the view of the House would be. I am not sure that the right hon. Gentleman would have huge support from Opposition Members, or that all elements of the coalition would necessarily support his proposal. I am not sure what the outcome of such a vote would be, but I am not convinced that his proposal is the right thing on which to use scarce taxpayers' money.

Stephen Phillips: The Minister has quite rightly stressed the importance of using the funding for academies to raise academic standards and to deliver the best education for all pupils in them, but the new clause that the right hon. Gentleman seeks to introduce, at least in a probing way, does not detract from that. It says that the most able pupils should be able, at a marginal cost, to go to what the Minister himself has said the OECD describes as some of the best schools in the country. I am sure that the right hon. Gentleman will not press his new clause, which is a probing measure, but will the Minister keep an open mind? At the moment, he has given no principled reason why the proposed change should be rejected.

Mr Gibb: I have listened to my hon. and learned Friend with great care, and he makes his case persuasively, but our principled view is that we want to see standards raised across the state sector. With 93% of pupils in our education system attending schools in the state sector, we want to ensure that every school in that sector caters for pupils of the kind that he and the right hon. Member for Birkenhead are talking about. Mossbourne community academy in Hackney serves one of the most deprived parts of this country; 50% of its pupils qualify for free school meals. More than 80%—I think nearer to 85%—of students at that school achieve five or more GCSEs at grades A* to C, including English and maths, and this year they have had 10 offers of Oxbridge places. How many comprehensive schools of which hon. Members are aware have had 10 Oxbridge places offered in one year?

Mr Frank Field: I make one last plea to the Minister. My constituents are not interested in a sectarian Government saying that they wish to raise standards in the state sector. My constituents wish to see standards raised, and they are not concerned about which sector is used to achieve that objective.

Mr Gibb: I share that view. There is too much sectarianism in education. There should be more working between the independent sector and the state sector. I should like us to look at the methods that are used in the independent sector to see what can be learned from it. Indeed, many of those in the independent sector tell me that they want to learn from what is happening in some of the best schools in the state sector. There should be greater movement between the two sectors, and we are committed to that. We share the views of Lord Adonis and Anthony Seldon in the article that they jointly wrote for today's edition of *The Times*.

Mr Mark Field: The Minister refers to principles. Does he accept my view that an important academic and educational principle is that it is as important to look after the special educational needs of the most gifted academic children as it is to look after the needs of those who are less gifted? The concern expressed by the right hon. Member for Birkenhead (Mr Field) in his new clause is that all too often the special educational needs of some of the most gifted are ignored.

Mr Gibb: My hon. Friend is right. We need to ensure that our comprehensive schools are genuinely catering for children of all abilities, and that those able children are as well catered for in comprehensive schools as they are in schools that specialise in children of that ability, whether in the independent sector or the state sector. The point I was making to the right hon. Member for Birkenhead and to my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) is that the state sector has many examples of where such children are extremely well catered for, and that is why some schools in the state sector have very high levels of entrance to Oxbridge and to Russell group universities. It is our view that if it can be done in those schools, it can be done throughout the state sector. We are determined to have a state education system that can deliver a high-quality education for children of all abilities, including the children that my hon. Friend the Member for Cities of London and Westminster (Mr Field) mentioned.

The hon. Member for Cardiff West (Kevin Brennan) asked about unnecessary referrals to alternative provision academies or to pupil referral units generally. There are three routes by which pupils can be referred to a PRU: first, through section 19 of the Education Act 1996 on placements by local authorities; secondly, through section 100 of the Education and Inspections Act 2006, which was introduced by the Government of whom he was a member, under a duty on schools and academies to provide education for pupils on fixed-term exclusions of more than five days; and thirdly, through section 29A of the Education Act 2002, under which a maintained school can direct a pupil to be educated off-site for the purpose of improving behaviour. Each of those routes carries its own safeguards, which will remain in place. That will ensure that alternative provision academies will provide for pupils who can most benefit from that provision.

My hon. and learned Friend the Member for Sleaford and North Hykeham talked about the need to ensure that there are sufficient places in primary schools, particularly in rural areas. We recognise that the large increase in the number of children of primary school age means that more schools are needed. We have made the funding available to meet that increase, and the academy free schools programme will add to that provision. We are very well aware of these issues. The birth rate has been increasing since 2001, and we are absolutely determined to ensure that there are sufficient places.

With those few comments, I commend new clause 20 to the House.

Question put and agreed to.

New clause 20 accordingly read a Second time, and added to the Bill.

New Clause 21

CHARGES AT BOARDING ACADEMIES

'After section 10 of AA 2010 insert—

"10A Charges at boarding Academies

(1) This section applies where—

(a) a registered pupil at an Academy is provided with board and lodging at the Academy, and

(b) the local authority for the pupil's area is satisfied that either condition A or condition B is met.

(2) Condition A is that education suitable to the pupil's age, ability and aptitude, and to any special educational needs the pupil may have, cannot otherwise be provided for the pupil.

(3) Condition B is that payment of the full amount of the charges in respect of the board and lodging would involve financial hardship to the pupil's parent.

(4) If the authority is satisfied that condition A is met, the authority must pay the full amount of the charges in respect of the board and lodging to the proprietor of the Academy.

(5) If the authority is satisfied that condition B is met, the authority must pay to the proprietor of the Academy so much of the charges in respect of the board and lodging as, in the opinion of the authority, is needed to avoid financial hardship to the pupil's parent.

(6) The proprietor of the Academy must remit the charges that would otherwise be payable by the pupil's parent, to the extent that it receives a payment from the local authority in respect of those charges under subsection (4) or (5).".—*(Mr Gibb.)*

Brought up, read the First and Second time, and added to the Bill.

Mr Frank Field: On a point of order, Mr Deputy Speaker. I am not pressing my new clause, even though the Minister could have had his speech written for him by old Labour, which I think will be noted. I wish for the proceedings to go forward as expeditiously as possible.

Mr Deputy Speaker (Mr Lindsay Hoyle): As amusing as that may be, it is not a point of order.

New Clause 2

ADMISSIONS POLICY OF INDEPENDENT SCHOOLS OPTING FOR ACADEMY STATUS

'(1) Section 6 of the Academies Act 2010 (effect of Academy order) is amended as follows.

(2) In subsection (4) (definition of "selective school"), after paragraph (b), insert—

", or

(c) it is an independent school with a selective admissions policy converting to an Academy".'.—*(Mr Brady.)*

Brought up, and read the First time.

Mr Graham Brady (Altrincham and Sale West) (Con): I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to discuss the following:

New clause 10—*Fair access to education and training*—

'(1) EA 1996 is amended as follows.

(2) In section 10 (General duty of the Secretary of State), at the end insert "and ensure fair access to opportunity for education and training.".'.

New clause 22—*Guidance on draft Regulations on pupil registration and school attendance codes*—

'The Secretary of State shall provide guidance to local authorities for dealing with families who have chosen to home educate their children prior to the implementation of the Education (Pupil Registration) (England) Regulations and the School Attendance and Absence codes.'.

Amendment 40, in clause 4, page 9, line 26, at end add

'The Secretary of State must lay before Parliament an annual report on the numbers of students at all schools in England and Wales subject to these powers including—

(a) details as to whether these pupils have identified special educational needs or additional learning needs,

(b) the numbers of times these powers have been exercised,

(c) the previous and current status of their schooling provision,

(d) whether their exclusion was referred to a review panel, and

(e) where known the outcome of any review panel action including any financial adjustment of the schools budget share for a funding period incurred by schools as a direct consequence of the exclusion.'.

Amendment 9, in clause 34, page 33, line 4, at end insert—

'(1A) In section 84 (Code for school admissions) in subsection (2) after "other matters", insert "which ensure fair access to opportunity for education".'.

Amendment 10, page 33, line 5, leave out subsection (2).

Amendment 13, page 33, line 14, leave out subsection (3) and insert—

'(3) For section 88J (changes to admission arrangements by schools adjudicator) substitute—

"88J Implementation of decisions by adjudicator

(1) This section applies where the adjudicator has made a decision ('the primary decision')—

(a) under section 88H(4) on whether to uphold an objection to admission arrangements, or

(b) under section 88I(4)(b) or (5)(b) on whether admission arrangements conform with the requirements relating to admissions.

(2) If the admission authority has not amended its admission arrangements within a period of 14 days of being notified of the primary decision, the local authority for the area in which the school is situated may direct appropriate changes to any aspect of the admission arrangements in consequence of the primary decision.

(3) Following the amendment of the admission arrangements by the admission authority following a primary decision, the local authority for the area, if it considers that the changes to the admission arrangements are not consistent with the primary decision, may direct appropriate changes to any aspect of the admission arrangements in consequence of the primary decision.

[Mr Deputy Speaker]

(4) An admission authority which is subject to a direction under subsections (2) or (3) may ask the adjudicator to set aside the direction on the grounds that the changes to the admission arrangements contained in the local authority's direction are not consistent with the primary decision.".'.

Amendment 11, in schedule 10, page 83, line 4, leave out paragraphs 1 to 3.

Mr Brady: It is a great pleasure to have this opportunity to participate in this important debate, which has so far been excellent, with colleagues on both sides of the House making points that are focused on the important task of raising standards and extending opportunity without too much ideology and dogma getting in the way.

My new clause 2 is supported by 38 colleagues from both sides of the House—a very broad spectrum of support that reflects the fact that it demonstrates basic common sense in moving forward the educational debate. It is modest, but it would do something quite important. It seeks to remove an anomaly that the Government have themselves created, arising from the fact that in the Academies Act 2010 they legislated to allow state grammar schools to become academies without changing their admissions status, thereby accepting the principle that it is possible to be an academy and a selective school.

The new clause would merely extend exactly the same arrangements to independent schools seeking to become academies and retain their existing admissions arrangements. It would address the point made by my hon. Friend the Minister earlier when he referred to the vital importance of our excellent independent schools and excellent state schools working more closely together, breaking down the artificial divides between them and ensuring that we open up for as many children as possible access to what he describes as some of the best schools in the world, according to the OECD.

New clause 2 makes an important amendment, even though all it would do is remove an anomaly, because it would send the clear message that what matters in education is providing quality and new opportunities, and opening access to the very best schools without dogma getting in the way. At a time when the Government and the Opposition are deeply concerned with raising our performance on social mobility and ensuring that people, regardless of background, can progress in life according to their talents and abilities, the new clause would remove one of the impediments that stand in the way.

3 pm

I am sorry that the right hon. Member for Birkenhead (Mr Field) is no longer in the Chamber, because I listened with considerable interest and care to his speech on new clause 19, which he tabled. It is possible to agree with his new clause and mine, but I say to the Minister that it is difficult to disagree with both new clauses. New clause 19 would allow academies in the state sector to use some of the money available to them to buy a place in an independent school for the benefit of a pupil to whom that education would be most suited. If that idea is not to the Minister's tastes, my new clause takes the other side of the coin. Instead of allowing an academy to buy a place in an independent school, it would make it easier for some of the best independent schools in the country to choose to adopt academy status, thereby opening their doors to all children, regardless of their financial background and their parents' ability to pay.

Andy Burnham: The hon. Gentleman just spoke about schools opening their doors to all children. Will he confirm that under the new clause, those schools would maintain their selective admissions policies?

Mr Brady: Absolutely. The right hon. Gentleman is entirely correct. No new selective schools would be created under the new clause. The country would have the same schools that it has at the moment, but those schools would be able to accept people regardless of parental means and the ability to pay. It would bring more excellent schools into the state sector, satisfying the objective of the Minister.

This is not a theoretical situation. I first became interested in this area because many years ago, two independent schools in my constituency did precisely this. They opted into the state sector, in those days as grant-maintained schools. St Ambrose college and Loreto grammar school, which are both Roman Catholic selective schools, were welcomed by a previous Conservative Government into the state sector, and were allowed to maintain their ethos and admissions rules. St Ambrose college is an excellent school, which educated three Members of this House, including my hon. Friend the Member for East Hampshire (Damian Hinds). This could be called the St Ambrose and Loreto new clause.

Not only would the new clause restore the ability for excellent independent schools to come into the state sector in the way that they could under the previous Conservative Government, it would end the unfortunate state of affairs that has pertained since. Again, that is not a theoretical point. Some years ago, William Hulme's grammar school in Manchester became an academy, but under the previous Government it was forced to abandon its selective admissions policy and become a comprehensive school. It is still a good school, but regrettably, it was required to change its ethos in a way that it had no desire to do. More worryingly, that process is continuing today. As the Minister knows, Batley grammar school is in the process of becoming an academy. Shockingly, under the present Government, it, too, is being required to change its ethos and its admissions policy in a way that would not have been required had it been a state school transferring to academy status.

I am aware of other independent schools that would be interested in pursuing this route if the Minister and the Secretary of State were to open the door to them. That point is important. Typically, these are schools that value their independence and their selective ethos, but have no desire to charge fees that might deny access to some able boys and girls who would benefit from the education that they offer. Frequently, like Batley grammar school, they are not in the most prosperous parts of the country. This measure would clearly extend opportunity to a significant number of children in less affluent parts of the country.

Mr Graham Stuart: Will my hon. Friend give way?

Mr Brady: I happily give way to my hon. Friend, the Chairman of the Select Committee.

Mr Stuart: My hon. Friend paints a powerful picture. It is inspiring to imagine that schools that, because of their economic circumstances, moved away from their original foundation, which was to provide education for some of the poorest scholars in the land, will be able to return to doing that again. The pupil premium will give them the economic incentive to target children from the poorest families and provide them with high-quality education. That is a vision to fulfil the principle that the Minister talked about of ensuring that all areas of education work together to look after the needs of all children, with priority being given to the poorest families.

Mr Brady: I am grateful to the Chairman of the Select Committee for his support. As he said, the new clause would simply remove an obstacle that stands in the way of the noble ambition of some excellent schools that are deeply committed to educating children of whatever means. Many schools can do so because they have access to bursary funds that cover the fees for such pupils, but not all can. To give another example from my city, Manchester grammar school, which is a former direct grant grammar school, is a fantastic institution that had the ability to raise a large bursary fund, which allows it to operate its admissions in a needs-blind way. Not all good independent schools can replicate that because they do not all have as many successful and wealthy old boys.

To return to my central point, this is a modest measure that would correct an anomaly, but in doing so would sweep away an obstacle that can only be considered dogmatic. It is entirely in keeping with the existing policy of the coalition Government, who, in the Academies Act 2010, accepted the principle that selective schools can be academies. The Minister is a passionate advocate for the academies programme. He has always made it clear that opportunities should be opened and that good schools, of whatever kind, should be encouraged. I have always welcomed that in our many constructive conversations. This simple measure would open the door to more good schools accepting the principles that he has set out and accepting the hand of friendship to welcome them into the academies programme and the state sector. It would allow more children to enjoy a high-quality education without the threat of fees having to be paid. I hope that he will accept the new clause in that spirit.

Andy Burnham: Take two. I will speak to new clause 10 and amendments 9, 10, 11 and 13, which are in my name and those of my hon. Friends. Our main objection to the Bill is that it takes power away from parents and pupils, particularly at crucial moments in the education journey. Decisions about admissions and exclusions can be life-changing for children, and giving parents the power to challenge them is an essential part of any fair school system. Over the past decade, improvements have been made to ensure fair admissions in English schools, and the Bill will take those safeguards away. It will severely weaken parents' rights in respect of admissions at both local and national level, and it will limit their ability to seek redress both for their own children and for others who come after them. That would be bad in any event, but when we consider that weakening of accountability in the wider context of the education system that the Government are building—a highly competitive free market—we see that it represents a real danger to the life chances of our children, particularly those with the least support.

Let us put the Government's changes to admissions in that wider context. First, in time, there could be more than 20,000 separate admissions authorities operating in a free market, accountable only to the Secretary of State and able to bypass local checks and balances. Secondly, on top of that free-for-all we will have the polarising effect of the narrow, academic English baccalaureate. In the competitive education market, schools will desperately try to raise their bac scores, and we can see how the risk will emerge of admissions policies being constructed to support that attempt. Now is emphatically not the time to weaken the powers of the schools adjudicator to rectify non-compliance with the admissions code. With the checks and balances gone, there is a real and present danger that there could be more unfairness in the system and that parents will find it harder to get fair access to good schools.

Mr Gibb: Does the right hon. Gentleman support, then, our measure in the Bill to extend the right to complain to the schools adjudicator to parents of children in academies? That right did not exist before.

Andy Burnham: Yes, we do, but that is not the central point. In making that move, the Minister is weakening the overall powers of the Office of the Schools Adjudicator and taking away its teeth. We hear that he is also about to weaken the admissions code—I will come on to that in a moment.

My greatest fear is that in Gove's world, less academic children, those with less parental support and those with special educational needs will be the biggest losers. The Secretary of State is creating by the back door what, as we have just heard, his own Back Benchers are today enticing him to create by the front door—an elitist, two-tier system that is good for some children and some families, not all children and all families. We need safeguards for all parents, and I implore the House to vote to keep them. Otherwise, we will leave uncorrected the real flaw that lies at the heart of the Government's vision for the reform of public services.

In education and in health, if the Government plan more freedom and autonomy for providers, it is absolutely essential that the change is accompanied by a corresponding empowerment of the public and a greater ability for the users of services to hold providers to account. If the Government do not increase people's voice, they will create a provider's market, a free-for-all with an accountability deficit. If primary care trusts or local authorities are no longer there to ensure fairness for all, it is crucial that we keep and strengthen the mechanisms that protect the rights of patients and parents.

Mr Graham Stuart: Going back to the right hon. Gentleman's point about the English baccalaureate, does he agree that we need an assessment and accountability framework that gives equal weight to the progress of every child? If he does—I hope that we can get consensus between the Front Benchers on that—does he agree that the current levers and pressures on schools provided by the requirement of five good GCSEs do not deliver that vision, and that Members on both sides of the House need to work harder to create a system that gives equal weight to the progress of every child?

Damian Hinds (East Hampshire) (Con) *indicated assent.*

Mr Stuart: My hon. Friend, who is nodding, has helped champion that issue very effectively in the Education Committee.

Andy Burnham: The hon. Gentleman makes an important point. I agree with his emphasis on the needs of every child, and I further agree that the five A to C-grade GCSEs measure had its imperfections. He might, then, agree with what I am about to say.

3.15 pm

I believe that the English baccalaureate will be divisive in and of itself, because it has a narrow, academic focus and will encourage schools not to focus on young people who have a more vocational aptitude. That is essentially the problem with it. There is a prescriptive choice of subjects in the baccalaureate, and where is the evidence to justify that selection? Where is the creativity in the Government's vision? Where is music, religious education or business studies, and why is Latin in there? The Government have never satisfactorily answered those questions. My fear is that if the Government create that divisive performance management tool and apply it to a free-for-all in education, there could be some very worrying changes on the ground. That is the risk to which I am alerting Members today.

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): How does the shadow Secretary of State reconcile his rather jaundiced view of the Government's commitment to vocational education with our stated and funded commitment to boost the number of apprenticeships for 16 to 18-year-olds?

Andy Burnham: That is not the full answer. If schools are being judged by the gold standard of specific GCSEs, does the hon. Gentleman not accept that he is creating a real disincentive for schools to focus on the kids who are not taking those subjects? I know that he cares about vocational education, and I look to him to give us some more convincing answers that show that the Government are committed to those young people.

Mr Graham Stuart: Will the right hon. Gentleman give way?

Andy Burnham: I want to make some progress, but maybe I will give way to the Chairman of the Education Committee again later.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I am sure my right hon. Friend is aware that the latest figures given to the Skills Commission only yesterday by a professor from Southampton university show that 6% of kids in this country leaving school between 16 and 18 get an apprenticeship, and 36% go into higher education. That leaves a darned large number of young people not going to either of those destinations. I am quite fond of the Minister for Further Education, Skills and Lifelong Learning, but sometimes he uses the apprenticeships commitment to hide a lack of activity in other areas.

Andy Burnham: My hon. Friend puts his finger on it. I said when I took on this job that I wanted more focus on the 50% or more of young people who are not planning to go to university. Every Member owes that to those young people. Apprenticeships are part of the answer, but as I said a moment ago, they are not all of the answer. Sometimes we hear the Government talk only of kids on free school meals getting to Oxbridge, as though that were the only measure of the education system in this country. I am afraid that in my view, that shows the elitist approach to education that is coming through more and more from the Government.

Our new clause and amendments are intended to put power back in the hands of parents and fairness at the heart of the system at local and national level. First, given that the Secretary of State is taking more than 50 powers in the Bill to run almost every aspect of the schools system, we propose, in new clause 10, duties for him to ensure fair access to education.

Secondly, amendments 10 and 11 would reinstate the requirement for all local authorities to establish a local admissions forum. Those forums are an important part of ensuring parents' involvement and local accountability. Parents have a right to be represented on them, and parents' groups can come to the meetings and make representations on particular issues of concern. Parents in all areas should have a guarantee that they will be able to call on a local forum in their hour of need.

On that point, I say to the Minister of State, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), that he missed the point in Committee. It is no help to parents if the forums are optional. If there is to be a postcode lottery, with some local authorities having forums and others not, not all parents will have the right to call on those local independent bodies if they need to. Moreover, voluntary forums would not have the same powers as the current ones, such as the power to object to the schools adjudicator. An independent monitoring body in each local authority to ensure fair admissions criteria and processes should be an entitlement for all parents.

It is also more efficient to deal locally with issues involving local stakeholders, rather than to refer every contentious issue to the adjudicator. Indeed, the chief adjudicator supports the retention of admissions forums, as he told the Education Committee. He said:

> "I believe...that admissions forums are good things. It commits all admissions authorities in an area...to sit around a table and talk over their problems."

That brings me to amendment 13, which would restore the crucial ability of the schools adjudicator to seek early rectification of non-compliance with the admissions code in admissions policies, working through local authorities. The adjudicator is an important guarantor of fairness for parents. As he told the Education Committee, 92% of the complaints that he received last year came from parents. The Government have failed to make any case to support their changes beyond saying, "Trust the schools." Well, the Opposition trust schools, but we also know that the adjudicator must frequently step in to correct non-compliance with the code. Indeed, the very fact that the adjudicator has that power focuses the minds of schools and local authorities to ensure that policies are fair in the first place. The Government are therefore undermining the office of the schools adjudicator in terms of helping parents when they need it.

We believe that the Bill weakens the adjudicator's power, but that problem is further compounded by the potential dilution of the admissions code. Yet again

with this Secretary of State and his chaotic Department, the House finds itself in the unacceptable position of being asked to legislate on matters crucial to families in this country without all the relevant information before it. I have a simple question for the Minister of State: where is the draft admissions code? Where is it? It is disgraceful that the House does not have access to that code when it is being asked to vote on the Bill.

In Committee on 29 March, the Minister told the shadow schools Minister, my hon. Friend the Member for Cardiff West (Kevin Brennan), that the admissions code

"is certainly imminent and will certainly be available before many of the future stages of the passage of this Bill"—[*Official Report, Education Public Bill Committee*, 29 March 2011; c. 770.]

Mr Deputy Speaker, is it acceptable that the Minister has not delivered on that promise? I put it to you that it is an affront to the House and to Parliament that the Minister has failed to honour a commitment that he gave in Committee. The code is highly relevant to today's debate, and it should be available to hon. Members.

Ian Mearns (Gateshead) (Lab): My right hon. Friend puts his finger on the nub of the issue—the Minister promised in Committee on 29 March that the admissions code was imminent. We must reiterate the concerns of the schools adjudicator, because he saw the idea of simplifying the admissions code as a way of giving wriggle room to schools to use covert selection. That is a real concern for my constituents and parents in my area.

Andy Burnham: My hon. Friend is absolutely right. The Bill weakens the schools adjudicator and could dilute the admissions code—although we cannot assert the latter as a fact, because we have only media reports to go on. It is a disgrace that the Minister has been unable to give that information to hon. Members, who are voting on life-and-death issues for their constituents: the question for parents is whether they can get the schools that they want. I put it to hon. Members that they will be doing a huge disservice to their constituents if they vote for a weakening of the admissions system without knowing what is in the code, and the full extent of the Government's intentions.

Mr Graham Stuart: I asked the right hon. Gentleman earlier whether he would support the principle of an assessment and accountability framework giving equal weight to the progress of every child in our schools. Does he support that? If we collectively introduce such a system, we would not need such massive bureaucratic machinery to try to stop artificial selection in schools, because there would no longer be an incentive to pursue such measures. Rather, the system would encourage schools to attract more children who come with the pupil premium, and we could have a more equitable education system, along with the outstanding outcomes that we all seek.

Andy Burnham: I sympathise with the Chairman of the Education Committee. I am reading into what he says the impression that he fears the effect of the English baccalaureate on the proposed free-for-all system, in which there is no power at local level to challenge what schools are doing, and in which the adjudicator does not have the teeth to rewrite admissions policies. I am sensing that the hon. Gentleman has real worries about that, and I ask him to urge those on the Government Front Bench to sort it out, before we drive real unfairness into our school system.

Yes, we should have a system that measures every child's progress in the important things such as maths and English—that will be the bedrock of any system—but I fear that the English baccalaureate is a highly divisive tool that will set some children against others and give schools the wrong incentive.

Mr Gibb: Is the right hon. Gentleman aware that English, maths and double science are already compulsory up to the age of 16, and that until 2004 a modern language was compulsory up to 16? Therefore, only history or geography are added in the English baccalaureate—and they are compulsory up to 14. What is it about history or geography that he so opposes?

Andy Burnham: That is utter nonsense from the Minister, who made, with his Secretary of State, great play of autonomy for schools and teachers when in opposition. They complained about top-down prescription from the previous Labour Government, but will he accept that the English baccalaureate is far more prescriptive than anything we ever did? If so, how does he square that with his previous statements?

Mr Gibb: The English baccalaureate is not compulsory or prescriptive. It is also not an accountability measure; the accountability measure remains five or more A to C GCSEs including English and Maths, and the floor standard is 35% of those in a school achieving that. This is not a compulsory combination of GCSEs, but one of many measures that our transparency agenda ensures will be put into the public domain.

Andy Burnham: As my hon. Friend the Member for Cardiff West says, this is a nudge with a loaded gun. Of course schools will focus on the English baccalaureate! If the Minister expects us to believe that that will not happen, he is taking us for mugs. The baccalaureate will obviously drive behaviour in our school system. The Ministers know that that is what they are doing, but they are trying to pretend that it will not happen. I am telling the Minister that it will.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): Is my right hon. Friend aware that some schools, including some in my constituency, have already moved existing year 10 pupils—generally the more able ones—off the subjects that they have chosen and on to the English baccalaureate subjects, because they are worried about the new accountability measure?

Andy Burnham: Where is student choice in this system? What are the rights of children, particularly those who have creative flair? How does the system look after the interests of those who are good at music or drama? In some schools in my constituency, around 30% are taking the English baccalaureate. Ministers tell us that it is supported by parents, yet when given the choice, many say, "This isn't what we want for our children, because it's too prescriptive and doesn't recognise the breadth of experience that we want them to have." We hear that music and RE teachers are being made redundant. It is time for another U-turn by the ministerial team that is famous for them.

Steve Baker (Wycombe) (Con): The right hon. Gentleman says that the English baccalaureate is too prescriptive, but moments earlier he said several times that there is a free-for-all. Which is it?

Mr Deputy Speaker (Mr Nigel Evans): Order. The debate may be straying into rather more general matters than the new clauses and amendments before us.

Andy Burnham: I am grateful, Mr Deputy Speaker. As I have said before, the Secretary of State is in danger of collapsing under the weight of his own contradictions, and the hon. Member for Wycombe (Steve Baker) has just made that point.

Let me return to the admissions code, which we have not seen. I hope the Minister will give the House an apology this afternoon for failing to produce it. We hear that it will be slimmed down, and that it will allow founders of free schools to leapfrog local families to the front of the queue for places—the so-called Toby Young clause. The Opposition can accept a simpler admissions code, but we will not accept a weaker admissions code.

The Government's failure to produce the code leaves us asking one question: what are they trying to hide? That is a relevant question given that today we have further evidence, from the hon. Member for Altrincham and Sale West (Mr Brady), of the true Tory instincts on education. His new clause 2 would allow independent schools that cross over to the state sector to continue selective admissions policies, as he confirmed to me, which means that formerly independent fee-paying schools would be fully funded by the taxpayer, but would remain exclusive schools selecting students on the basis of ability. I notice that 35 or more of his colleagues felt free to put their names to this outrageous expansion of selection, presumably because they are being encouraged by his own Whips and Front Benchers.

3.30 pm

At a Friends of Grammar Schools reception in Parliament last year, hosted by the hon. Gentleman, the Secretary of State was asked for his view on whether his free school movement could allow the expansion of selection. He reportedly replied:

"My foot is hovering over the pedal; I'll have to see what my co-driver Nick Clegg has to say".

Well, I think we know what the Deputy Prime Minister will do: he will talk about being muscular, but then offer no resistance whatsoever. Indeed, Tory voices today are crowing about the right-wing nature of the school reforms before the House. I urge Liberal Democrats to live up to their recent statements, particularly since Thursday, and to implement the policy passed at last year's Liberal Democrat conference.

I urge Liberal Democrats, too, to listen to the independent experts. When asked by my hon. Friend the Member for Scunthorpe (Nic Dakin) in the Education Committee whether he would make the changes to admissions set out in the Bill, the schools adjudicator replied:

"I wouldn't, no. The only changes I would be introducing, as I said to the Chair, is the extension of our role to take on academies and free schools. I don't think that I would be taking out any of the admissions changes suggested in the Bill."

The Children's Commissioner said:

"Reduced accountability in the admissions system also risks increasing the social segregation in schools".

The Association of School and College Leaders said:

"While we accept the limitations of the Local Authority and Admissions Forums we are concerned that there may now be a void in policing admissions."

Barnardo's said:

"As the Bill stands, it is likely that in the future there could be a variety of admission arrangements within local areas—resulting in selection and segregation."

These warnings could not be clearer.

Ian Mearns: The Schools Minister has reiterated that the English baccalaureate will not be an accountability measure. He trumpeted that in the Select Committee on a number of occasions last week. I am terribly sorry but the response is one of complete and utter incredulity. I know what the press will say about the English baccalaureate within the context of the league tables. The headline writers will say, "Of course it will be an accountability measure. How can it be seen as anything else?"

Andy Burnham: We know that the measure was applied retrospectively to schools, so the Government were encouraging the media to see it as a performance-management measure. It is so unfair to schools being sent out into this highly competitive environment to have their reputations so damaged, and to have not one but two hands tied behind their backs. The Government have knocked the stuffing out of some schools that have worked so hard to improve in recent years, and it is totally unacceptable.

Experts' warnings about the admissions clauses could not be clearer. Children's life chances are at stake here. The Government have failed to convince the experts that we can gamble with those life chances by weakening the admissions system. I intend therefore to press amendment 13 to a vote this evening. In the face of this free-for-all in education, it is vital that the rights of parents and children are protected, and that the House does not sleepwalk today into a return to selection in our schools.

Mr Graham Stuart: It is a pleasure to take part in this debate, and to see so many faces from the Public Bill Committee, as well as Select Committee members, including the stellar four or five Labour Back Benchers under the Gallery there.

I want to discuss my new clause 22 on home education. My hon. Friend the Member for Altrincham and Sale West (Mr Brady) has made most of the key points about his new clause 2. This is not about extending selection in our schools; it is about taking existing institutions—in many cases, institutions originally set up to serve some of the poorest in our communities—and allowing them to serve those communities again. I must confess to having been torn before deciding that supporting new clause 2 was appropriate, although there will be differences of opinion on both sides of the House—the shadow Secretary of State failed to note that supporters of the new clause include Labour Members as well as Government Members.

Stephen Twigg: The Select Committee Chair says that new clause 2 would not extend selection, but it would involve its extension within the state system. Does he not acknowledge that a number of independent schools, including Belvedere school in Liverpool, have entered

the state system and been willing and happy as a condition to become local comprehensive schools? Is that not a better approach, if we are to widen opportunities for as many young people as possible?

Mr Stuart: The hon. Gentleman makes a fair point. Where the institution feels that it best serves its mission to improve education by becoming a comprehensive, it would be free to do so. If I have read it correctly, which I hope that I have, the proposal does not insist that schools should retain their existing selection or non-selection criteria, so the tone of what the hon. Gentleman has said is perhaps unfair.

My new clause 22 would impose an obligation on the Secretary of State to issue guidance to local authorities on how they handle families who seek to home educate their children ahead of changes in the regulations. However, my new clause has been overtaken by events. The Government have let me know today that they have decided not to go ahead with those regulations, which would have changed the rules on what happens when a parent deregisters their child from a school in order to home educate.

The Badman review, which many hon. Members will remember, under the previous Government recommended a 20-day period in which a child's name should remain on a school's register, so that if the parents had been pushed into home education because of failures on the part of the school or local authority to meet the needs of their child, they would not automatically lose a place at school, but would have time to think through the implications of home education.

That recommendation by the Badman inquiry was accepted by the then Select Committee on Children, Schools and Families. I always thought that that was right, because it seemed to place no restrictions on the rights of parents and families, but seemed to restrict the rights of schools and local authorities, which, according to Badman, if I recollect correctly, were in some cases using home education to push away children whose needs they were failing to meet, finding it easier to push that responsibility on to parents who did not really wish to pursue it.

On the face of it, that recommendation seemed reasonable, which I am sure is why the Government came forward with proposals to implement it, having seen that both Badman and the Select Committee supported it. However, it was not recognised that the Government's formal consultation on the Badman recommendations had shown that, far from being uncontroversial, the proposal had attracted opposition from 75% of those who responded, with only 13% agreeing. Why would that be the case? Why would families be concerned about having the power to return their children to school within 20 days, with no restriction whatever on their freedoms and no delay forced on the start of their home education? The answer lies in the behaviour of local authorities.

Many home educators expressed alarm and horror at the proposal when it came out recently—those home educators were not formally consulted by the Government, because the proposal was supposedly uncontroversial—because, they said, it would lead to bullying and intimidation of parents who had decided to home educate. Those home educators said that the proposal would serve as another excuse for local authorities to misinform parents and tell them that the local authority would decide on the quality of the education provided by parents and that it should sit in judgment on whether they were fit and proper people to educate their children. That would be an entire reversal of the long-standing legal settlement in this country, which says that it is the parents' duty to educate their child. Most parents choose to delegate that to the state, through state schools, and some to private schools, with a small number choosing to carry it out themselves. It is a fundamental basis of education in this country that the parent remains the No. 1 decider of how their child is educated.

In case that response was just overly paranoid home educators who felt that properly caring local authorities would be asking them impertinent questions or who had misread or misunderstood what they were doing or saying, I can share with the House the fruits of my labour last night, which I spent on the internet looking at various local authority websites. A colleague texted me at 6 o'clock to say that we were going to be let go unusually early, and that a night of fun and frolics could lie ahead. I had to say, "No, my fun will involve looking at local authority websites." Tameside metropolitan borough council's elective home education guidelines say:

> "It is up to parents to show the local education authority that they have a programme of work in place that is helping their child to develop according to his/her age, ability and aptitude and any special educational needs he/she may have."

But it is not up to parents to justify that to the local authority; all too often, it is the local authority that has let down that family and those children through its failure to provide proper education. The local authority should be the servant of the family; the family should not have to answer to the needs of the local authority.

Lisa Nandy (Wigan) (Lab): I absolutely agree that it is important for parents to be involved and in control of decisions about their own children, but I am dismayed that I have heard very little from the hon. Gentleman about the children themselves. The reason that we have frameworks is not to create unnecessary bureaucracy but to make absolutely certain that we are protecting our children and ensuring the best outcome for them. I would like to hear his response to that point, because before coming to the House, I worked for many years with children, some of whom had suffered the most appalling neglect and abuse at home, and for whom the state was a real lifeline.

Mr Stuart: The hon. Lady makes some fair points. Certainly the right of the child is central, but I believe that the parent is the best protector of that child's needs. Of course, the local authority has a role in intervening when there is problem. However, fewer than half the children in this country get five good GCSEs as a result of compulsory state schooling for 11 years, so the state is hardly in a position to lecture parents who make a massive sacrifice to find ways of educating their children themselves. Furthermore, according to all the evidence that I have seen, there is no suggestion that home-educating parents—although they might be rather radical and act in ways that would not fit with my idea of how to educate a child—do a worse job for their children educationally than the state; quite the opposite, in fact.

[Mr Graham Stuart]

It is interesting that, although Badman selectively quoted evidence from New Zealand, he failed to mention that, just before he produced his report, New Zealand scrapped the registration guidelines that formed a central part of the report.

Mr Sheerman: Will the hon. Gentleman give way?

Mr Stuart: Before I give way to the former Chair of the Select Committee, I must deal with the point on which I disagree most with the hon. Member for Wigan (Lisa Nandy). She has done what Badman did, and what the former Secretary of State did under the previous Government, which is to conflate child abuse with home education. Education and welfare are two separate things. Contrary to what Graham Badman stated in his report, and failed to substantiate in the Select Committee, there is no evidence that home-educated children are more subject to abuse than children in general. When there is a risk, local authorities have all due powers to intervene, and so they should. When such evidence arises, the authorities can and should go in to ensure the protection of the child. However, we cannot have the suggestion that home-educating families are linked to a problem of abuse. Nothing could be further from the truth, and it is important to nail that fact. We must not do as the previous Home Secretary did, which was to smear the reputation of home-educating families by suggesting that there is a problem, because there is no evidence for that.

Mr Sheerman: I do not think that the hon. Gentleman means to do so, but he is being a little misleading about what happened in the Select Committee inquiry, in which he failed to persuade the majority of the Committee of his views on this subject. Many of us on the Committee took a rather different view and wrote the majority report along those lines. What he gets wrong is the balance. This is not about a balance between abusive parents doing dreadful things to children, on the one hand, and the local authority letting them down, on the other. Rather, we found a lot of evidence to show that what was supposed to be home education actually did not amount to very much at all.

Mr Stuart: The hon. Gentleman is incorrect on the central point. Although the report did not take the same form as it would have done if I had written it alone, the central point about the need for registration and licensing of families that want to educate their own children was rejected by the Select Committee—it was Labour-dominated and chaired so ably by him. That point was rejected, and the report said no to the central recommendation of Badman. The previous Government still pursued that recommendation, but it was—eventually and rightly—thrown out by Parliament before the last election.

3.45 pm

Mr Sheerman: Of course we rejected that element of policy, and quite rightly, but that is not the case that the hon. Gentleman is making. It is a serious concern if we do not know what kind of syllabus or stimulus children will get in the home education environment. Children's education, and not just their welfare, is their right. The hon. Gentleman is trying to turn the issue into one of welfare against education, but that was not the line that we took.

Mr Stuart: The hon. Gentleman is entitled to his views on how current regulation should be changed. That, after all, was what the Badman report and our Select Committee report were all about.

What I am discussing today—I do not want to take up much more time—is the current law, which is clear, although it is not properly represented by many local authorities. I will not go through all the legal aspects, but I will mention the 2007 guidelines on elective home education for local authorities, which were produced by the Department for Children, Schools and Families in 2007. It is still available on the departmental website, subject only to the need for an update to take into account changes in the rules governing children missing from education. The report stated:

"Local authorities have no statutory duties in relation to monitoring the quality of home education on a routine basis."

If there is no evidence that education by home educators is inferior to that provided by the state, what is the role of the state? Apparently it is to stick its nose into families that have often been let down by the same instruments of the state and impertinently to try to impose exactly the same kind of regimented approach to education that failed for those children. That is why the parents made the massive sacrifice of taking their children out of school in the first place.

We must defend freedom and a principle that is perhaps even more important than that, which is that the law, as it stands, must be enforced. If the hon. Member for Huddersfield (Mr Sheerman) wishes to campaign to get it changed and is successful in convincing this place, what he wants will then become the law. Local authorities must honour and observe the law as it stands and not overstate it because they happen to agree with the hon. Gentleman. They cannot make the law up as they go along because they do not like the current settlement. The current settlement is clear: local authorities have no statutory duties in relation to monitoring the quality of home education.

I have already dealt with Tameside, so let me touch quickly on Barnsley. Its elective home education information leaflet says that

"the law allows parents to educate their children at home instead of sending them to school, if they fulfil certain conditions."

That is subtly done. I am not sure whether it is strictly inaccurate, but it is suggestive enough to make it sound as though the council decides whether those conditions are fulfilled. It goes on to make it clear that that is precisely its conclusion:

"Barnsley MBC will need to be satisfied"—

in other words, the council will need to be satisfied—

"that a child is receiving suitable education at home, and the Assessor"—

these people are even called assessors; who do they think they are?—

"will ask to meet with the family in order to talk to the parents and to look at examples of work and learning."

That is beyond the law. I want the Minister to confirm that he will make sure that local authorities no longer produce misinformation like that and use it in order to abuse their power over families.

Sheffield provides another example. Parents there are told:

"You must show that the opportunities being provided are helping your child to learn and that development is taking place appropriate to their age, ability and aptitude."

It is fair enough for parents to have a duty to provide suitable education and meet those requirements, but local authorities have no right to interpose themselves and decide that that is not happening. If they have reason to believe that suitable education is not being provided, they have a duty to challenge, but only in that event. They do not have the right routinely to monitor and interfere.

Sheffield city council continues:

"The Children Service Authority (CSA) is responsible for ensuring that the arrangements provide a suitable education for your child."

That is not true.

"When you have given the CSA a plan stating your ideas an appropriately qualified"—

unlike you—

"Senior Inclusion Officer (SIO) will arrange an initial home visit and make a preliminary assessment"—

in your home—

"of the education provision the child is receiving."

It is disgraceful.

South Gloucestershire council is advertising for someone who will provide

"information, support and challenge to parents...The service is responsible for assessing the suitability of the education provided to children educated at home".

The Lancashire local authority, in one of the most egregious examples, states:

"Lancashire Officers will take the lead on this because they have the responsibility to ensure the safety of all children as well as to monitor the quality of education received by children educated at home."

That is a nice one, neatly conflating the issues of safety and home education. No one has yet arrived at my house during the summer holidays just to check up on the safety of my children, who are, after all, spending months at home with me. Who knows what my wife and I might get up to, or what the younger or older sister might do? Who knows what visiting relatives might do? What we need are visitors from the local authority, just to make sure. I do not want people such as the director of children's services in my local authority to lose a moment's sleep because they feel that they are not pursuing every possibility of intervention to cover their own backsides and telling me how I should run things in my own home. That is precisely what the local authority suggests should be done in the case of home-educating parents, who deserve its intervention no more than the rest of us. The document continues:

"Thus, when a practitioner or professional becomes aware that a child is being educated at home, they should use local information sharing arrangements to help the Lancashire Authority to fulfil both its duty to be confident"—

so it has a duty to be confident now—

"of the well-being of the child and its duty to assure the quality of the education provided."

That, too, is not true.

As far as I can tell from one evening spent looking at their websites, council after council is entirely misrepresenting the legal position, and I hope that the Minister will put that right.

Ian Mearns: Will the hon. Gentleman give way?

Mr Stuart: I am aware that I have been speaking for too long already, but I will give way to the hon. Gentleman.

Ian Mearns: I am very grateful to the hon. Gentleman. For a short time I thought that I was in the back of a bus in Helsinki.

There is a problem with what the hon. Gentleman is saying. If a child becomes unwell or is injured at the hands of parents or other relatives, the focus of attention is often not on the family but on the director of children's services in the local borough. Will the hon. Gentleman reflect on that? Will he also reflect on the rights of the child who, despite the wishes of their own parents, may or may not receive a good level of education at the hands of those parents? I know that the hon. Gentleman inhabits a middle-class, or possibly upper-middle-class, ideal in which his own children will be extremely well catered for, but that is not always the case. As policy makers, we must provide for the rights of every child in the country, no matter what their circumstances.

Mr Stuart: I have a great deal of respect for the hon. Gentleman, who is a distinguished member of the Select Committee and who brings years of experience of education to it, so I hesitate to say what I am about to say. However, he is suggesting, as a Labour Member of Parliament, that working-class families involved in home education should be treated with more suspicion than those in better-off areas, that they are not to be trusted with the education of their children, and that inspectors and assessors and all those other people with acronyms should be wandering into their homes, because of—my God—what they might do to their children.

I have given a great deal of thought to these issues. There are many armchair theorists—I met many of them when we were debating the Badman review—who have not looked at the data and the research, who have not tried to meet home-educating families to discuss their problems and who have not met local authority officers, who deal with difficult cases such as home-educating households where children are abused and are not given an education. There are real difficulties and challenges, but we cannot deal with them from an armchair. If the hon. Gentleman follows that advice, I hope that he will come round to my point of view that the current law is appropriate but should be enforced, and that we cannot allow local authorities to continue to abuse their position and bully parents.

I congratulate the Minister on having listened. He listened carefully to families and to representations from Members both during the passage of the Children, Schools and Families Act 2010 and since then. He listened to representations on the 20-day rule, of which I myself was in favour until I listened to the arguments and was able to follow the evidence and look at the links to the consultation and the response, which I either did not know about or had forgotten.

There is a strong message here. We must listen to these families, and we must support and respect them.

[Mr Graham Stuart]

We must have challenge that is appropriate, but we must not allow those in power to abuse that power and overstep the mark.

Mr Sheerman: I do not quite know how to follow that speech. The hon. Member for Beverley and Holderness (Mr Stuart) was a very good member of the former Select Committee, which I chaired. He was always an excellent contributor, but he always got the issue under discussion out of proportion. There has been a full Select Committee report, and I hope that people will read that as well as pay attention to the hon. Gentleman's speech today, at one stage of which I thought the men in white coats might be coming.

When the Committee was looking into this matter, I got the feeling that the hon. Gentleman was rather taken over by the home educators. Home educators are very good when they are good, but there is evidence, in the Badman inquiry and elsewhere, that there are all sorts of people who use home education because they do not want to send their children to school yet do not want to be prosecuted. Home education is a right, but if people take up that right they must also accept that they have a responsibility to offer the children in question a coherent and stimulating educational programme, and I believe that local authorities have the right to check on that, in the most sensitive way possible. I therefore hope people make a balanced judgment of his new clause 22.

The previous Select Committee spent a lot of time on these matters. One of the great victories for those of us who work on Committee reports is someone taking notice of what they say. That is wonderful, although normally there is about a two-year time lag before notice is taken. I think our report on admissions policy was one of our best, with recommendations such as giving teeth to the schools adjudicator post and making sure that the code of admissions is obligatory and schools do not merely have to take note of it.

When we conducted our inquiry, I was amazed to discover that really nice people—really nice heads and educators—would bend every rule to get the selection process that suited their school. That was the case even for head teachers who looked as though they came from central casting and seemed to conform to the stereotype of the good, confident head teacher. I remember asking one particular lady, "How many looked-after children do you have at your school?" "None", she replied. I then asked, "How many children with special needs?" She said: "Very few." My next question was: "How many children on free school meals?" We found that the school did not have any children in that category. I therefore asked whether or not the school had taken notice of the code, to which she said, "Yes, we took note of it." That is all anyone had to do; that is why the code was not working. Our Committee recommended that if we were to have a code, people should have to take notice of it, and if they did not, the schools adjudicator could say, "Come on! There is a code and you should obey it."

4 pm

It took some time—about two years—before the then Government made the code obligatory and gave the adjudicator teeth. Why did the schools adjudicator not have the teeth to intervene? It was because it was almost impossible to call him in. That had to happen in a very special way and very few people understood how to get him involved. Very often we would find that a group of schools knew that one or two schools were ignoring the code—everybody knew it. There are communities of schools, and I sometimes think that this Government like to forget how important that is in an area. Schools are not all little citadels that do not want anything to do with each other; they co-operate, meet and share ideas. They share a great deal when the local education system is working well. People knew that some schools were breaking all the rules and not taking any notice of the code, but they were too nice to do anything about it. People were nice about heads and acted in a collegiate way.

All I want to say on this group of amendments is that if anyone rolls back the admissions code from being a fair code to which people have to pay attention, and if we weaken the link so that the schools adjudicator cannot get involved, make an inquiry and put things right, we will take a dramatic step backwards in the education of this country.

Dan Rogerson: I am pleased that Labour Members have raised some of these issues, because it is right that we explore them in detail and in depth. We began to do that in Committee and it is right that we continue the process. Given the time available today, I am sure that those in another place will continue the exploration.

It is important for us, as legislators, to examine what the Government are trying to do, which is free up schools to get on with providing the best education that they can. At the risk of boring those who were present at the discussions, I can tell the House that we had an extensive debate in Committee about the level of trust among different members of the Committee for those involved in education, be it head teachers or teachers, and about the extent to which the state or local authorities ought to step in and not trust them to exercise the powers and freedoms available to them.

We have to examine the evidence. I absolutely accept that some of the charities to which the right hon. Member for Leigh (Andy Burnham) referred have concerns and have discussed potential scenarios. However, we are dealing with hypothetical situations and although I very much respect what the former Chair of the Select Committee had to say—

Pat Glass (North West Durham) (Lab): Will the hon. Gentleman give way?

Dan Rogerson: Gladly.

Pat Glass: I am grateful to the hon. Gentleman, who was a fellow member of the Public Bill Committee. I can remember saying to the Secretary of State that he would get the benefit of my experience and that at the end of the six weeks of the Public Bill Committee he would be sick to death of the benefit of my experience. I do not accept that these are theoretical cases. I have 25 years' experience in education, many of them in dealing with admissions. Time and again, very good head teachers—nice people—did things that I thought, and which parents thought, were completely unacceptable. They did so because they were driven down the route of targets, obtaining a certain numbers of GCSEs and so

on. One hon. Member on the Government Benches said that good people can do bad things and that does happen. It is our most vulnerable children—children with special educational needs, looked-after children and children on free school meals—who will suffer and their parents who will lose out if this code is simplified.

Dan Rogerson: The point that the right hon. Member for Leigh raised is that we do not have the code in front of us, and so the hon. Lady is raising the issues that she fears may result. We will have to wait and see the code and examine it then.

Mr Sheerman: My hon. Friend the Member for North West Durham (Pat Glass) was actually making the point that she thought she heard the hon. Gentleman say that this was theoretical. May I disclose a secret to him? I was the parliamentary church warden here for seven years and I am a lay canon at Wakefield and what amazed me in the evidence was that Church schools—schools that I thought would have been bending over backwards to look after the poorest children and those from deprived backgrounds—were the best at excluding those children. I am saying that as someone who is relatively active in the Church.

Dan Rogerson: I welcome that contribution and the hon. Gentleman has been very forthright in raising the issues that he has mentioned. I am sorry to see that the hon. Member for North West Durham (Pat Glass) has had some misfortune in hurting her arm and I am pleased, of course, that it has not restricted her ability to be present and to put forward her views, which she does forthrightly and in a well-informed way on all education issues. What I was trying to say in response to her is that the key to what the Government are trying to do, not just with the admissions code but with some of the bodies and partnerships in which schools have hitherto been forced to participate, which we have discussed before, will be to trust schools to take decisions. We will still have a schools adjudicator and we will still have a code that will cover such matters. The question is where we should strike the balance. The Opposition clearly feel that the Government are getting it wrong, but I want to see the code. It is unfortunate that we did not have it before this debate, but we will be able to examine it when it comes. I shall give the Government the benefit of the doubt that we are striking the right balance.

Andy Burnham: I am disappointed that the hon. Gentleman is giving the Government the benefit of the doubt and I am sorry to hear him sound like a spokesman for the Government today. Let me ask him a specific question: on admissions, does he think that the Bill as it stands is consistent with the policy passed at last year's Liberal Democrat conference?

Dan Rogerson: A number of issues in the policy were passed at the last conference. As a keen student of what goes on at the Liberal Democrat conference, the right hon. Gentleman might perhaps have heard the speech I made there and will have been interested to hear what we had to say.

The question for me on a range of issues concerns where the balance is struck. I am happy, as I say, to give the Government the benefit of the doubt. However, on the question of sticking to key principles, I have a personal philosophical disagreement with the new clause tabled by the hon. Member for Altrincham and Sale West (Mr Brady). I accept that he speaks a great deal about issues arising in areas of the country that have a selective system and that he feels passionately about that. I should possibly have discussed this with my wife before I mentioned it, because she was educated early on in a selective system in Kent and later moved to Cornwall. When she was in Kent, she was not in a grammar school, and in Cornwall she was in the comprehensive system. She went on to get her A-levels, qualified to become a teacher and has taught very effectively. I question whether, if she had remained in the selective set-up—again, this is hypothetical—she would have had the encouragement and support to go on and become a teacher. I have some questions about the effectiveness of the selective system for all pupils, although some prosper very well within it.

I welcome the Government's commitment not to expand selection and so I hope that those on the Front Bench will resist the hon. Gentleman's new clause. As far as I am concerned, it is a way of bringing in more selective schools funded by the state. The point I wanted to make when Opposition Members were seeking to talk about their ideological purity is that that new clause is signed by some Members from the party of the right hon. Member for Leigh but by no one from my party.

Kevin Brennan: I can understand why the hon. Gentleman feels that he is required to support measures in the coalition agreement, but where in the coalition agreement does it say that the Government will weaken and water down the powers of the schools adjudicator and make fair admissions less available to children from all sorts of backgrounds? Why on earth does he not show some muscular liberalism and stand up for those people?

Dan Rogerson: I am delighted that this concept of muscular liberalism has come back. I am sure that we will not hear it very often from Opposition Members! I look forward to its being raised again and again.

Mr Iain Wright: Flabby liberalism.

Dan Rogerson: That is a personal remark—I resemble that remark.

As I said in an intervention on the right hon. Member for Birkenhead (Mr Field), there are matters across government that go beyond the coalition agreement, and decisions have to be taken about where the balance should be struck. From my point of view, the issue is whether we stay true to the principle that both parties have articulated about looking at what is constraining schools and trying to set them free to move forward, while also looking after particular groups of people who might be vulnerable if schools do not operate in the spirit of the code and what the Government seek to achieve.

Mr Graham Stuart: Going back to an earlier point, this is all about the incentives that apply to schools. The head teachers at the Church schools that the hon. Member for Huddersfield (Mr Sheerman) mentioned are not bad, but people respond to the incentives they are given. Although I am not positive about all the moves the Government are making—I have doubts about the English baccalaureate—things are moving forward with the measurement of pupil premium and

[Mr Graham Stuart]

children on free school meals. If we can move to a system that better rewards and reflects in the accountability measures for schools the performance of every child, we will not need to have this suspicion about every head teacher. Heads have responded in the way they have because of the incentives that were created by the previous Government, which led to this large, unwieldy system. *[Interruption.]* I should be fair: I am talking about successive Governments. We need to come up with a measure collectively that will improve that: then we will not need a schools adjudicator, because schools will simply have a mission to educate their local children and will be supported and rewarded for doing a good job for all of them.

Dan Rogerson: I welcome that intervention from the Chair of the Select Committee on Education, which will be providing more evidence over the next few years as we continue this debate. He makes an important point about the incentives that have pushed head teachers into operating in a particular way that was not envisaged when targets and regimes were set up. As the hon. Member for North West Durham said, good people occasionally do things that are less good or bad. Why do they do that if they are essentially good people who want to look after the educational opportunities of all those in the community they serve? It is because incentives are acting on them and pressing them down a particular course of action. We need to tackle those issues.

Damian Hinds: Church schools have come up two or three times now and there seems to be some assumption that it is endemic in denominational schools, which means predominantly Catholic and Anglican schools, somehow to try to get around the code. Is the hon. Gentleman aware that when the chief schools adjudicator came before the Select Committee, he accepted—indeed, volunteered—that problems in Church schools had been greatly exaggerated in the media coverage of his most recent report?

Dan Rogerson: It is important to base things on evidence. I went to a Church primary school and my two elder children go to that school. In an area such as Cornwall, which is not one of the most diverse culturally, I welcome the fact that because it is a Catholic school it is attended by Polish, Portuguese and Filipino children, so it has quite an inclusive and diverse mix in what is a fairly white or monocultural area. I say monocultural, because we could otherwise get into an English-Cornish debate. Certainly, in my area there are not the opportunities to engage with as diverse a population as in other parts of the country. However, I am straying a little far from the amendments, Mr Deputy Speaker, so I shall conclude.

I hope that the Government will resist the new clause tabled by the hon. Member for Altrincham and Sale West, because they have a commitment not to expand selection and in my view his new clause would allow the expansion of selection.

Stella Creasy (Walthamstow) (Lab/Co-op): I rise to speak in support of amendment 40. I speak also on behalf of several of my hon. Friends who believe the Bill should not pass without some extremely important debate on its implications for children with special educational needs, particularly in the light of the—I do not think that muscular is the right word, so I shall say pre-gym—Green Paper on SEN. I particularly want to discuss the amendments that would help us to ensure that there are some protections for such children.

The amendment is about not just entrance to school, but exit from school. Many of those working with children with special educational needs are gravely concerned that the changes introduced in the Bill will be disastrous for those young people as they are pushed out of the mainstream sector, lost to our systems of accountability and end up the worse for it. It is worth looking at the numbers of children involved before I move to what the amendment might offer and the questions that I would like the Minister to answer in his response.

We know that 6,500 pupils were permanently excluded last year, and that 300,000 children have faced fixed-term exclusions from secondary schools, a further 39,000 from primary schools and 15,000 from special schools. That is a huge number of children facing exclusion under the current system. Many of us have deep fears about the incentives in the new system. I take it that Ministers feel that they can trust professionals not to abuse the system, but Opposition Members consider it important to ensure that there are checks and balances; otherwise the number of exclusions will dramatically increase.

4.15 pm

Meg Munn: Does my hon. Friend agree that it is in the Government's interest to follow the proposals in the amendment? We want the system to work. I believe sincerely that Ministers are honourable gentlemen who want it to work. The amendment offers a way of checking that the policies and procedures that they are pursuing lead to better outcomes for a group of children about whom we are all concerned. Although I understand the Minister's admirable desire to trust professionals, education is ultimately about children, and if we are not on the side of the most vulnerable children, we are not doing our job.

Stella Creasy: My hon. Friend is exactly right. The amendment is about implementation. How do we make sure that as the new policies are introduced, there are not unintended consequences, or perhaps even intended consequences, that we will have to deal with further down the line?

The evidence shows clearly that a large percentage of the children who are excluded from schools have special educational needs—87% of children excluded from primary schools and 60% of children excluded from secondary schools have identified special educational needs. A significant number of those children have attention deficit hyperactivity disorder, autism and mental health issues. Many do not receive the special educational needs provision that would help to keep them in mainstream schooling. For example, a number of children have to wait more than a year to access a mental health counsellor. Clearly, that impacts on schools' ability to cope with those young people.

The amendment has been tabled today because of the concern that the Bill will create disincentives for schools to deal with those young people and instead encourage schools to exclude them and so pass them on to somebody

else to deal with, rather than taking responsibility for their educational needs. All of us acknowledge that the way in which children with special educational needs are supported in the education system should improve. That is not an issue of contention between parties. The question is how we do that.

In Committee some of us expressed severe reservations about considering the Bill without the Green Paper on special educational needs being available to compare and contrast. The Green Paper was published while we were in Committee, and we are grateful that that was not at 4.55 pm on a Friday, but it raised more questions than it answered about how children with special educational needs will fare under this Government.

Kevin Brennan: Perhaps my hon. Friend remembers that I asked the Minister when the Green Paper would be published. He said that it was imminent, and it was published the next day. However, he said that the publication of the admissions code was imminent, and we still have not seen it.

Stella Creasy: I am always aware of what we might call the cleansing effect of shadow Ministers on the Departments of State when it comes to revealing information, statistics, Green Papers and, we hope, the admissions code. I hope Ministers will continue to listen to the pleas from the Opposition. We need the admissions code in order to understand what will happen. I fear that at this stage the irrigation will not be as successful as it could be.

I agree with the Green Paper when it refers to the difficulties that many parents experience in accessing support for children with special educational needs. It says that the system is inherently frustrating and confrontational. However, setting the Green Paper against the proposals in the Bill, we can see where some of the challenges may lie. We know that we are dealing with a group of young people who desperately need support to remain in education, and we know that that makes a massive difference to their life chances in the future. Between half and three quarters of children between the ages of four and 18 who are excluded from school have significant literacy and numeracy difficulties. It is incredibly likely that those problems will be compounded when they are excluded, so ensuring that exclusion is the last option and that those children are supported into appropriate provision is vital to turning that situation around.

The Minister has suggested that schools might intervene earlier, but one of our deep concerns is that the Bill's proposals will create disincentives for schools to do so. The amendment has been tabled to encourage Ministers to take a proactive approach to dealing with the consequences of this legislation for that group of pupils and perhaps put on the record how they will do so.

I have already mentioned my concerns about how the proposals might link with the Green Paper, which mentions early intervention and partnerships a great deal. Members who were on the Bill Committee will be aware of my concern that other clauses in the Bill that unhook the relationships between local authorities and schools will make it much harder for those partnerships to be put together and for schools to build the kind of relationships that they need to be able to support young people.

The amendment also tries to draw on some of the work that is needed for understanding how the policy might affect school budgets. Although I hope that it would be an unintended consequence of the proposals, we should consider what might happen if schools are found to have been misusing those powers. The Minister finds it hard to contemplate any misuse of those powers, but were that to happen, it would obviously cause problems.

Ministers were at pains in Committee to say that schools would suffer a financial adjustment if schools adjudicators found that an exclusion had been conducted wrongly—those of us in the Opposition who like to call a spade a spade would call that a fine. The amendment would encourage the Government to monitor that. As a member of the Public Accounts Committee, I am deeply concerned that there might be severe consequences both for schools in the administration of the financial adjustments, or fines, and for us and the public purse, in trying to compare what happens to those young people. The amendment would enable us to track that.

We know the different costs of provision. For example, it costs an additional £15,000 to send a child to a pupil referral unit or short-stay school, and an additional £50,000 to send them to a specialist residential unit. There are huge consequences for the public purse of failing to deal earlier with children who have emotional and behavioural difficulties and allowing a situation to get to the stage where schools exclude them and they go to pupil referral units or for specialist provision. Ensuring that the use of those powers and their financial consequences are monitored would be extremely beneficial to all concerned in trying to understand whether the policies have provided value for money.

The Government also need to address the real concern about the removal of the relationship between schools and local authorities, which have traditionally monitored what happens to those young people. I hope that the Minister, when he responds, will address how we will ensure that those children go on to alternative provision. In Committee, he was very clear that every young person who was excluded would of course remain in some form of provision, but we have no monitoring process to ensure that that will happen. We have no way of knowing that those kinds of provision will be made, especially when the relationships between the local authorities and schools is broken. A child who behaves so badly that they are excluded from school clearly has difficulties that need to be supported.

The Minister claimed that the Bill will create a stronger incentive to intervene early to support children with behavioural difficulties, but again we are left with no information about how those processes might take place. We have no comfort of knowing what will happen next for those children who behave badly, will need that support and perhaps should be excluded from a school.

Ian Mearns: I am very taken with what my hon. Friend is saying and wonder how the Minister will give the reassurances she is seeking given that the Bill eradicates the duty on schools to co-operate on a local basis and look after their youngsters with behavioural problems. The current duty to co-operate means that there is at least a safety net for youngsters, but that will vanish under these proposals.

Stella Creasy: My hon. Friend raises an important point. One of the key issues for me is that in Committee the Minister talked about schools triggering an assessment of behaviour, but there is no clarity about how that process might take place. I hope that he will address that point when he responds.

I have a great fear about asking head teachers to become educational psychologists, but that is the implication of putting that power in the hands of schools and making them responsible for trying to work out what provision is best for the children without the support to be able to deliver it. No one is suggesting that head teachers and teachers are not committed to their pupils, but in a system in which they will face only a small financial adjustment of £4,000, in contrast to the cost of supporting a child with emotional and behavioural difficulties and providing special educational needs, it is easy to see where the incentives to act might be.

All Opposition Members ask for is some comfort, assurance and accountability for the use of those new powers, so that we can ensure that young people are not left in the lurch, not left unable to access the appropriate educational systems that they need, not abandoned by schools that are desperate to meet other targets and not abandoned by the professionals from whom they need help because those relationships no longer exist.

The Bill makes putting in place support for children with special educational needs much less likely, not more likely. There might be some wonderful ambitions in the Green Paper, but I am deeply concerned that this Bill means that they will be harder to realise. All of us will be the worse for that, as we see young people in our communities struggle to get the educational opportunities that they need early in life, and are not able to progress later in life.

The new clause and its proposed report would shine a spotlight—a powerful phrase that my hon. Friend the Member for North West Durham (Pat Glass) used in Committee, and on which I hope the Minister has reflected—on those young people, and on what is being done to help them to achieve in life. I hope that the Minister will do more than he did in Committee, when he simply said, "Well, we'll continue to publish individual datasets," and bridge the gap between what happens to the data that local authorities previously collected, the data on exclusions and the data on special educational needs. He should commit to bringing to the House those regular updates, so that we might all be confident that young people in our communities are being given the support that they need to achieve. We will all be better for that if he does.

Simon Hughes (Bermondsey and Old Southwark) (LD): I am really here to take part in the debate on the next group of amendments, but I want to refer to one issue in this group in my capacity as the advocate for access, because an access issue arises.

New clause 10, in the name of the right hon. Member for Leigh (Andy Burnham), the shadow Secretary of State, addresses the obligations in the Education Act 1996. The 1996 Act says:

"The Secretary of State shall promote the education of the people of England and Wales,"

and the new clause suggests that it be amended to say,

"and ensure fair access to opportunity for education and training."

That is an important point, which I recognise and want to flag up. I will rehearse it in the next group of amendments, which I have looked at, have much sympathy with and have spoken to Ministers about, but I hope that the Government will be sympathetic to moving from the current definition of the Secretary of State's duty to a wider one. If the Government are clear that we have to have better and fairer access to opportunity for education and training, they should recognise that it begins in schools, not in sixth-form and further education colleges. It starts earlier.

I have not engaged in the technical debate, and I guess that there is one concern about the wording of the new clause, but I hope that by the time the Bill reaches the Lords we will have been able to seek consensus and agreement. The lawyer in me anticipates that, if we introduce a duty to ensure fair access, we will probably precipitate people going to court, challenging a decision and looking for judicial review. After the Bill has been through its stages here and before the other House deals with it, however, we might consider whether the Secretary of State will accept a duty at least to promote fair access to opportunity for education and training, moving from the current duty to one that ensures that the fair access point is understood throughout the whole education sector in England, including in schools.

Kevin Brennan: What the right hon. Gentleman says is welcome, but is he content to allow for the weakening of the schools adjudicator's power, which is what this Bill brings about? I cannot imagine that a predecessor Liberal Democrat Front Bencher, someone like Phil Willis, would ever have been content with what the Government are doing in this Bill.

Simon Hughes: In my introduction I was careful to say that I wanted to limit my comments on this group to that one issue, not to get into the debate that I have heard across the Floor of the House today, but let me make two points, while trying not to avoid the question. First, the Government's policy is a combination of ours and the Tories, so not everything—

Kevin Brennan: It's not in the agreement.

Simon Hughes: I understand that the policy is not part of the coalition agreement, but secondly, if there are such matters—my hon. Friend the Member for North Cornwall (Dan Rogerson) leads for us on these things—whereby on reflection, or having listened to the whole debate that I have heard today, people think that the adjudicator's responsibilities are not sufficient, there is a robust team of colleagues at the other end of the building, and I am sure that the matter will be returned to.

May I add a postscript? I chair the school governing body of a Church of England primary school and I am a trustee of a Church of England secondary school. Clearly, there is always an opportunity for abuse of the system if people are not really vigilant and held to their principles. We need to ensure—the hon. Member for Walthamstow (Stella Creasy) made the point well—that those who are potentially the most disadvantaged do not find themselves accidentally or intentionally excluded because the inclusion of everybody works to the disadvantage of other school targets, aspirations, goals,

figures and statistics. Eternal vigilance is our duty. We need to ensure that the Bill is robust, and I am sure that further conversations will continue.

4.30 pm

Mr Gibb: Several amendments from right hon. and hon. Members relate to fair access to schools, and I propose briefly to take them in turn.

New clause 2 would allow independent schools to enter the state-funded sector while remaining academically selective. The independent sector provides high-quality education for its pupils. We recognise this, as does the OECD; it is recognised throughout the country and, indeed, throughout the world. That is why the Academies Act 2010 enables good independent schools to become free schools so that more pupils can benefit from attending them. Independent schools wishing to become free schools will need to adopt non-selective admission arrangements that comply with the school admissions code. They may, of course, remain selective within the independent sector.

I understand the sentiments and motivation behind the new clause tabled by my hon. Friend the Member for Altrincham and Sale West (Mr Brady). He wants more good school places to be available in the state sector; that is the driving force behind the Government's free school policy. As he said, independent schools came into the state sector under the previous Government, not least Belvedere school in Liverpool and William Hulme's grammar school in Manchester. However, I suspect that selection is not as paramount an issue for independent schools coming into the state sector as he believes. I give him this assurance: the Secretary of State and I will talk to any independent school, whether selective or otherwise, about moving into the state sector so that we can increase the number of good school places. Selective independent schools are required to open up their admissions if they come into the state sector, and we have no plans to change that. I would expect that my hon. Friend, in his principled way, will continue to argue his case as effectively as he has today.

Mr Brady: I assure my hon. Friend that I will continue to argue the case in a principled way if I can. I take it from his remarks that there is no principled objection to the existence of selective academies, because several of the new academies are selective schools, and no principled objection to independent schools becoming academies. He has kindly said that he and the Secretary of State will be prepared to meet the heads of selective independent schools that may wish to become academies. Perhaps he could help me a little further by indicating that he sees no immovable reason why in future the Department might not change its policy and allow good schools from the independent sector to become academies, opening up places to children regardless of the ability to pay, even if they are selective schools.

Mr Gibb: I thought that I had made the position clear. There are no plans to change that approach. We made it clear before the election that there will be no increase in the number of selective schools, and that remains the policy. I am sure that my hon. Friend will continue to argue his case very effectively.

Mr Brady: I would hate good people involved in education to waste their time, so I want to be clear about whether it is worth good independent selective schools having the conversations that the Minister has generously offered with himself and the Secretary of State. Do they have open minds on whether those schools might be able to join the academies sector in future without changing their ethos?

Mr Gibb: I really cannot add anything to what I have said. We will talk to good independent schools, selective or otherwise, that wish to come into the state sector. However, the admissions code is there, it is clear, the legal position is clear, and there are no proposals to change that position.

Mr John Redwood (Wokingham) (Con): The Minister said that there was an objection to increasing the number of selective schools. Of course, the proposals of my hon. Friend the Member for Altrincham and Sale West (Mr Brady) would not increase the number of selective schools, but merely transfer them from the independent sector to the state sector, meaning that more people from a wide variety of backgrounds would have the opportunity to go to them. I would have thought that that was wholly admirable. The two most popular schools in my area are grammar schools in Reading. Parents want to get their children into those schools, but some of those who do not get in are extremely bright and able, and they get to elite universities from comprehensives, despite the creaming of the grammars. That is a perfectly stable and good system, and I cannot understand why the Minister does not back it.

Mr Gibb: I cannot say more than I have said. We gave a commitment that we would not increase the number of selective schools in the state sector. If we were to do as my hon. Friend the Member for Altrincham and Sale West and my right hon. Friend the Member for Wokingham (Mr Redwood) wished, it would contravene that commitment, which we gave before the election.

Kevin Brennan: In answer to the question from the hon. Member for Altrincham and Sale West (Mr Brady), surely such schools would be wasting their time, given that the coalition agreement says that all new academies will have "an inclusive admissions policy".

Mr Gibb: No, they would not be wasting their time, because I am not convinced that these issues are deterring good independent selective schools from coming into the state sector. That is certainly not the case with Batley grammar school, and I am sure that it is not the case for other good independent schools, selective or otherwise, that wish to come into the state sector.

New clause 10 would amend the general duty on the Secretary of State to promote the education of the people of England and Wales to include a duty to

"ensure fair access to opportunity for education and training."

Equity coupled with excellence is at the heart of the schools White Paper, the Green Paper on special educational needs and this Bill. Fair access is about more than admissions; it is about ensuring that every school is worthy of parents' consideration, that every school is able to raise standards free from red tape, and that every school supports the most vulnerable children. Everything

[Mr Gibb]

we are doing in the Department is geared to support that aim: the pupil premium allows funding to follow disadvantaged pupils, we are spending £800 million in 2011-12 to meet the pressure for places at good schools, and our behaviour reforms are intended to make every classroom a safe place to learn.

It should be absolutely clear that we do not disagree with the thrust of new clause 10. Of course it is the job of all those involved in education to ensure that all children have the opportunities they need to succeed, but local authorities already have that duty, and that is where the duty is most appropriate. Local authorities have the duty to secure the provision of education for people in their area, and they have the levers to achieve that. Localism is about ensuring that powers are given at the right level, and it is right that duties go alongside that. Fair access is and should be driven locally, not by a Whitehall-focused duty. I therefore urge hon. Members not to press new clause 10.

Pat Glass: Surely localism is about supporting parents and their rights. Anything that weakens parents' rights, such as not allowing them access to the adjudicator or the ombudsman, is not about raising standards in schools.

Mr Gibb: I think the hon. Lady and, in particular, the shadow Secretary of State overstate their case. We are not just extending the right to access the adjudicator to parents of children attending academies, who can now complain to the adjudicator about admissions arrangements, we are also changing the rules on which parents and members of the public can complain to the adjudicator about a school's admissions arrangements. We are saying that any parent from anywhere can make such a complaint. We are widening the ability of parents and members of the public to complain to the adjudicator.

I turn to amendment 9. Although, again, I agree with the aim of ensuring fair access, I do not believe that the amendment is necessary. The admissions code is entirely about fairness, which is why we have an admissions system for schools. I can assure hon. Members that in our work to revise the admissions code and make it more straightforward, we have not in any way removed the focus on fairness.

Andy Burnham: The Minister has just mentioned the work to change the admissions code. Will he tell us today why he has not fulfilled his commitment to produce the code in advance of this debate? Will he be honest about the reason for the delay? Is it because there is a row going on about the content of the admissions code, so he cannot bring the issue to a conclusion?

Mr Gibb: As I said in Committee, the revision of the admissions and appeals codes is a huge undertaking, and we need to ensure that we produce an admissions system that is fit for purpose and puts trust back in schools and head teachers. We are determined to get the codes right, not just push them out quickly. We will consult on them shortly, and they will free schools of the burden and bureaucracy of the current system.

Sometimes I feel that the right hon. Gentleman overstates his case. If he looks at the Bill, he will see that there is one clause about admissions, clause 34, and it relates to admission forums and one or two of the powers and duties of the schools adjudicator. There is nothing in it about the admissions code, it just happens that at the same time as we are bringing the Bill through, we are revising the code. I would have liked to bring it before the Committee, but the work on it is extensive. As I said, we are ensuring that it is right before it is published for consultation.

Andy Burnham: That is just not an acceptable answer. The Minister gave a commitment that the code would be ready for the remaining stages of the Bill's passage, and he has not delivered on that commitment. I ask him again: why has he been unable to publish a code for the House to consider? What is holding it up?

Mr Gibb: It is not right yet. When it is right, it will be published. I want to ensure that the code is right so that it is ready for consultation.

Andy Burnham: And we don't get any chance to look at it?

Mr Gibb: Well, frankly, it does not affect the issues in the Bill. There is one clause related to admissions, which is about admission forums and the adjudicator, and as I will explain, the changes that it makes are not as radical as the right hon. Gentleman claimed in his speech. Again, I thought he overstated his case.

Although I agree with the aim behind amendment 9, I cannot agree to it. Admissions policies must be consulted upon with the local community, and every state-funded school and academy in an area signs up to the fair access protocols to ensure that the most vulnerable children are placed without delay. Failing local resolution, objection can be made to the independent schools adjudicator for a binding decision that must be complied with. I therefore feel that we must resist the amendment, which would add little to the practice of admissions or the accountability that is already in place.

I turn to amendments 10 and 11, on admission forums. As I said in Committee, local authorities and the communities that they serve must be allowed to make their own decisions on what systems will work for them. It cannot be right to assume a need in every area, and at considerable cost. Last year, a mere 14 out of 152 admission forums wrote a report, seven of which were too late to be considered by the adjudicator. Only five objections out of the 151 received by the adjudicator were made by a forum, and four of those were from one particularly active forum.

Where they are valued, those admission forums can continue. Seeking to impose a one-size-fits-all system, as proposed in the Opposition amendment, is the wrong approach. In taking the line that he has taken, the right hon. Member for Leigh (Andy Burnham) has overstated his case about what the Government are doing in the Bill. All we are doing is making admission forums non-mandatory. They can of course continue where they are wanted.

4.45 pm

Pat Glass: However much the Minister values schools forums, they are the only mechanisms through which parents have any input into their local admissions agreements. Surely it cannot be right that parents in one

local authority have access to a forum when parents in the neighbouring authority do not. That will create a postcode lottery. The local authority can effectively cut out the parents whose needs are greatest by not having a forum. Surely that cannot be right.

Mr Gibb: There is a philosophical difference between the Government and Opposition. We do not believe that the Whitehall-constructed approach, which means that things are identical throughout the country, is right about how to deal with anomalies that might occur. We think that a more localised approach is better. Of course, parents can object to admissions arrangements via many avenues. They can take part in the consultation or lodge an objection with the independent schools adjudicator, for example. In addition, as I said earlier, we are expanding parents' right to object via the schools adjudicator to schools that are not within their area. That, rather than the top-down, prescriptive, bureaucratic approach, is the right approach. Those are very real problems, and we want to address them. We want to ensure that parents can comment on admissions arrangements and that those arrangements are fair, but we also want to reduce bureaucratic burdens.

On amendment 13, one perceived problem with making admission forums non-mandatory is that concerns about admissions will go uninvestigated. However, that is not true. In fact, admission forums never had a power to make decisions on admissions. That role remains with the Office of the Schools Adjudicator, and the Bill will extend his role so that in future, he can investigate and adjudicate on complaints about admissions at academies and free schools. The Bill also gives power to schools and local authorities to put things right for themselves when the adjudicator judges that their admissions arrangements are non-compliant.

Amendment 13 would provide for a wide-ranging local authority power of scrutiny and direction over admissions authorities following a binding decision by the adjudicator, and offer a mere two weeks' grace in which such authorities can act to comply with the decision. When I first read that proposal, which was tabled by Opposition Front Benchers, I was in two minds about it. On the one hand, I was reassured by their acceptance of the principle of allowing schools the freedom to implement decisions—although they would have to do so within two weeks. On the other hand, the amendment completely misses the point about the purpose of that freedom.

I sought in Committee to reassure hon. Members that schools cannot simply ignore the decision of the adjudicator: he is a statutory post holder, and his decisions have the force of law. Schools must implement change to comply with the adjudicator's decision. Although at first glance a fortnight seems reasonable, on closer examination it looks less reasonable. Admissions policies must be locally consulted on for at least eight weeks to allow all parties to consider proposals or amendments. Many changes subsequent to an adjudicator's decision can be swift and simple, but others take time, because they are inherently complex or because they seek to address coherently a number of issues.

More often than not, the timing of decisions means that they cannot easily be adopted for the coming admissions round without risking frustrating parents and others. That is why adjudicators try to ensure that their changes can be included when appropriate, and not just immediately.

Pat Glass: Local authorities have 14 days in which to comply with the decision of a special educational needs tribunal. Therefore, why is it unreasonable for schools to have 14 days to comply with the decision of the schools adjudicator, who is also a statutory body?

Mr Gibb: The example that the hon. Lady gives applies to one individual, but an objection to admission arrangements applies to an entire school, and therefore to a wider range of people, which means that consultation is necessary before those changes are made. That is the difference between the two examples.[1]

There is something else wrong with Opposition Front Benchers' amendment 13. It would give the 152 local authorities a power to direct, but those local authorities are themselves the admissions authorities for about 19,000 schools in England, and it cannot make sense to give them the power to direct themselves, which in essence is what the amendment would do. Nor is the amendment consistent with our general thrust to allow schools the flexibility to put matters right themselves. Adjudicator decisions carry the full weight of law, and any attempt to thwart them through undue delay risks further legal challenge and possible direction from either the Secretary of State or the courts. All admissions authorities, including academies and voluntary-aided schools, must comply with binding decisions, and we believe that exactly how they do so is best judged by the schools themselves. However, when they do so will be just as important in ensuring that we do not create chaos in our admissions system. I believe that we have struck the right balance between national parameters and local pragmatism, so I ask hon. Members not to press their amendments.

I turn to amendment 40, in the name of the hon. Member for Walthamstow (Stella Creasy). She and, through an intervention, the hon. Member for Sheffield, Heeley (Meg Munn) explained that they were seeking to ensure that the impact of the changes made by the Bill to the exclusions process were clearly understood. I agree that it is important to understand what is happening in schools on such an important issue, and as I set out in Committee, extensive statistics have already been published on the number of permanent and fixed-period exclusions, including for each local authority and ethnic group, as too have national and local authority-level statistics on SEN exclusions, both statemented and non-statemented. In collecting information, however, it is important to eliminate the risk of revealing the identities of individual children, and in some instances, numbers are likely to be far too low to deliver the level of detail sought by the amendment. If there are fewer than five exclusions in a local authority area, the numbers are not published.

We collect information on the review panels, and will continue to do so for the new panels, including on how many cases are reviewed, the outcome of a panel's decision and whether the pupil is reinstated by the school. I can confirm that we will also have details of when an adjustment of a school's budget share is directed. However, I am happy to meet the hon. Member for Walthamstow to discuss the precise data that she seeks to see whether we can accommodate her request, bearing

1. *[Official Report, 13 May 2011, Vol. 527, c. 11MC.]*

[Mr Gibb]

in mind the fact that we have to ensure that we do not inadvertently publish very small numbers, which could inadvertently reveal the identities of individual children.

Stella Creasy: I gladly take up the Minister's offer of a meeting. But will he still put on the record a commitment to a qualitative review of what happens to young pupils with special educational needs in the next 18 months, to ensure that the exclusion powers are not used by schools to bypass their commitments? Will he also clarify the referral process? I asked him to clarify how young people will be referred for statementing. We need to ensure that schools do not think, "Either we could go through the difficult process of statementing, or we could just exclude the pupil." Obviously the powers that the Bill gives head teachers will allow precisely that to happen. Ensuring that it does not happen to young people is a key concern for Labour Members.

Mr Gibb: We can talk about those qualitative issues when we discuss the quantitative ones in the meeting that I just offered. I am happy to do that.

On assessment, the hon. Lady referred to the special educational needs Green Paper, which states clearly in paragraph 3.55:

"We know that there is a group of children with SEN who are currently excluded on multiple occasions on a fixed-term basis, and there may be other excluded pupils whose SEN have not yet been identified."

That paragraph also states:

"we will recommend in exclusion guidance that children are assessed through an effective multi-agency assessment for any underlying causal factors. We will suggest that schools trigger this assessment in instances in which a pupil displays poor behaviour that does not improve despite effective behaviour management by the school."

I quoted that in Committee and I quote it again today, to show that it is the Government's intention to ensure that those assessments take place.

I think people have heard enough of me—

Mr Iain Wright: No!

Mr Gibb: Thank you.

Finally, let me turn to new clause 22, tabled by my hon. Friend the Member for Beverley and Holderness (Mr Stuart), the Chairman of the Select Committee on Education. I fully understand his concerns about the proposed change to the pupil registration regulations that apply when parents choose to remove their children from school to home educate them. My hon. Friend now knows that we shall not proceed with the change in its present form, and I hope that I can further reassure him by explaining the thinking that led us to propose the regulation change in the first place, and what we intend to do now. As he said, the change would have required schools to retain pupils on the roll for 20 school days following a parent's decision to remove their child from school for home education. If the parents change their minds, the child could be re-admitted to the school. I was attracted by that proposition, as was my hon. Friend.

The Government's policy remains that parents are responsible for their children's education. They have the right to choose to fulfil that responsibility by educating their children themselves, rather than by sending them to school, and we have no desire to interfere with that right. The proposed change in the regulations was intended to protect any children whose parents had reluctantly decided to home educate against their own better judgment—for example, those who would rather their child went to school, but who have concerns about the school that they feel it has not addressed. That group is not typical of the majority of home educators, who in my experience are determined, committed and passionate people. Having considered the issue further and taken into account the views of home educators and those of my hon. Friend, I am not yet convinced that the proposed change is the best way to address the concern. Therefore, we are considering other policy options. However, I am grateful to the Chairman of the Education Committee for tabling new clause 22, which has enabled me to put that on the record.

Mr Sheerman: I think the Minister was here listening to the debate earlier, but the Select Committee's report on the matter ranged pretty broadly and made some reasonably positive suggestions for change. When home educators were good they were very good indeed, but the Committee received evidence that some people who did not want to send their children to school could legally refrain from sending them—they would not be prosecuted—by saying that they were home educating them, when there was very little evidence that those children were being educated at all.

Mr Gibb: The hon. Gentleman makes a good point. Those are concerns to which we are giving careful consideration, but there are strong opinions on all sides of the debate. We want to ensure that we consider the issues carefully and take all those strong opinions into account.

Mr Graham Stuart: May I express my gratitude to my hon. Friend for listening to the representations from me and from home educators? That is precisely the way in which the Government should operate, and I know that there is great gratitude out there among home educators who are afraid that there will always be malign forces at work whenever the Government come anywhere near them. As for the local authorities that misrepresent their powers and are, according to home educators, overstepping the mark, can the Minister give any reassurances about what can be done to protect the rights of home educators? Where there is evidence that children are not receiving a suitable education, local authorities should act, as the hon. Member for Huddersfield (Mr Sheerman) said, but outwith that they should respect the right of home educators to direct their children's education.

Mr Gibb: My hon. Friend makes a good point, just as he made a good speech on those issues. Local authorities are public authorities. They should provide accurate information about their powers and duties, and they are open to challenge if they fail to do so. I hope that that reassures my hon. Friend.

Mr Stuart: I am extremely grateful to my hon. Friend for giving way again. If, with the help of home educators, I compiled a dossier of evidence about local authorities, would it be possible for me to meet the Minister and talk further with him about ways to ensure both that local authorities are aware of the law and that they observe it?

Mr Gibb: I am happy to accept my hon. Friend's invitation. As he knows, I always take his views on education in general very seriously, and I am always particularly interested in his very well-informed views on home education. He is probably the most well-informed Member of the House on that issue—

The Secretary of State for Education (Michael Gove): He is.

Mr Gibb: There you are; you heard it from the Secretary of State himself. My hon. Friend is the best-informed Member of the House on home education, and I will happily have that meeting with him in the near future.

After those rather lengthy remarks, I hope that my hon. Friend the Member for Altrincham and Sale West will withdraw his amendment so that we can press on to the next group.

5 pm

Mr Brady: I shall not detain the House for long. New clause 2 was a modest but practical measure that would have extended opportunities to children of limited means. I am disappointed that my hon. Friend the Minister feels unable to give it stronger support, but I also hope that the other place will return to this important issue. I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

New Clause 5

PAYMENTS IN RELATION TO FULL-TIME, POST-16 EDUCATION

'(1) EA 1996 is amended as follows.

(2) In section 518, after subsection (2), insert—

"(3) The Secretary of State must make regulations in relation to the payment of any allowance or bursary to any eligible applicant who is over compulsory school age but aged 18 or under and who attends a full-time further education course in England in a school sixth form or at a Further Education College or at a sixth form college, or who is on a Foundation Education programme or who is on a Foundation Education programme or who is on a 'Programme-Led Apprenticeship'.

(4) Payments under subsection (3) shall be subject to the eligible recipient attending every learning session in connection with an eligible education course unless the recognised educational institution has authorised every absence.".'.—*(Nic Dakin.)*

Brought up, and read the First time.

Nic Dakin (Scunthorpe) (Lab): I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss the following:

New clause 6—*Education Maintenance Allowance*—

'(1) EA 1996 is amended as follows.

(2) In section 518, after subsection (2), insert—

"(3) The Secretary of State must make regulations in relation to the payment of an Education Maintenance Allowance to any eligible applicant who is over compulsory school age but aged 18 or under and who attends a full-time further education course in England in a school sixth form or at a Further Education college or at a sixth form college, or who is on a Foundation Education programme or who is on a 'Programme-Led Apprenticeship'.

(4) Payments under subsection (3) shall be subject to the eligible recipient attending every learning session in connection with an eligible education course unless the recognised educational institution has authorised every absence.

(5) The minimum payments under subsection (3) shall be determined by the Secretary of State, to take effect on 1 September of every year.

(6) Regulations may provide for the eligibility criteria or administration of the Education Maintenance Allowance.".'.

New clause 9—*Requirement to achieve specified standard: suppliers of careers guidance*—

'(1) EA 2002 is amended as follows.

(2) In section 29 (additional functions of governing body), after subsection (5) insert—

"(6) The governing body and head teacher of a maintained school shall comply with any standards prescribed by the Secretary of State in securing that all relevant registered pupils at the school are provided with independent careers guidance under section 42A (Provision of careers guidance in schools in England) of the Education Act 1997 including the opportunity for pupils to meet at the premises of the school the person providing independent careers guidance.".'.

New clause 11—*Enrichment activities for 16 to 18 year olds*—

'(1) EA 2002 is amended as follows.

(2) After section 85A insert—

"85B Enrichment activities for 16 to 18 year olds

(1) A pupil aged 16 to 18 is also entitled to guidance, tutorials and enrichment activities which may include—

(a) learning aims that lead to external qualifications or external certificates of attainment not approved by the Secretary of State;

(b) careers guidance;

(c) sports;

(d) music, dance and drama;

(e) industry-related programmes, including vendor-certificated courses such as those offered by IT companies;

(f) health education;

(g) use of learning resource centres;

(h) activities that support learners to access a progression opportunity and/or employment;

(i) counselling.

(2) The Secretary of State shall take into account the entitlements in subsection (1) when determining funding for pupils aged 16 to 18.".'.

Amendment 27, in clause 26, page 27, line 21, at end add—

'(7) The Secretary of State must produce a transition plan to highlight how he will assist schools, colleges and local authorities in the transition from the current system of careers guidance to the new all-age careers service.'.

Amendment 28, page 27, line 21, at end add—

'(7) Before the commencement of this section, the Secretary of State must report to Parliament on arrangements for the funding of careers guidance between the end of ring-fenced Connexions funding and the establishment of the All Age Careers Service.'.

Amendment 19, in clause 27, page 27, line 36, at end insert—

'(d) an Academy School.'.

Amendment 29, page 28, line 3, at end insert 'by qualified careers professionals'.

Amendment 18, page 28, line 5, at end insert—

'(ba) involves at least one guidance session that is delivered in person by a qualified careers professional, and'.

Government amendments 36 and 37.

[Mr Deputy Speaker]

Amendment 17, in clause 76, page 57, line 9, at end insert—

'(2A) Section 68 will come into force on 1 September 2013.'.

Nic Dakin: I want to cover three areas. The first relates to education maintenance allowance and the direction of the Government's programme. One of my former students, Emma Donaldson, reminded me recently of the Prime Minister's words just before the general election. He could not have been clearer when he said:

"We have looked at educational maintenance allowances and we haven't announced any plan to get rid of them".

Well, that didn't last very long, did it? Emma wrote:

"The Tories claim that the younger generation should not pay for the mistakes of the past generation, but with these slashes in allowances and the raising of tuition fees we are being asked to do exactly that."

We can add the disappearance of the future jobs fund to that list, and it is easy to understand why young people feel badly let down by this Government.

The EMA is about far more than just boosting participation. It is also about attendance, achievement, motivation and welfare support. Giving evidence to the Select Committee, David Linnell, the principal of Cornwall college, warned:

"If EMAs are reduced, and if the money is severely reduced, we will see two things. We will see a reduction in those students who come, stay and actually succeed."

He was talking about students not only coming to the college, but staying and succeeding.

New clause 5 relates to one of the conditions for young people gaining an award of the EMA, which is the motivational aspect of the award. I welcome the fact that the Government were taken kicking and screaming to listen to young people and their families, and that they improved the offer of money available. Even so, the amount available for young people in the new scheme has dropped from £560 million to £190 million, and recipients will receive significantly less in normal circumstances. Furthermore, 68% of colleges recently surveyed believe that recruitment to colleges will be severely affected as a result of these changes.

My concern is about not only recruitment, but ensuring that, once recruited, the students are retained and that the motivational aspect of the EMA is retained in the new award, so that it can have an impact on motivation and achievement as well as on welfare support. The current consultation seems to look both ways, talking about national benchmarks as well as saying that all those matters can be decided locally. It is therefore unclear to what extent there will be a postcode lottery and to what extent the motivational aspects will be retained through certain conditions. It is clear that the most important condition relates to attendance, because it is easy to measure and maintain.

Those are my comments on my first topic, so let me move on to new clause 11, which deals with my second topic—the provision of enrichment activities for post-16 students and the appropriate funding of the same. The cut in entitlement funding from 114 guided learning hours to 30 guided learning hours, which was made earlier this year for the coming year, has resulted in significant detriment to the funding of post-16 learning—it is essentially a 75% cut in entitlement, which translates into a 12% cut in overall funding.

The new clause refers to the range of activities that benefited from that enrichment funding. It is ironic that on the day after the Government got into a muddle over the ill-thought-out idea to sell places at university, they should go out of their way to undermine the funding arrangements for post-16 and the development of the broader person that is necessary to allow young people from the state sector to compete on equal terms with those from other sectors. I hope that the Government will look carefully at those proposals on funding post-16 education.

In April this year, the National Union of Teachers and the Employer Contact Unit conducted a snapshot survey on the impact of cuts on further education and sixth-form colleges. It found that the overwhelming majority of colleges—96%—had been told that their budgets would be significantly cut for 2011-12. Of those, more than nine out of 10 said that the cuts would have a negative impact on teaching and learning in their colleges. That survey highlights the immediate effect of the cuts to enrichment funding on young people now. That is a matter of huge concern—to me and many others—and it needs to be looked at. The new clause provides an opportunity for Ministers to do so.

I have had conversations with Ministers and taken delegations to see them about what is happening on the front line of education, so I know that they have been surprised by the impact of the changes to enrichment funding. Those Ministers are sensible and serious people who will think about how best to make an adjustment as we go forward, so that the education system can continue to be robust and successful.

My final point concerns quality careers guidance, which is covered by amendments 27, 28, 19, 29 and 18. The amendments are designed to ensure that the Bill's suggestions are improved, so that we have high-quality, face-to-face careers guidance and do not let it wither away. Life is already much harder and more competitive for Emma, whom I quoted earlier, and her generation. University is expensive and to get a job after studying many young people are expected to work for free to get their foot on the ladder, which is not a good thing. Young people might need well-connected parents to arrange an opportunity, but the young people whom I represent do not always have those advantages.

By this Government's actions, the careers service, the EMA, the future jobs fund and tuition fees—the ladders of support to help young people get on in life—are being systematically kicked away. Good quality personalised careers advice is essential to help young people make the best choices for their future. It is too important to be left to a postcode lottery.

The concept of a postcode lottery is a theme running through my three main points. If we are not careful, we will have a postcode lottery on the education maintenance allowance; we will have a postcode lottery on enrichment activities; and we will have a postcode lottery on careers advice. That is not what we owe to this country's young people. That is why our amendments are designed to secure proper conditionality around the EMA, a commitment to enrichment activities along with the proper funding necessary to put them back in place, and a commitment to secure a high standard of guidance in every school and college.

Mr Graham Stuart: It is a pleasure to speak again in the debate, and to follow the hon. Member for Scunthorpe (Nic Dakin), who is a fellow member of the Education Committee. He made a powerful speech, but he rather overstated the case. References to the wholesale kicking away of all the ladders of opportunity do not befit the hon. Gentleman, who is knowledgeable and who also tends to speak in a reasonable and balanced fashion. Similarly, attacking postcode lotteries is always an easy way of resisting any form of localisation aimed at ensuring that need is met appropriately in a rural area.

As one who represents a rural constituency and rural further education colleges, I am aware of the need for a more appropriate use of limited funds. I will not go into the details—I am sure that Ministers will do that—but we know that the last Labour Government made it clear that, if they were re-elected, they would look again at the EMA and seek to make savings. If savings are to be made, what better way of making them than to put the funds into the hands of those on the front line who have the closest interest in, and the best understanding of, provision for young people? The hon. Gentleman should not overstate his case, let alone suggest that Government Members, particularly Ministers, have any motivation other than to try to improve ladders of opportunity. It is possible to believe that measures are not going in the right direction without suggesting that they are all calamitous or driven by the wrong motives.

Although I did not table amendment 27, its wording is exactly the same as an amendment that I tabled in Committee. It emphasises the need to ensure that the transition to the new all-age careers service is handled properly, and that in the intervening period we do not indeed see a postcode lottery with some areas not receiving appropriate care.

Ian Mearns: That is already happening.

Mr Stuart: The hon. Gentleman has a point, which is why it is important for us to be reassured about the interim period. It is worth saying—I wish that the hon. Member for Scunthorpe had been able to say it—that the Government's vision of a higher quality of careers advice than we have seen in the past is a good one, but, like the hon. Gentleman, I want more reassurance about exactly what will be delivered.

It is all very well to paint a picture of a fantastic service that will be genuinely independent and give people a better overview of all their options—not just the academic options delivered by institutions in their own interests—but we need to see what incentives are provided for the actors in the system to ensure that they deliver that. We do not want someone to tick the box by simply shoving a young person in front of a website, with the result that that young person never receives the information that they need about local provision. I will not rehearse all the arguments, but I have heard evidence about further education colleges being barred from going into schools to advise young people.

There is a clash between institutional interests and what I want to see, which is a truly independent service with highly trained staff who have an extensive knowledge of all the local options—I know that that is also the vision of the Minister for Further Education, Skills and Lifelong Learning. It is difficult to imagine that anyone, however clever and hard-working, has an encyclopaedic knowledge of those options, but we need staff with as much knowledge as possible who can give advice as well as, perhaps, signposting young people in the direction of online resources. Such a combination could bring real change, ensuring that young people follow pathways that lead to satisfaction, personal development and economic success. I know that the Minister entirely agrees with that.

I am pleased to note from Government amendment 36 that Ministers listen. I said in Committee that the Secretary of State's right to withdraw the apprenticeship offer was not appropriate given the new circumstances, and that if employers were prepared to take young people on, the last thing that we should do is introduce a provision allowing someone in the Government to prevent them from doing so. I am delighted that the Minister listened to that, as he said that he would, and has already returned with a Government amendment.

If the Government continue to be firm in purpose and clear in vision, but prepared to listen where the argument is sufficiently strong, we will further improve both the Bill and, most importantly, the education of young people in this country.

5.15 pm

Lisa Nandy: First, I associate myself wholeheartedly with the comments of my hon. Friend the Member for Scunthorpe (Nic Dakin) and the amendments standing in our names. One of their key aims is to preserve the conditionality principle that was such an important aspect of the EMA, and I ask Ministers to give a commitment on that. The beauty of EMA was that students had to attend and attain in order to get it. In effect, the state said to the student: "If you work hard and try hard, we will back you regardless of your background. We think you deserve the same opportunities as your peers."

That was very important. Before entering Parliament, I worked with children and young people for seven or eight years, and I was always struck by their strong sense of the importance of fairness. If young people are going to buy into whichever scheme replaces the EMA, it is essential that they see that it is fair. The aspect of the EMA that I have just highlighted was one of the main reasons why young people thought that it was fair, because those who were working hard and trying hard were assured by their Government that they would get it and be supported.

Following the chaos and insecurity caused by the shambolic way in which the cancellation of the EMA was announced, I was very pleased that Ministers listened and made some commitments in relation to students who have already started their courses. I was also deeply disappointed that the scheme for existing students was altered so that the maximum payment that they receive was reduced. Young people in my constituency rely on the EMA not as an extra or a perk, but as an essential part of their household income.

One of the reasons why my hon. Friend and I are seeking to ensure that there are clear national eligibility criteria for the EMA is that students in our constituencies rely on knowing that they will get the EMA in order to make the decision to go to college in the first place. Those students absolutely need to know whether they will qualify. The key issue in respect of the concern that

[Lisa Nandy]

has already been expressed about the possibility of a postcode lottery and about discretion appearing to be the direction of travel is that under those circumstances such students simply will not be able to make an informed choice on whether to go to college.

Ian Mearns: It is also a concern that the decision to abolish the EMA in the first place was based on flawed evidence from a survey that was conducted in school sixth forms but not in further education colleges. That fact in itself shows that Ministers got the whole message wrong. In 2009-10, 567,000 youngsters received the EMA at the higher level—£30 a week—yet Ministers have decided to do away with it, based on evidence from youngsters in sixth forms but not in FE colleges. In my area of Gateshead, 67% of youngsters attending the local college were entitled to the EMA at the higher level.

Madam Deputy Speaker (Dawn Primarolo): Order. May I just point out that we are running close to time and interventions should therefore be brief, so as to give as many Members as possible the chance to speak?

Lisa Nandy: I agree with my hon. Friend. Despite everything that has happened and the anger that many of us have expressed on behalf of young people in our constituencies, it is important that we proceed on the basis of evidence. Another concern that has been expressed to me is that if there is no clear guidance, eligibility criteria or national standard in respect of who will receive the EMA, it could leave colleges open to legal challenge under equalities legislation, if students are left disadvantaged as a result of not receiving it. I would be grateful if Ministers were to take that into account in their deliberations and as part of the current consultation.

All Labour Members have concerns about the impact of the funding cut to which my hon. Friend the Member for Scunthorpe has referred and about the reduction in the number of students who will be able to receive support. I would be grateful if Ministers were to make a commitment today that they will monitor the impact of the withdrawal of the EMA and if it is found that fewer students can participate and achieve in education, they will reverse their decision.

As my hon. Friend has said, one of the reasons why Labour Members feel so strongly about this issue is that we have seen a triple whammy: the Aimhigher initiative, which got 40% more students in my constituency going on to university in just six years, has been abolished; the EMA, which enabled students to get to the stage where they could go to university, is going; and tuition fees have been raised beyond the level that many young people in my constituency can afford. At the same time, 1 million young people are unemployed. So, if those students are going to endure significant hardship, which is what many families—in particular, those containing several siblings—will face, to stay on at college without much hope of going on to university, it is imperative that they have a guarantee of not only the level of financial support that they will receive, but the quality of education that they will get.

That brings me to enrichment funding. My hon. Friend the Member for Scunthorpe has tabled a proposal on that, which I support.

Mr Graham Stuart: I cannot let what the hon. Lady has just said pass. People from lower-income families can afford to go to university, as they pay nothing up front. People pay only when they earn £21,000; they pay 9% above that, when they are earning the money. Do not send the message to young people from lower-income families in your constituency or mine that they cannot afford to go to college—they can, and they should if they want to. Do not scaremonger.

Lisa Nandy: First, it is absolutely clear who is sending a message to young people in this country that we do not value them, will not support them and will not back them, and it is the hon. Gentleman's party. It is an absolute disgrace that on the things that we are discussing today—Aimhigher, the EMA and tuition fees—all the progress that has been made is being unravelled, with very little humility or apology from the Government. On the hon. Gentleman's accusations that my hon. Friend the Member for Scunthorpe is overstating his case, I simply ask where on earth the hon. Gentleman has been for the past 12 months. The outcry has not just come from young people in Wigan and Scunthorpe, because there has been a national outcry at the removal of the EMA, which is one of the most successful things introduced by the previous Government. I simply ask him to spend a bit more time outside this place listening to young people who are experiencing serious hardship and a bit less time trying to support his Front-Bench team.

That brings me to the subject of enrichment funding, on which my hon. Friend and I have tabled a provision as we are seeking to protect it today. The withdrawal of enrichment funding will have an astonishing impact in my constituency—my local college, Winstanley college, is losing £200,000 of its funding next year, which represents a 10% cut—yet we have heard so little about this. Over the past year, I have heard Ministers talk a lot in the Select Committee about trying to improve the situation of the most disadvantaged young people, but the withdrawal of enrichment funding is doing a great deal to widen the gap between the haves and the have-nots. Winstanley college is being forced to say that only students whose parents can afford to send them on trips will be able to go on them as part of their course. That is just one of many examples that the college gave me and is distraught about. The withdrawal of this funding will have a real impact, and I urge Ministers to think again.

The withdrawal of enrichment funding will clearly hit hardest those schools that already have a disadvantaged intake. St John Rigby college, which is just down the road from me in my constituency, will take a funding hit next year, because of the withdrawal of £300,000. Half its students receive the EMA and only 2% of the students who come into that college average an A-grade at GCSE. Its very hard-working and talented principal has told me that enrichment funding is not an optional extra, but an essential part of giving its hard-working and talented students the chance to reach their full potential. It cannot replace that enrichment funding, so it must do other things. It is planning to halve the tutorial hours for all students, so that it can ensure that it protects those essential services. Like Winstanley college, which I mentioned earlier, class sizes will go up, which will disadvantage all students but will have a particular impact on the most disadvantaged.

I join my hon. Friend the Member for Scunthorpe in supporting the new clause because unless the Government think again, sports, arts, drama, counselling and career opportunities will be denied to precisely those young people who need them most. Surely that is not the intended consequence of the Government's policies. I urge the Minister to think again.

Esther McVey (Wirral West) (Con): I, along with Opposition colleagues, have tabled amendment 27 to require the Secretary of State to

"produce a transition plan...from the current system of careers guidance to the new all-age careers service.".

How that transition is handled—all of it—is vital. First, I want to welcome the Government's plans for an all-age careers service, but I emphasise the importance of careers advice. It is the bridge from education to work, fundamentally signposting the match between an individual and a job or a journey into education and fulfilment. As those choices become ever more sophisticated, an accompanying sophistication of knowledge and know-how is needed to enable a student to navigate their way, so that all young people—this is what makes me want to speak today—from all backgrounds and of all abilities, interests and ambitions can achieve their goal in life.

I believe that this transition has come at a critical and crucial time. We know that youth unemployment is particularly high, covering 1 million people across the country aged between 16 and 24 and 160,000 in the north-west, the highest in any region. In Wirral, 16.8% of those aged between 16 and 19 are not in education, training or work. At a time of incredibly high youth unemployment, opportunities and changes are opening up, too. There are changing opportunities in apprenticeships and what they have to offer, in tertiary education, in voluntary work, in work experience, in setting up a business or even in travelling around the world and doing something with charities elsewhere—so we have the double impact of high unemployment and changing opportunities.

On a personal note, I meet approximately 400 schoolgirls every week from all backgrounds and not only are they confused about their options and what they want to do, but they have an inner confusion, too. They do not know what is out there or whether they have the confidence or ability to do it, and they now need to ask whether they can get direction to help them. Those young girls tell me that they need role models and that they need to meet people who have done a job for real. They need to be able to choose a job and to get interested in it, and a person will need to tease out that interest and to show them those opportunities.

This transition must be right. People leaving school at a vulnerable time need the right options to be put in front of them and that must be delivered through proper careers advice. It is also a vulnerable time for people working in the profession and giving out careers advice. This is not just about their knowledge and know-how—this is a subject they love and about which they are passionate. We must not lose the knowledge on the internet, but we must also not lose those people and their personal knowledge. We cannot let something so vital slip through our fingertips when it was within our grasp and when we had the ability to save it.

5.30 pm

Mr Iain Wright: I shall be brief, given the time constraints, and speak specifically to new clause 9. I agree with every word that was said by my hon. Friends the Members for Scunthorpe (Nic Dakin) and for Wigan (Lisa Nandy) as well as by the hon. Member for Wirral West (Esther McVey). Their amendments are eminently sensible and would go a long way toward repairing the damage that in 12 short months the Government have inflicted on young people through their policies on the education maintenance allowance, enrichment activities and post-16 funding.

The Minister for Further Education, Skills and Lifelong Learning and the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) will recall that we had considerable debate in Committee about clauses 26 and 27 and the changes to the careers service that was provided to young people. It became very apparent when the Minister for Further Education, Skills and Lifelong Learning was questioned in Committee that no real work or thought had been given to the transition plan between the ending of Connexions and the establishment of the all-age careers service. The Minister conceded the possibility of having a careers summit to discuss the matter, which might be imminent, but it is probably about nine months too late and should have been designed into a clear transition plan. I know that he is genuinely and passionately committed to this issue, but his eye has been worryingly off the ball regarding the transition. This is inept.

Although some services may be available in September, others will not be operational until April 2012. There is confusion about commitment to funding and there is a real risk that vital professional expertise will be lost; indeed, that is borne out by what is happening. A Unison survey of local authorities has shown that 97.5% of councils that responded were cutting the careers service in their area. In central Bedfordshire, personal advisers were being withdrawn at the end of the last autumn term and there is a lack of staff to cover statutory duties. In Essex, no one-to-one advice is being provided at all. Unison concludes that the survey confirms that

"the level of cuts and the lack of clear transition guidance from central government are leading to the decimation of the careers service".

As the hon. Member for Wirral West and my hon. Friend the Member for Wigan have pointed out, expertise is being lost precisely when the country's young people need it most. Students leaving school in a matter of weeks after doing their exams will be going out into a world in which conditions are the harshest they have been for a generation, with youth unemployment running at record levels and educational options for over-16s narrowed with the scrapping of EMA. It is becoming clearer by the day that Government policy seems to be moving us towards a higher education system that benefits the well-off rather than the more vulnerable.

In those circumstances and in that economic context, it is vital that before young people leave school they receive the best possible information, advice and guidance about their prospects and options. The manner in which they receive such advice will vary according to their personal preferences. In this modern age, they might wish to view things online or to interact with others in

[Mr Iain Wright]

an electronic version of social networking. We can and should use technology in innovative ways to raise aspiration, to show young people what is available and to demonstrate how they can achieve their ambitions.

Mr Hayes: I know that the hon. Gentleman would not want anything to remain on the record that might, however unintentionally, appear as a calumny. On his last point, he will know that we have rolled out the Next Steps IT project, a sophisticated IT interface on precisely this subject, and that the careers taskforce has been working under Dame Ruth Silver, followed by the Careers Profession Alliance under Ruth Spellman, to develop for the first time a coherent set of professional standards, accreditations and training for careers advisers. That did not happen under Labour, but it is happening under our Government.

Mr Wright: The Minister will recall the information, advice and guidance strategy that I published, "Quality, Choice and Aspiration", which put in place precisely those measures—Next Steps and the careers taskforce—so he has basically implemented what I personally put in place when I was at the Department.

Mr Hayes: That was ungallant of me, so let me qualify what I said. The hon. Gentleman is absolutely right. Some progress was made and he was a very diligent Minister, but in the same spirit I think he would want to acknowledge that we have carried that through in the two respects I have mentioned.

Mr Wright: Let me concede that the Minister has been the best Minister for Further Education, Skills and Lifelong Learning that I have ever seen in this Government. He has been exceptional in that regard.

The Minister talked about online and electronic information, advice and guidance about careers. That has its place, but this is my point and the point of new clause 9: a central part of any successful careers advice system is the face-to-face personalised and tailored interaction between a young person and a careers professional, preferably not on a one-off basis on a wet Wednesday afternoon, as we discussed in Committee, but repeated time and again so that trust can be established between the student and the careers professional, and a relationship built up where the professional can know about the student's wishes, skills, ambitions, potential and limitations, and accordingly challenge, motivate and provide good tailored advice about their prospects.

In Committee, the Schools Minister did not provide huge reassurance on the matter. He seemed to believe that face-to-face information, advice and guidance was not appropriate for all students. I asked him whether he thought such face-to-face access should be the cream of careers advice, available only to a select few students, and he said in Committee that it would depend on the school, which might think it was appropriate for some students, but then again, might not. That is worrying.

Steve Higginbotham, the president of the Institute of Career Guidance, said that as a result of the Government's plans and the incompetence regarding the transition scheme and because face-to-face advice has not been prioritised,

> "The likely reality is that hundreds of thousands, and possibly millions, of young people will never get access to personalised impartial career guidance, having to rely on the national telephone helpline or website and school staff".

Young people deserve better than that. I believe very much in allowing the professional judgment of teachers and head teachers to flower, but more than anything else I want the potential of the young person to be nurtured. For a Department that states that it trusts the judgments of professionals, Ministers seem remarkably reluctant to allow careers professionals to meet pupils at the school.

The purpose of new clause 9 is to ensure that that would occur. The clause would help to ensure that relevant and personalised advice could be provided for every single student, rather than just a select few in a school. The school governing body—the Minister will recall that I have always believed that school governors have a positive and largely untapped role to play in the provision of first-class careers advice—would have the responsibility to ensure that careers professionals had face-to-face meetings with pupils. It would make sure that, as my hon. Friends the Members for Scunthorpe and for Wigan mentioned and as the hon. Member for Wirral West alluded to, there was not a postcode lottery or even a school lottery for careers advice, with pupils from disadvantaged backgrounds being disadvantaged still further by a lack of resources to fund face-to-face services. If the Minister and the Front-Bench team are serious about wishing to help every child fulfil their potential—and I think they are—I cannot see how they would have a problem with new clause 9. I therefore hope that the Minister will accept it. I give notice that I wish to test the opinion of the House by pressing it to a vote.

Finally, I hope that the hon. Member for North Cornwall (Dan Rogerson) did not take offence earlier when I commented from a sedentary position about flabby liberalism. I was speaking about his policy position, rather than any personal appearance. On careers advice, I think the Liberals are like Joe Bugner rather than Muhammad Ali or the late, great Sir Henry Cooper, whom we lost earlier this month. I wish they were more like Ali and Cooper, and it is disappointing that they have not been so in debate in Committee and in the House today.

Simon Hughes: I, too, am conscious of the time so I shall be brief. I welcome the debate, as I welcome the co-operation and exchanges that I have had with the Minister responsible for these matters. I know he has been listening to Opposition Members in Committee, colleagues in both parties and those outside.

On new clause 6 moved by the hon. Member for Scunthorpe (Nic Dakin), and his comments and those of the hon. Member for Wigan (Lisa Nandy), they are right about the need for the new system for EMA, for those who will continue to receive it, to be subject to the two criteria of attendance and punctuality. That is extremely important. That was seen to be a discipline, and in one of the reports I gave to the Prime Minister and the Deputy Prime Minister I made the point that EMA should be continued for those who have started receiving it and that it should be subject to eligibility criteria.

I am sure that the Government will have noticed the equality impact assessment on the EMA plans. In my recommendations to Ministers, I made it very clear that entitlements were better than general localised discretion, because knowing how much they will receive is a consideration for young people, just as knowing what the score is for university costs is a consideration for students. I hope that the Government's response to the consultation—there are a few days remaining for anyone who has not yet responded and wishes to do so—will not be so prescriptive that it is burdensome and that it will make it clear that certain things will, in effect, be entitlements for young people so that from this summer they will be able to say, "Yes, I'm going to college next year. It will be a good thing for me." I hope that there is a favourable response. The wording of the proposed new clauses as they are given might not be accepted, but we have more opportunities during the passage of the Bill to get to the same place.

Mr Iain Wright: Under the existing provisions for EMA, around 600,000 young people were helped to continue their education. Under the Government's new plans, 12,000 people will be helped. Does the right hon. Gentleman seriously think that that is good enough?

Simon Hughes: Again, the hon. Gentleman would not want to mislead people. The scheme proposes that everyone who this year is in their first year of receiving EMA at the top rate—£30 a week—will next year receive £20 a week. We are talking about hundreds of thousands of people, not 12,000. The figure he refers to relates to the additional agreement, which was never there before, that those with special needs, such as those on income support, those who have been carers and those who have been in care, will be entitled to a minimum of £1,200 a year. I welcome that. The Government will have to keep under review whether that is enough for that cohort of young people and whether the figure might have to be adjusted in years to come.

New clause 9, which was tabled by the hon. Member for Cardiff West (Kevin Brennan) and his friends, makes an important point that was also raised by the hon. Members for Scunthorpe and for Wirral West (Esther McVey). I am in the process of finishing my report for the Government on the careers service and the implications for access to further and higher education, and I am very clear not only that there should be a careers service available for every secondary school child, but that it should include a personalised service. It is not enough that everyone should have access to a telephone service or an online service or be given a book. I know that the Minister understands that point and is sympathetic to it. I hope that we will arrive at the situation in which everyone knows that they will be able to engage with someone who knows about careers and can assist them. It should certainly be one session, but more may be needed.

Those careers advisers also need to be professionally recognised. The six main groups that have provided careers guidance are getting their act together and hope to be together in one organisation this summer. When that is done, they can be recognised, which I think will give us the basis for a good service of general careers information, advice and guidance. I welcome that and hope that Ministers will be sympathetic to the fact that that service must be offered by recognised professionals.

There is obviously a concern in the House, which the hon. Member for Wirral West expressed, about the transition from the current Connexions service, which was good in parts and less good in others, to the all-age careers service, which is generally welcome and could be very good when it is up and running. Ministers understand the need to ensure that a year's worth of young people do not fall through the gap between the old and new services. We must ensure that resources and arrangements are in place to prevent that.

I want to make one last pair of suggestions for Ministers to consider. I have been across the country talking with school students, and students in sixth-form colleges and universities, and some very unfortunate evidence has come out of that. Some young people, of course, say that their careers advice was excellent, but the majority say that they did not get good enough careers advice or work experience. This was a clear majority, probably about 80%, whether on Merseyside, in Cornwall or anywhere else, and we really have to improve those things.

At the end, I hope Ministers will accept that, in every sixth form, college and school, somebody should have responsibility for the careers service and careers advice, and that another person should have responsibility for the access arrangements—for making sure that people are shown the life opportunities that will come to them after school or college.

5.45 pm

We need to build on where we are and to do much better. I hope that the Minister will be sympathetic to the intention behind this group of proposed changes, but, if we cannot agree to them tonight because we might not be at that stage just yet, I hope that we will have an opportunity to do so before the Bill becomes law. I know that Ministers are keen to get it right, and I welcome the fact that the Minister before us is determined to do so.

Bill Esterson (Sefton Central) (Lab): I want to speak to the amendment in my name, on the careers service and Connexions, and to the proposed changes suggested by my hon. Friend the Member for Scunthorpe (Nic Dakin), to which I have also put my name.

Contributors on both sides of the House have made very well the point about the importance of a professional careers service, and they have dealt with the all-too important issue of transition. The shadow Minister, my hon. Friend the Member for Hartlepool (Mr Wright), referred to putting the transition plan in place, and he noted the great concern about the cuts that have already gone through, the loss of staff and, in some places, the total breakdown of services. The proposed changes seek to ensure that the transition is put in place, and that there is proper professional staffing of the future careers service. I hope that Ministers will take full account of all those points, because they are incredibly important.

The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) made very well the point about the importance of getting the careers service right, and how long it has been an issue. At a time of growing youth unemployment, that point is timely, indeed.

Julie Hilling (Bolton West) (Lab): Is my hon. Friend aware of the Department for Education and Skills survey of 5,000 young people, which found that 90% were satisfied with Connexions, and that Ofsted reported the qualitatively positive impact of the service on the careers and other choices of young people?

Bill Esterson: My hon. Friend makes the case very well for the success of the existing careers service and the importance of a professional careers service. The Government need to take account of that evidence base, but so far they have been in such a rush to push through these proposals, I fear that in their planning they have missed such evidence.

We are short of time, so I will make some brief comments about the education maintenance allowance. There have been some well-made points, but I want to mention Hugh Baird college and Southport college, which students from my constituency attend. Up to 90% of the learners at those colleges receive the EMA, and listening to Government Members, who now seem to recognise the importance of linking attendance and attainment to the payment of its replacement, I wonder why we are getting rid of it. As my hon. Friend the shadow Minister said, if only 12,000 people receive the replacement, the number really will be a drop in the ocean. We have already seen one step in the right direction, with the U-turn on providing an allowance to existing learners, but I hope that the Government will go much further on the subject of EMA's replacement.

My evidence from the colleges that I have mentioned is that students who receive EMA have considerably higher attendance and attainment than those who do not. They are also unable to work out which students will continue to attend without receiving EMA or to determine which students are young carers and from other vulnerable groups and therefore very dependent on EMA. These issues have not been sufficiently taken on board, and that is why the amendments tabled by my hon. Friend the Member for Scunthorpe are so important.

Mr Hayes: I will speak to Government amendments 36 and 37 and deal with the remarks made by hon. Members on the other amendments in the group.

Let me first say a few words about EMA. The hon. Member for Scunthorpe (Nic Dakin) always speaks in a reasoned way. I appreciate that he brings expertise to this House because of his prior experience. I share his commitment, and that of the hon. Member for Wigan (Lisa Nandy), to fairness. It is important that we deliver a fair outcome. It is also right that we set out clearly our expectations of how the new bursary fund will operate, and we mean to do so.

As the right hon. Member for Bermondsey and Old Southwark (Simon Hughes) said, we are engaged in a consultation. I can give the commitment today that following the consultation we will publish short, focused guidance on the new system for schools, colleges and training providers. We certainly do not want a system that is not coherent, consistent or fair. As has been done previously in respect of EMA, we will publish details of the arrangements that we intend to make for provision of financial assistance under the new scheme. On 28 March, we announced additional transitional arrangements to help those who are part way through their studies. The hon. Member for Sefton Central (Bill Esterson) paid tribute to that. On whether conditions should be attached to receipt of the 16-to-19 version, we expect, subject to consultation, to set out in guidance that schools, colleges and training providers should consider doing just that.

I hope that those comments will go some way towards assuring those who have had understandable doubts about this that we intend to do this in a proper, measured and considered way. In the past few months, they have told us that conditionality, which was a feature of EMA, was an important factor in encouraging positive attitudes to learning. I believe it is right that these conditions should be set locally, as they are now for EMA. As we discussed throughout the Committee proceedings, we are seeking to reduce, not increase, the regulatory burdens on schools and colleges. The administration of 16-to-19 bursaries should be at the discretion of individual schools and colleges, supported by guidance from the centre, giving head teachers and principals the power to make decisions that are in the best interests of students.

Let me give some examples of that. Members of the House will know that in rural areas there are different pressures surrounding transport from those, typically, in urban areas. In other circumstances, depending on what people are studying, there may be particular pressures to do with the equipment that is required for people to fulfil their studies. There needs to be sufficient flexibility to take account of, and address, different needs, but that does not mean that coherence should not be established in what we say from the centre. I hope that that goes a considerable way down the road towards the destination of widespread agreement that is at the heart of all we do as a Government and I do as a Minister.

The hon. Member for Scunthorpe spoke about enrichment activities. I thank him for the opportunity to discuss this important and valuable aspect of young people's education. I know that he was a distinguished principal of John Leggott sixth-form college before coming to this House and brings that understanding here. I also know, however, that he does not support the reductions that we have had to make to the funding for enrichment activities. This does not mean that we do not understand their significance or value. The context in which we debate these matters today, as we debate all our considerations on the funding and management of education, is one of financial pressure. The Government are in the business now of having to make tough decisions about value for money and priorities, and of ensuring that the money that is spent delivers the fairness that the hon. Member for Wigan articulated.

Because we agree that such activities can be valuable for young people, we have protected funding for tutorials for all 16 to 18-year-olds. Our commitment to vulnerable groups is demonstrated by our increasing by £150 million to £750 million the amount of funding to support students from disadvantaged backgrounds and those who need additional support. We expect that additional funding to be used to provide the additional support that disadvantaged students need, including enrichment activities if they are appropriate.

I would like to have spoken about the apprenticeship entitlement, but it is sufficient to say that in the evidence sessions, it was clear from the witnesses that the arrangements that prevailed under the previous Government were not widely agreed to be effective. I think it was Martin Doel of the Association of Colleges who said he

never felt that those arrangements were really operable. I think that our changes will mean that we can deliver on our commitment.

I will say no more about that, because I want to say a word about careers guidance, which has been spoken about a lot. It is a subject dear to my heart as it is vital. Let me make it clear that I fully appreciate the relationship between good advice and guidance and subsequent progress. Furthermore, it is fundamentally important for social mobility and social justice that that advice and guidance is available to people who would not get it by other means. As the right hon. Member for Bermondsey and Old Southwark suggested, such advice and guidance is usually available to more advantaged people through social networks or familial understanding. That is not always the case for people with less wherewithal who are trying to navigate their way through the system. This is not about aspiration. Let us once and for all kill off the bourgeois, left assumption that working-class people do not aspire to the same things as their middle-class contemporaries. Their ambitions are the same; what they lack is the wherewithal. My mission is to provide that wherewithal, so let us discuss some of the detail.

Julie Hilling: Will the Minister give way?

Mr Hayes: I will not, because I do not have time. I am terribly sorry.

The hon. Member for Hartlepool (Mr Wright) is right to say that he initiated the idea of the IT system. We implemented what he initiated. He is right that he set up the taskforce. We have considered those recommendations and taken them seriously. We will put in place a state-of-the-art, comprehensive, all-age IT system, which will be available to young people and to other people who want to upskill or reskill. To support that, we will have a telephone service, as he intended.

We will deliver, for the first time, a coherent set of professional standards, training and accreditation for careers professionals. The work that has been done on that over the past six to nine months is of profound importance. It has been led by Ruth Spellman and was inspired by Dame Ruth Silver—there are many Ruths in this business. They have been involved in a series of activities to bring together the disparate elements of the careers profession around a common set of objectives.

Furthermore, it is right that we exemplify best practice. That is bound to involve face-to-face connections—that word was not used advisedly—with the people seeking advice. We want people to have the maximum possible opportunity to gather the advice that is available from the professionals whom I have described in a way that is appropriate for them. I find it inconceivable, or at least unlikely, that best practice will not include face-to-face provision.

Furthermore, new clause 9 suggests that the Government would not be able to issue guidance, but it is clear that that provision is superfluous; I have checked the facts, and the Education and Skills Act 2008, which is unaltered by the Bill, means that the Government can issue guidance on the subject if and when necessary. We are determined that schools, colleges and other bodies should be able to provide the best possible advice. I have written to local authorities, as I promised I would, to remind them of their continuing duty to promote participation. I have instructed schools that they need to put in place the transitional steps in September, ready for the full steps later, and—

6 pm

Debate interrupted (Programme Order, 8 February).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E), That the clause be read a Second time.

Question negatived.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

New Clause 9

REQUIREMENT TO ACHIEVE SPECIFIED STANDARD: SUPPLIERS OF CAREERS GUIDANCE

'(1) EA 2002 is amended as follows.

(2) In section 29 (additional functions of governing body), after subsection (5) insert—

"(6) The governing body and head teacher of a maintained school shall comply with any standards prescribed by the Secretary of State in securing that all relevant registered pupils at the school are provided with independent careers guidance under section 42A (Provision of careers guidance in schools in England) of the Education Act 1997 including the opportunity for pupils to meet at the premises of the school the person providing independent careers guidance.".'.—*(Mr Iain Wright.)*

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 212, Noes 304.

Division No. 269] **[6 pm**

AYES

Abrahams, Debbie	Coffey, Ann
Alexander, Heidi	Cooper, Rosie
Allen, Mr Graham	Cooper, rh Yvette
Ashworth, Jon	Corbyn, Jeremy
Austin, Ian	Creagh, Mary
Bailey, Mr Adrian	Creasy, Stella
Bain, Mr William	Cryer, John
Banks, Gordon	Cunningham, Alex
Barron, rh Mr Kevin	Cunningham, Mr Jim
Beckett, rh Margaret	Cunningham, Tony
Begg, Dame Anne	Curran, Margaret
Benn, rh Hilary	Dakin, Nic
Berger, Luciana	Danczuk, Simon
Blackman-Woods, Roberta	Darling, rh Mr Alistair
Blenkinsop, Tom	David, Mr Wayne
Blomfield, Paul	Davidson, Mr Ian
Blunkett, rh Mr David	Davies, Geraint
Bradshaw, rh Mr Ben	De Piero, Gloria
Brennan, Kevin	Denham, rh Mr John
Brown, Lyn	Dobbin, Jim
Brown, rh Mr Nicholas	Dobson, rh Frank
Brown, Mr Russell	Docherty, Thomas
Buck, Ms Karen	Donaldson, rh Mr Jeffrey M.
Burnham, rh Andy	Donohoe, Mr Brian H.
Campbell, Mr Alan	Doran, Mr Frank
Campbell, Mr Ronnie	Dowd, Jim
Caton, Martin	Doyle, Gemma
Chapman, Mrs Jenny	Dromey, Jack
Clark, Katy	Dugher, Michael
Clarke, rh Mr Tom	Durkan, Mark
Clwyd, rh Ann	Eagle, Ms Angela
Coaker, Vernon	Eagle, Maria

Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Godsiff, Mr Roger
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Hendrick and Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Boles, Nick
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Hemming, John
Henderson, Gordon

Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Jeremy Wright and Mark Hunter

Question accordingly negatived.

Clause 2

POWER OF MEMBERS OF STAFF AT SCHOOLS TO SEARCH PUPILS

Amendment made: 30, page 6, line 15, at end insert—

'( ) In section 569 of EA 1996, in subsection (2A) (regulations subject to affirmative procedure), for "550ZA or 550ZC" substitute "550ZA(3)(f) or 550ZC(7)".'.—*(Mr Gibb.)*

Clause 13

RESTRICTIONS ON REPORTING ALLEGED OFFENCES BY TEACHERS

Amendments made: 31, page 20, line 38, at end insert—

'( ) The restrictions in subsection (3) also cease to apply if—

(a) the Secretary of State publishes information about the person who is the subject of the allegation in connection with an investigation or decision under section 141B (investigation of disciplinary cases by Secretary of State) relating to the same allegation, or

(b) the General Teaching Council for Wales publishes information about the person who is the subject of the allegation in connection with an investigation, hearing or determination under Schedule 2 to the Teaching and Higher Education Act 1998 (investigation of disciplinary cases by the General Teaching Council for Wales) relating to the same allegation.'

Amendment 32, page 21, line 4, at end insert ', or

(b) a document published by the regulator of a profession of which the person who is the subject of the allegation is a member in connection with disciplinary proceedings in relation to the person.'

Amendment 33, page 22, line 12, at end insert—

'( ) Schedule 4 (offence of breaching reporting restrictions: application to providers of information society services) has effect.'—*(Mr Gibb.)*

Clause 34

DUTIES IN RELATION TO SCHOOL ADMISSIONS

Amendment proposed: 13, page 33, line 14, leave out subsection (3) and insert—

'(3) For section 88J (changes to admission arrangements by schools adjudicator) substitute—

"88J Implementation of decisions by adjudicator

(1) This section applies where the adjudicator has made a decision ('the primary decision')—

(a) under section 88H(4) on whether to uphold an objection to admission arrangements, or

(b) under section 88I(4)(b) or (5)(b) on whether admission arrangements conform with the requirements relating to admissions.

(2) If the admission authority has not amended its admission arrangements within a period of 14 days of being notified of the primary decision, the local authority for the area in which the school is situated may direct appropriate changes to any aspect of the admission arrangements in consequence of the primary decision.

(3) Following the amendment of the admission arrangements by the admission authority following a primary decision, the local authority for the area, if it considers that the changes to the admission arrangements are not consistent with the primary decision, may direct appropriate changes to any aspect of the admission arrangements in consequence of the primary decision.

(4) An admission authority which is subject to a direction under subsections (2) or (3) may ask the adjudicator to set aside the direction on the grounds that the changes to the admission arrangements contained in the local authority's direction are not consistent with the primary decision.".'.—*(Kevin Brennan.)*

Question put, That the amendment be made.

The House divided: Ayes 211, Noes 305.

Division No. 270] **[6.15 pm**

AYES

Abrahams, Debbie
Alexander, Heidi
Allen, Mr Graham
Ashworth, Jon
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Hendrick and
Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David

Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig

Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Mark Hunter

Question accordingly negatived.

Clause 51

ACADEMY ARRANGEMENTS: POST-16 EDUCATION AND ALTERNATIVE PROVISION

Amendments made: 34, page 42, line 34, leave out from 'not' to end of line 36 and insert

'otherwise receive suitable education for any period,'.

Amendment 35, page 42, leave out lines 40 to 42 and insert—

'(2) "Suitable education", in relation to a child, means efficient education suitable to the child's age, ability and aptitude and to any special educational needs the child may have.'.—*(Mr Gibb.)*

Clause 65

THE APPRENTICESHIP OFFER

Amendments made: 36, page 51, line 5, leave out 'sections 83B and 83C' and insert 'section 83B'.

Amendment 37, page 52, leave out lines 26 to 35.—*(Mr Gibb.)*

Clause 76

COMMENCEMENT

Amendment made: 38, page 57, line 9, at end insert—

'(f) section [Charges at boarding Academies].'.—*(Mr Gibb.)*

Schedule 14

ACADEMIES: LAND

Amendment made: 39, page 112, line 24, at end insert—

'() in the opening words, for "subsections (4) and" substitute "subsection";'.—*(Mr Gibb.)*

6.28 pm

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Madam Deputy Speaker. As a result of the programme motion and the flow of debate, we have failed to reach the final batch of amendments, which deal with the education work force. About 13,000 workers will have their employee organisations abolished as a result of this legislation and will be insecure in their future employment. Tens of thousands of others will also be affected by the Bill. This batch of amendments was designed to deal with those issues and give those education workers some form of security for the future.

Now that we have failed to reach those amendments, may I through you, Madam Deputy Speaker, ask Mr Speaker to bring together the party leaders to discuss again the preparation of programme motions so that we do not again fail to reach important amendments—I accept that we did under previous Governments—that affect so many of our constituents and members of our communities. It is also critical that the rights of Back Benchers who do not serve on Public Bill Committees are protected, because this is the only opportunity we have to move and debate amendments.

Madam Deputy Speaker (Dawn Primarolo): I understand why the hon. Gentleman is frustrated by his inability to participate in debate on the amendments that were not reached, but the timetable motion was agreed by the House, and is completely outside any responsibility of the Chair. However, the hon. Gentleman has put his points on the record, and he may wish to catch my eye briefly during the Third Reading debate—if we reach it.

Kevin Brennan: Further to that point of order, Madam Deputy Speaker. My hon. Friend the Member for Hayes and Harlington (John McDonnell) is right in saying that we did not reach the last group of amendments, which would have enabled us to discuss the Government's proposal to allow teachers who are not qualified to teach in taxpayer-funded schools. That was part of a sequence of events over the last few days which did not allow the Opposition sufficient time to table amendments, or even to discuss some of those that had been tabled. The timetable was changed at the last minute on Thursday. Is there anything we can do to ensure that the Opposition are given more notice of the time at which the Government intend to bring a Bill to the House, not least when it changes at the last minute?

Madam Deputy Speaker: I think I understand the gist of the hon. Gentleman's point of order. As he well knows, and as I made clear in response to the point of order raised by his hon. Friend the hon. Member for Hayes and Harlington (John McDonnell), the House voted on the timetable. As for discussions between the parties, that too is not a matter for the Chair. I feel that we are continuing the debate via points of order rather than embarking on the Third Reading debate, but I am sure that Members will find other ways in which to make their points during that debate.

Third Reading

6.31 pm

Mr Gibb: I beg to move, That the Bill be now read the Third time.

Let me begin by thanking all Members on both sides of the House who served on the Bill Committee. As with all the best Bill Committees, it was always good-humoured and good-natured, and it included thorough scrutiny of each of the Bill's 79 clauses and 17 or 18 schedules. In barely a month we had 22 sittings, even more than the Committee considering the mammoth Bill that became the last Government's Apprenticeships, Skills, Children and Learning Act 2009, which, with 270 clauses, was well over three times the size. We also reached the final clause with time left over to debate new clauses as well, which is rare for any Bill Committee. It is therefore only right and proper for me to pay tribute to the Minister for Further Education, Skills and Lifelong Learning, as well to officials in the two Departments and officials of the House.

Having spent 13 years in opposition, I know from first-hand experience how demanding a Committee stage can be for Opposition spokesmen, so let me also thank

the hon. Members for Hartlepool (Mr Wright) and for Cardiff West (Kevin Brennan) for the professional way in which they fulfilled their responsibilities.

The Education Bill has four principal aims: to help schools improve behaviour in the classroom, to remove bureaucratic burdens from schools and, in particular, from teachers by restoring trust in professionals, to ensure that schools are properly accountable to parents and local communities for what they do, and to ensure that the resources that we have are distributed fairly and targeted towards those pupils that need them the most.

Kevin Brennan: May I ask whether the Secretary of State's absence is authorised or unauthorised?

Mr Gibb: I find it upsetting when people complain about my presence in debates. Frankly, I think that the hon. Gentleman has secured a very good deal.

There is no bigger barrier to the recruitment and retention of good teachers than poor pupil behaviour. Figures published last month showed that in nearly one in five secondary schools, behaviour is judged as being no better than satisfactory. In the latest year for which we have figures there were over 363,000 fixed-period exclusions, of which 80,000 were issued for threatening behaviour or verbal abuse against an adult. Recent polls by the Association of Teachers and Lecturers found that two in five teachers had dealt with physical aggression during that year, and that a quarter had been subjected to a false allegation by a pupil. That underlines the fact that too many teachers have been hindered in doing their jobs because of poor behaviour. I fully understand why teachers have felt that the system, and the Government, have not always been on their side. The Education Bill will ensure that the pendulum swings back in their favour by strengthening teachers' powers. They will be able to issue same-day detentions, and to search for, and confiscate, items such as mobile phones and video cameras. We considered these measures in detail in Committee. I hope they are used only very rarely, but I would rather teachers were able to decide for themselves whether to use them and I am confident that they will help protect the rights of all children to learn in an environment free from disruption and bullying.

Just as importantly, the Bill will also extend better protection to teachers from false and malicious allegations. Teachers will now have pre-charge anonymity when faced with an allegation of an offence by a pupil, to prevent false accusations being used to undermine teachers' authority. Teachers have campaigned for that for years, and it has been delivered by this Government in our first year. Of course, we will continue to listen to those who seek to extend these provisions to other staff in schools and colleges, but we also need to tread carefully in relation to cherished rights of free speech in a free society.

Discipline is just one area in which teachers have not been afforded the trust and respect they deserve. Over the past decade, for every step forward, there have been three steps backwards as yet more targets and diktats were issued to schools from the centre. Understandably, much of the debate in Committee was about whether to retain the legislation that piled up under the previous Government. I do not doubt that much of that was well-intentioned, but it has clearly failed to address the performance gap this country faces, especially for those from disadvantaged backgrounds.

We are determined to raise the professional status of teachers by giving them the space and flexibility they need. Since the Academies Act 2010 the number of academies has more than trebled, from 203 to 658. All those schools are able to decide what is best to raise standards for their pupils, free from red tape and political interference. That is why it has attracted not only Toby Young, but Peter Hyman, Tony Blair's former director of strategy and author of the autobiographical book, "1 out of 10: from Downing street vision to classroom reality". Peter Hyman is setting up a free school in Newham. Newham School 21 will teach children between the ages of four and 18 and aims to be open in September 2012. The Bill provides for two new types of academies: alternative provision academies, and 16-to-19 academies, which will extend the benefits of the programme even further.

The Opposition have complained that the Bill centralises power, yet at the same time they complain when we strip back the layers of instruction and guidance telling schools and colleges how to co-operate, which they put in place. Similarly, they protest when we end the requirement on every local authority to set up forums, irrespective of their actual needs or unique circumstances. The Bill will help us bring an end to the perpetual revolution that has been inflicted upon schools, by allowing professionals—not the Qualifications and Curriculum Development Agency or the General Teaching Council—to do what is best for them.

Just as we are liberating professionals from bureaucracy, so we are ensuring that there is stronger accountability to parents. The Bill will sharpen school accountability by reducing the number of areas in which Ofsted inspects to just four—pupil achievement, quality of teaching, leadership and management, and behaviour and safety—with outstanding schools and colleges also being freed from routine inspection, so that more focus can be diverted towards those that need it most.

The independent regulator, Ofqual, will ensure that our qualifications stand comparison with the best in the world by measuring our relative performance. Because we are prepared to take action where schools and local authorities fail to give children their one chance of a good education, the Bill strengthens the Government's power to intervene in poorly performing schools, which often have higher proportions of disadvantaged pupils. The Minister for children, my hon. Friend the Member for Brent Central (Sarah Teather), is introducing an entitlement to free early-years provision for 130,000 disadvantaged two-year-olds across the country. The scrutiny in Committee has allowed us to set out clearly that we will maintain the free entitlement for all three and four-year-olds at 15 hours, and that we will ask Ofsted to review the impact of the two-year entitlement.

We are also ensuring that more resources are targeted at the education of the poorest through the pupil premium, which will be worth £2.5 billion every year by 2014-15, and the Bill will ensure that funding for apprenticeship training takes priority when young people have a place, so that we deliver on our ambitions to expand the programme and make it the primary work-based learning route for raising the participation age. Thanks to the vigilance and scrutiny of the Chairman of the Education Committee, we have now removed a reserve power to suspend this offer, which underlines our commitment further. In addition, the scrutiny provided and arguments

[Mr Gibb]

put forward by my hon. Friends the Members for North Cornwall (Dan Rogerson) and for Wells (Tessa Munt) on the issue of school governors and the proposals in clause 37 have allowed us to improve our policy in this area. We have retained the principle of governor appointments based primarily on skills, while also meeting their desire to reflect stakeholder groups with an interest in schools, in particular staff and local authorities.

The schools White Paper, "The Importance of Teaching", set out a pathway to close the attainment gap between those from the poorest and wealthiest backgrounds, and to reverse this country's decline in international performance tables, so that all who are educated in our state schools have the opportunity to compete with the school leavers and graduates of countries with the best-performing education systems. This Education Bill will allow us to take important steps on that journey, and I commend it to the House.

Mr Speaker: May I gently point out to the shadow Secretary of State, as I equally could to the Minister, that there are Back Benchers who would also like to contribute and that would help the House?

6.41 pm

Andy Burnham: Thank you, Mr Speaker.

The Secretary of State's first Bill was rammed through with unseemly haste, under procedures normally reserved for counter-terrorism measures, when the odour in the rose garden was still pleasant and Labour leadership candidates were still on the hustings, so we can at least say that this Bill has had a more thorough airing. I therefore thank the members of the Public Bill Committee for their work on it, and I thank the Officials, Officers and other staff of the House who have enabled the Committee's work to take place. I also pay tribute to my hon. Friends the Members for Cardiff West (Kevin Brennan) and for Hartlepool (Mr Wright), who have done an excellent job.

The Schools Minister has been assiduous in his replies, and I thank him for that, but his courtesy has not extended to the production of the essential documents, such as the draft admissions code, that are needed to give this Bill the fullest possible scrutiny. That is highly regrettable—it is insulting, even, to Members of this House—and I trust that the same discourtesies will not be repeated towards Members of another place. Talking of discourtesies, it is a shame that the Secretary of State could not dignify us with his presence this evening. He made a cameo appearance earlier, but he obviously has something more important to do than be here to see his own Bill through. I do not know whether he has a good reason—perhaps he does—but we should have been able to expect him to be here.

Like the Health and Social Care Bill, the Education Bill threatens a free-for-all in our public services. It is a reckless gamble with standards and with the life chances of our children, with no evidence to support it. That is why we will vote against it tonight. Our principal objection to it is based on the fact that it takes power away from parents and pupils and hands it back to providers and to the centre, in the form of the Secretary of State. That is the flaw at the heart of the Government's vision for public service reform. If they give more freedom and autonomy to providers, be they general practitioners or hospitals in the health sector or head teachers and schools in the education sector, they have to balance that with a corresponding empowerment of the public—parent and patient guarantees—and more ability for service users to hold providers to account. That is what is completely absent from the Government's vision: this is a provider-led reform with an accountability deficit.

The health reforms have been paused, partly because of fears that the system being created lacks moderating checks and balances. Many people working in education, who will be watching these proceedings, have exactly the same fears about these schools reforms, but sadly the House, in its votes this evening, has failed to respond to them. This is a right-wing reform of our education system, a ripping up of the fabric and frameworks that have stood our services and our children in good stead for years.

Tory Cabinet Ministers are now boasting about this radical right-wing agenda. Iain Duncan Smith has said:

"We've got a lot—my welfare reforms, the education reforms...all of these are big, big Conservative-driven themes."

I believe he said that today. William Hague went as far as admitting that the Lib Dems were crucial—

Mr Speaker: May I say to the shadow Secretary of State that he is quite an experienced Member, and he should not refer to serving Members of the House by name?

Andy Burnham: You are absolutely right, Mr Speaker, and I apologise.

The right hon. Member—I am struggling to remember his constituency now—[HON. MEMBERS: "Richmond."] That is it; I was going to say for North Yorkshire. The right hon. Member for Richmond (Yorks) (Mr Hague) said:

"A Conservative government with a very small majority or in a minority would have been massively constrained in what we could take through parliament."

There we have it: this is a right-wing agenda propped up by the Liberal Democrats.

We heard today a bid from the hon. Member for Altrincham and Sale West (Mr Brady), supported by 35 colleagues on his side of the House, to extend selection to our state education system. We know that the Secretary of State, although he could not be here this evening, attended a reception in Parliament—I think it was just before Christmas—where the hon. Gentleman asked him whether he would extend selection through his free school movement. The Secretary of State said:

"My foot is hovering over the pedal; I'll have to see what my co-driver Nick Clegg has to say".

Those of us who read Mrs Gove's entertaining columns in the newspaper know what happens when the Secretary of State puts his foot on the pedal: utter chaos and disruption ensues for anybody in his vicinity. In this case, I think the co-pilot would be better off getting out of the car before the Secretary of State puts his foot down on the pedal—but as we know, the co-pilot is still unfortunately locked in the boot.

We were expecting a bit of muscular Liberalism today—indeed, we were promised it—but sadly there was none. It was just as we suspected. Parents watching

this debate want to know that their child has a fair chance of getting into the school that they choose, that they will have good teachers, and will be able to get good careers advice to support them in their choices. Instead, they are getting a free-for-all with no guarantees, a weakening of the admissions system, unqualified teachers in state schools and a withering away of face-to-face careers advice.

I am sorry that we did not get the chance tonight to move an amendment, which my hon. Friend the Member for Cardiff West was going to take on, about the need to have qualified teachers in our state schools. I hope that Members of the other place will return to that issue to stop this risky gamble with standards in our schools.

The Bill exposes a curious contradiction in this Secretary of State's approach to school reform. He has not decided yet whether he truly believes in freedom and really wants local people to get on and do the job that they want—as the Minister just said he did—or whether he wants to dictate to them what they must do and how they must do their jobs. We have an Education Secretary who preaches freedom, but then wants to dictate the books that children read in primary school. He says that teachers know best, but then demands that they use synthetic phonics to teach reading. He lauds professional autonomy, but makes it clear which subjects he approves of in his English baccalaureate and which are second best. That is not good enough: he needs to decide. If he wants teachers to get on with their job, he should let them do it. We should not have this contradiction at the heart of policy that is causing people across the country to lose patience with him.

I gather that the Secretary of State is downstairs at a function or party this evening. I find it hard to believe that he is not here to speak up for his own Bill, to defend it and to tell us why I am wrong and why he has the right vision for our schools. The fact that he is not here means that he cannot face this House to ask for the 50 powers that he is taking in the Bill. We might have thought—might we not?—that he would have the courtesy to come and ask the House for those powers. It is a sorry state of affairs, and shows something of the arrogance that increasingly characterises the Government.

I believe that the Secretary of State is failing to take the education profession with him. They need stability and he is providing chaos. He is losing the confidence of head teachers and teachers. The Education Bill will now move to the other place and I know that their lordships will seek to moderate it, protecting fairness and promoting high standards in every school for every child. I urge them to do so and to give the Bill the fullest possible scrutiny, because this House of Commons, as it has shown today, is in danger of sleepwalking towards an elitist two-tier education system that will be good for some children and some schools, but not all children and all schools.

Several hon. Members *rose—*

Mr Speaker: Order. There are 11 minutes to go and several Members who wish to participate. Extreme brevity would facilitate the maximum number of Back-Bench contributions.

6.49 pm

Stephen McPartland: I will be very brief, Mr Speaker—two minutes or less, I promise. I was a member of the Public Bill Committee, which was my first such Committee, and I was pleased by how robust its scrutiny of the Bill was, and by the good humour shown by Opposition and Government Front Benchers throughout its mammoth 22 sessions. There was certainly cross-party consensus that we wanted our children to have access to the best education system in the world. That is why I believe the Bill is important—because it promises to raise educational attainment for the poorest children in my constituency. The gap in educational attainment between poorer pupils and their peers simply is not acceptable. We know that by the age of seven the highest early achievers from deprived backgrounds are overtaken by lower-achieving children from advantaged backgrounds, and that that gap gets wider as they get older. That traps children in a cycle of poverty. We cannot measure poverty solely in monetary terms; there is real poverty of education in many parts of the country, which leads to a lack of opportunity and aspiration.

The Government's commitment to expanding early years learning for disadvantaged children is a welcome step in reducing that poverty of education, and that commitment is firmly reinforced by the pupil premium, which means an investment of more than £815,000 this year in the most disadvantaged children in my constituency. That money can be used by schools to provide additional support such as one-to-one tuition, which I know from my wife's experience as a primary school teacher makes a dramatic difference to young children. I support the Bill because I believe it will deliver a massive boost to the education of the most disadvantaged and vulnerable children in my constituency.

6.51 pm

Julie Hilling: Given the time, I shall speak very briefly about the Bill, which is bad in so many ways. The Government talk about giving power to parents and teachers, but at every turn they remove powers from parents and communities and give them to the Secretary of State. The Bill does not build, but destroys. It encourages schools to be islands rather than resources in the community that can bring agencies together for the benefit of children and young people. The Bill also misses opportunities. It is good that it provides for the anonymity of teachers, but why does it not extend that anonymity to other school staff, who are often more vulnerable than teachers to accusations?

There are three other areas in which the Bill misses opportunities. First, by getting rid of the School Support Staff Negotiating Body it does a real disservice to 500,000 generally low-paid workers. That body has been working on job descriptions and job gradings for 100 strands of work within schools, from the work of classroom assistants to that of school bursars and caretakers. Its work was stopped last year when the Government pre-empted the Bill by saying that the body was going to be removed. I seriously hope that they will reconsider their decision and allow the body at least to complete its work, and support it in doing so.

Secondly, my hon. Friend the Member for Walthamstow (Stella Creasy) and I tabled an amendment that would have given schools a duty to facilitate positive activities

[Julie Hilling]

for young people. There have been some fantastic examples of youth work in schools, usually in partnership with youth services and other agencies, but cuts in youth services and central funding streams have made that work difficult. I hope that the Government will consider how they can support youth work, either through the Bill or elsewhere.

Finally, the Government have missed a real opportunity to save lives. It is not often that any Government get the opportunity to do something simply, easily, cheaply and immediately that would save lives, but this Government have that opportunity. If they introduced emergency life skills into the national curriculum they could make a real difference. ELS is a set of actions that save lives, including cardiopulmonary resuscitation and dealing with choking and bleeding. Every year 150,000 people die in situations in which first aid could have made a difference. Each year in the UK 30,000 people have a cardiac arrest outside the hospital environment, of whom fewer than 10% survive. Children are often present at accidents and emergencies, and by learning emergency life skills they can be as effective as any adult in saving lives. If someone has a cardiac arrest in Seattle they have a great chance of surviving, because children there are taught ELS as part of their national curriculum. Indeed, people cannot graduate from school or pass their driving test unless they learn ELS. If any Member is going to have a cardiac arrest they should have it in Seattle, because they would rarely be more than 12 feet away from someone who could save their life. Why can we not have that situation in the UK? If we did, we could save lives. I hope that the Government will reconsider that and put ELS into the national curriculum.

6.54 pm

Stephen Phillips: I shall keep my contribution extremely brief. I speak as a former chair of governors at a special school for the deaf—one of the only remaining sign bilingual schools in the country. The issue that I particularly want to address is school discipline. That is so central to the learning environment and to outcomes that it is a great shame that it has not been dealt with by previous Administrations. It is for that reason, if for no other, that the Bill will receive my full support.

As anyone who chaired a governing body under the previous law knows, the difficulty with the regime that existed was that when a head teacher excluded a pupil the exclusion was often overturned by the governing body, because it knew that if it did not overturn it, the exclusion would subsequently be overturned by the extensive appeal mechanisms that are amended by the Bill. It is for that reason that I welcome the amendments that the Government are introducing in that respect.

6.56 pm

John McDonnell: The Bill abolishes a number of bodies—the General Teaching Council for England, the Training and Development Agency for Schools, the Qualifications and Curriculum Development Agency and the Young People's Learning Agency.

In the past the Transfer of Undertakings (Protection of Employment) Regulations were applied when bodies were abolished and staff were transferred from the public sector to the private sector. They would be protected, together with their conditions of work, the recognition of their trade union and their basic employment rights. Because that does not apply to transfers of staff within the public sector, the Cabinet Office introduced the Cabinet Office statement of practice—COSOP—which in the past has been included in legislation so that TUPE principles applied to staff as if they were being transferred out of the public sector. The previous Government stated on the face of the Bill that that was the situation when the Learning and Skills Council was abolished. The present Government have done the same thing in the Localism Bill, but not in the Education Bill. As a result, the staff are feeling insecure about their future. That affects morale and recruitment and retention—

Mr Gibb: We are committed to applying the principles of the Cabinet Office statement of practice, which has been agreed with the trade unions. I hope that helps the hon. Gentleman.

John McDonnell: It is incredibly helpful to have that on the record. It would be valuable if the Minister could see whether it could be put on the face of the Bill when it goes to another place.

6.57 pm

Mr Robert Buckland (South Swindon) (Con): In supporting the Bill on Third Reading, I want to put particular emphasis on clause 13 and the restrictions that will be imposed on the reporting of the identity of teachers between arrest and charge. I welcome those provisions and I read with interest the debate in the Public Bill Committee, where the Government rightly pointed out the lack of evidence to support an extension to other classes of person who work within the school environment.

However, I urge the Government to keep that position under review. I remember a debate that we had in the House some months ago on a private Member's Bill about the wider application of reporting restrictions for people arrested but not charged, with particular reference to teaching assistants and other people who come into the school environment. It is important that we bear that mind.

Finally, I ask the Government to bear in mind the problem that arises when a pupil who has left the school, perhaps only very recently, makes a complaint against a teacher. I urge my colleagues on the Front Bench to work with other Ministers, particularly the Under-Secretary of State for Justice, the hon. Member for Reigate (Mr Blunt), in reviewing the application of the law of contempt of court to sensitive issues relating to press freedom and the interests of professionals and all those who work in school and college environments.

6.58 pm

Meg Munn: This is a disappointing Bill. It will not do what an Education Bill should do—put children and their education first. That means every child. The mantra, "We must trust the professionals," is not balanced by respect for children and parents. The powers of search are at best misguided and at worst dangerous. No-notice detention is a potential nightmare for hundreds of young carers throughout the country, and it is unnecessary.

The approach to exclusions is unbalanced, putting at risk the education of many children with special educational needs. No attention has been given to child protection issues in the Ofsted framework that is out for consultation. While Ministers are publishing the welcome Munro review on child protection and looking to strengthen that, the Bill makes matters worse.

7 pm

Debate interrupted (Programme Order, 8 February).

The Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the Bill be now read the Third time.

The House divided: Ayes 305, Noes 204.

Division No. 271] [7 pm

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gale, Mr Roger
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Hallon, Robert
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard

Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Shailesh Vara and Mark Hunter

NOES

Abrahams, Debbie
Alexander, Heidi
Allen, Mr Graham
Ashworth, Jon
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goodman, Helen
Greatrex, Tom
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Fabian
Hanson, rh Mr David
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Mr David Hamilton and Lilian Greenwood

Question accordingly agreed to.

Bill read the Third time and passed.

Kevin Brennan: On a point of order, Mr Speaker. You will have noted that the Secretary of State was not present for the Third Reading of the Education Bill. I wonder whether you can give any advice as to whether, when a Secretary of State does not turn up for the Third Reading of their own Bill, which I think is quite unusual, any information should be given to the House, or possibly as a courtesy to the shadow Secretary of State or Opposition Front Benchers, as to why they are not here. We understand that the Secretary of State, who is apparently now standing somewhere nearby at the Bar of the House, was available to come here. Are there any procedures by which it would be normal for the Secretary of State to give notice that he is not going to participate on Third Reading?

Mr Speaker: The short answer to the hon. Gentleman is no. Any Minister can provide a rationale or an explanation for presence or absence if he or she so chooses, but there is no formal procedure for so doing. The question of who appears on behalf of those on the Treasury Bench is purely a matter for them, not a matter for the Chair. The hon. Gentleman has nevertheless registered his point.

Common Consolidated Corporate Tax Base

[Relevant document: The Twenty-seventh Report from the European Scrutiny Committee, HC 428-xxv.]

7.14 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move,

That this House considers that the Draft Directive to introduce a Common Consolidated Corporate Tax Base (European Union Document No. 7263/11) does not comply with the principle of subsidiarity, for the reasons set out in chapter 2 of the Twenty-seventh Report of the European Scrutiny Committee (HC 428-xxv); and, in accordance with Article 6 of the Protocol on the application of the principles of subsidiarity and proportionality, instructs the Clerk of the House to forward this reasoned opinion to the presidents of the European institutions.

I am pleased to have the opportunity to discuss this European Commission proposal, which, as the House is aware, is potentially significant. I will highlight a few general points before turning to the specific legal and treaty issues which the European Scrutiny Committee has raised in its report and which are the subject of the motion.

I want to start by reiterating the Government's commitment to ensuring that there is no further transfer of sovereignty or powers to the EU over the course of the Parliament. I also stress that the Government have made it clear that we will not agree to a proposal that might threaten or limit the UK's ability to shape its own tax policy. I know that the motion focuses on whether the proposal complies with subsidiarity and proportionality, which are both important questions that I will address in turn.

Mr John Redwood (Wokingham) (Con): This is extremely good news from the Minister. Will she confirm that the UK will not consent to the so-called six-pack measures on economic governance, of which at least three clearly apply to non-euro members and represent a transfer of powers?

Justine Greening: As my right hon. Friend will be aware, important discussions on economic governance are under way and are being resolved. I assure him that we have no intention, as I have said, of seeing any further powers transferred to Brussels. We keep a watching brief on not only the topic that we are discussing, but across the board. I am sure he is aware of a number of areas in which we are expressing concerns to the Commission, because we are concerned that further powers may be taken by Brussels.

Mr Peter Bone (Wellingborough) (Con): Has my hon. Friend noticed that Her Majesty's official Opposition do not seem to care much about this matter? I cannot see anybody other than the shadow Minister on the Labour Benches.

Justine Greening: Perhaps the actions of Labour Members demonstrate how ashamed they are that their Government gave away much of the rebate that the Conservative party, which is now part of the coalition Government, had achieved for our country.

Mr James Clappison (Hertsmere) (Con): I am tempted to remind my hon. Friend that the rebate that the Labour party gave away cost more than £9 billion. I think that this question follows from what she has said: do the Government take the view that the draft directive would amount to a substantial transfer of power and sovereignty to the EU, if it were implemented?

Justine Greening: At the moment, the directive is in such a rough draft that it is not exactly clear in what shape it will end up. Important questions are already being asked not only by the UK but by countries such as the Netherlands and Sweden, and by some smaller and newer member states such as Lithuania. They are asking whether there is a problem that needs to be solved in the first place and whether the European Commission's hypothesis about why a common consolidated corporate tax base is required is correct. The second debate that is starting to happen in earnest across Europe is about whether this solution is the best solution to solve that problem. The Government's position is that we do not believe that the problem exists in the form that the European Commission articulates, and that this solution would not be the right solution to that problem, even if it did exist.

Jacob Rees-Mogg (North East Somerset) (Con) *rose—*

Justine Greening: Perhaps if I make a little more progress, it will help hon. Members to understand the Government's position in a little more detail and where we are in the proposal's development, which it is important to understand. It is also important to understand Parliament's role in the process, which is the whole point of this debate.

A number of issues need to be addressed in the policy substance of this proposal. Those issues will have to be discussed among all 27 member states. That is why we have committed to engage in the ongoing EU discussions on this proposal. It is important that the UK participates fully in the negotiations, so that we can seek solutions that meet the interests of the UK and the EU as a whole. Although the issues of subsidiarity and proportionality are fundamental, we need to be ready to engage fully in the negotiations that are starting in Brussels. We need to engage not only in Brussels, but with our fellow member states to ensure that we influence them.

For example, member states will need to consider the implications of the proposal for companies operating across the UK, particularly if it were taken forward through enhanced co-operation. We should also seek to ensure that a common consolidated corporate tax base does not undermine UK competitiveness or create opportunities for tax avoidance.

Such considerations will involve examining some of the specific issues raised in the European Scrutiny Committee's helpful report, such as the potential implications for the tax treaties and the risk of creating additional administrative burdens on business. Of course, one of the European Commission's arguments is that the proposal will reduce burdens and provide simplification, but, like the Committee, the Government simply do not accept that argument.

I turn to some of the specific concerns that the Committee raised in its report. First, I will address the proposal's legal base. Article 115 of the treaty on the functioning of the European Union provides for EU legislation that directly affects the single market. In strict legal terms, it is possible to make a case that that article is an acceptable legal base for a proposal such as that which we are discussing, but the Government have broader reservations. We do not believe that a common consolidated corporate tax base is necessary for the internal market to function effectively, and we do not accept the assumptions that appear to underpin the Commission's proposal. At present, we are therefore not convinced that the proposal is consistent with either subsidiarity or proportionality. In this instance, we think it difficult to separate the two, because both centre on whether such an EU mechanism is necessary to achieve the objectives set out by the Commission.

Jacob Rees-Mogg: Establishing the legal base is absolutely crucial before the Government engage in negotiations about the form of the directive. May I draw the Economic Secretary's attention to conclusion 2.12 of the European Scrutiny Committee's report? It clearly states that the ability for the single market to have taxes refers to turnover taxes and VAT, and not to the type of tax included in the directive. If there is no legal base for the tax, is there any point in having further discussion?

Justine Greening: Our assessment is that it is possible to make the case that because article 115 of the TFEU relates to the effective functioning of the single market, it is relevant to consider whether the proposal would affect the single market. There is also the question whether there is any problem that needs to be addressed. We do not accept that there is, but if there were, we would have to ask whether the proposal was the right solution. That is what I mean when I talk about proportionality. We must also consider subsidiarity, and we do not believe that the two can simply be separated, because they go hand in hand.

For the Government to be reassured that the proposal complies with the fundamental principles of proportionality and subsidiarity, we would require far stronger justification from the Commission. We would need evidence that the existence of 27 different tax systems is a significant barrier to the functioning of the single market—we do not believe it is, or that the evidence is there to support such a conclusion—and directly results in all the specific tax obstacles that the proposal claims to address. We would also need evidence that the proposal is the only, or the best, way to address those tax obstacles. We will continue to raise those points with the Commission during our discussions, and we will continue to engage proactively and constructively with other member states on the important issues of policy substance, including those highlighted in the European Scrutiny Committee's report.

As I have said, we are not the only member state that has raised significant concerns about the proposal, and we will continue to talk to others about their concerns and ours.

Mr Redwood: Is it not rather easier than that? We have always been assured by previous Ministers of the Crown that we have an absolute veto on tax matters, so do we not just have to say to the EU, "We have a veto, and the answer is no"?

Justine Greening: My right hon. Friend is absolutely right to say that we can say no for ourselves, but the problem, as he is aware, is that under the treaty, a smaller group of nine or more member states—

Mr Redwood: Fine.

Justine Greening: My right hon. Friend says that that is fine, but there is a danger for our country that even that would have an impact on the tax planning that we could undertake with corporations as member states choose whether to opt in or out. We want to ensure that we are in those discussions at this earlier stage, before we get to that part of any future process. We do not know whether we will get to that stage—many member states might share our concerns—but we absolutely need to be in there now, making our case, because we do not want to end up with a smaller group of member states going down that route, which could, depending on their decisions on tax loopholes and avoidance, which are complex, lead to negative unforeseen consequences for the UK tax system's competitiveness, which might happen even if the UK were outside any possible future proposals.

Chris Leslie (Nottingham East) (Lab/Co-op): That was a lucid explanation—irony, of course, sometimes does not work in *Hansard*. The right hon. Member for Wokingham (Mr Redwood) has hit the nail on the head. Why does the motion not say no to the consolidated corporate tax base proposal?

Justine Greening: At the moment, there is no proposal on the table. A proposal is being worked up, but things are at an early stage. Member states have had, I believe, two working group meetings with the Commission to talk about how any proposal might operate. Fundamental questions are still being developed on, for example, how the formula will work, and a host of other issues. As I have said, part of the challenge is how any avoidance loopholes might work in practice, and whether they would be substantial. We are at a very early point in the process. Today's debate allows Members of our Parliament to have their say, which we can then add to the Commission's process.

Mr William Cash (Stone) (Con): The Opposition Benches are virtually empty, but there are also no Liberal Democrats in the Chamber—there is a sort of let-out under the coalition agreement.

The Minister seems to be referring to enhanced co-operation, which the agreement says is the basis on which the Government will be engaged in discussions to help to shape a corporate tax base that does not undermine the competitiveness of the EU or the UK. She has made it clear that enhanced co-operation would have that effect, so clearly, we will not under any circumstances accept it. Therefore, the answer can only be no. Why do we not say so?

Justine Greening: As I have said, we need to manage risks, and it is unclear at this point where the process will end up. However, there might be risks posed by enhanced co-operation. We need to be part of the discussions to ensure that our arguments carry weight. Our arguments will not carry weight if we are not part of those discussions from the beginning, because we say that we never want to be involved. That is not a sensible approach. In addition, I do not agree that it is as simple as saying, "We don't want to be in it," because the proposal might go ahead in a different form involving a limited group of nations, which could still affect us, even if indirectly. I want to make it absolutely clear tonight what the Government are fundamentally seeking to achieve. We will not agree to any proposal that will threaten or limit our ability to shape our tax policy.

Mr Clappison: I support the course that my hon. Friend the Minister is taking this evening with the motion, as far as it goes, and the Opposition have revealed via an intervention that they do not understand the treaty to which they signed up. However, following what my hon. Friend the Member for Stone (Mr Cash) and my right hon. Friend the Member for Wokingham (Mr Redwood) have said, is not the fear of what others may do by way of enhanced co-operation robbing us of our right to a veto and the requirement for unanimity? Is that not a new doctrine? If we do not agree with the proposal, let us say no rather than robbing ourselves of the veto by worrying about what others may or may not do.

Justine Greening: As has been pointed out already this evening, we ultimately have the ability to say no, but rather than having to do so, we want to ensure that we carry the majority of member states in the first place. That is precisely what we are doing now, and we want to ensure that we are in a position to do it as effectively as possible.

I assure the House that we are putting our points across. Tonight's debate is a key part of that, because it is an important opportunity for the House to put on record its concerns and views as these proposals develop. The proposals are at an early stage, but they are shaping up to be important and fundamental.

Nigel Mills (Amber Valley) (Con): We are inviting the Minister to say whether she agrees that, as I believe, no form of consolidated tax base will ever be acceptable. It is vital to our competitiveness that we can attract business here with a more competitive way of calculating the tax base, so any proposals under which we would not have that competitive edge must be bad for our nation. It is all right saying that this is a draft, but I cannot think of any form of this proposal that could ever be in our interest.

Justine Greening: My hon. Friend might well be right, but I want to make clear the rules and the processes going forward. No member state can unilaterally block the use of enhanced co-operation. Of course we can decide whether we want to be part of that—I have clearly set out the Government's concerns about the proposal—but I am saying to the House that we need to participate in the debate and ensure that we influence the underlying proposal. We do not want to end up being unable to stop enhanced co-operation simply because it was a proposal that we fundamentally did not want in the first place. We need to make our case, with other member states, in order to influence the proposal as it develops, and that is precisely what we want to do.

Mr Cash: The Minister is always well informed, so I am sure that she knows that the Tax Commissioner has already said that if there is a veto—if, in other words,

[Mr Cash]

the Commission does not get unanimity—it will go ahead with enhanced co-operation. If we know that to be the case, why do we not just say no and be done with it?

Justine Greening: The Commission might, as my hon. Friend has said, take a view, but we need to understand what other member states think about the proposal. This evening is a chance for us, as a member state, to allow our Parliament to voice its concerns. The European Scrutiny Committee, which he chairs, has produced a helpful report that will no doubt form a basis of this debate.

I shall now finish my remarks so that other Members can put on record their views on the report.

7.32 pm

Chris Leslie: The Minister has essentially enunciated a continuation of the policy advocated by the previous Administration. In fact, this common consolidated corporation tax base proposal has been around for a decade or so. In that time there has not been a massive change in policy, which is interesting, because I had anticipated that, in her quasi-Thatcherite mode, the Minister would say, "No, no, no!" to this proposal—but she did not.

As I said, it is interesting that the motion is quite carefully worded. It specifically mentions "reasoned opinion", "subsidiarity and proportionality" and so forth, but if passed it would not actually instruct the House of Commons to reject the directive as drafted. I suspect—on this point I was considering intervening on the hon. Lady, but I thought I would let her finish—that it might be more to do with the Liberal Democrat position on this issue. *[Interruption.]* The Minister rolls her eyes, but there are no Lib Dems here so it is difficult to put them on the spot.

Hon. Members will be interested to hear the Lib Dems' official policy on a common consolidated corporate tax base. In their 2009 document, they stated that they would "address the variability issue" on cross-border corporation tax

> "by developing a medium and long-term statement of business tax policy, covering a minimum two parliament timeframe. This statement would...identify areas for greater international co-operation on tax policy. A clear area for co-operation is in the movement towards a harmonised tax base in the EU, often referred to as a Common Consolidated Corporate Tax Base".

So, there is a loud voice—muscular and visible, as we now know—in the coalition arguing vociferously in favour of a common consolidated corporate tax base. I say that for the benefit of the House, because it is important that hon. Members know the facts. Given that the motion was published only this morning on the Order Paper—hon. Members did not really have notice of exactly the Government's proposition, which is quite ridiculous—and that all 298 pages of the supporting papers were published only yesterday, I am not surprised that many hon. Members have not yet woken up to the opinion being taken of the Government on this matter.

Mr Cash: In this new guise of the Pym or Hampden of the British Parliament, am I to imagine, beyond the wildest speculation, that the Labour party is about to announce that it will vote against these proposals on the grounds that it does not veto the Commission's proposals?

Chris Leslie: I am very tempted by the hon. Gentleman's invitation to do so. As I said, we have not changed our policy from when we were in office, and the Government have decided to pick that up. We do not wish to see the harmonisation of corporation tax rates; nor do we believe that this CCCTB proposal is justified, although there are legitimate cross-border issues that we need to discuss. For example, the CBI has raised the important issue of how businesses operate and the compliance costs that companies working on a cross-border basis can sometimes incur. It is legitimate to listen to those points, although there may be other, non-EU ways of addressing them. For example, we could make bilateral, country-to-country arrangements—through some of the double taxation treaties, and so on—to deal with those issues. Indeed, I would like the Minister to address the issue of bilateral discussions, which I understand the Treasury says in the reasoned opinion it might wish to pursue. It would be very helpful indeed if she could tell the House what negotiations the Government have already entered into along those lines.

Mr Redwood: Does the shadow Minister, like me, find it democratically distasteful that a 102-page draft law governing the whole of our corporation tax regime, along with supporting papers amounting to 298 pages, should get only one and a half hours of debate, and that this is all the scrutiny that we are allowed?

Chris Leslie: Yes, I agree with the right hon. Gentleman on that. We need to begin to readdress entirely the accountability deficit. I know that this Parliament already tries valiantly to address it—in Scrutiny Committees and elsewhere—but this is a debate about serious proposals. The Treasury is often an intermediary these days when it comes to new regulations and policy changes. It is important that we should think about the design of our Government and our Parliament in tackling proposals as they come along.

As I said, I am interested in the Government's line. We will not take issue with them on this proposal this evening, but we want to watch where they go with it. All I am asking of the Minister is whether coalition policy is taking into account the Liberal Democrat official line.

Justine Greening: We are one Government and this is a Government motion. The hon. Gentleman can take it from the motion that it has the support of the coalition Government, who include two parties.

Chris Leslie: That is very helpful, and it means that the Liberal Democrats must have undergone a de facto change of opinion. I suppose that we can ask the Liberal Democrats. *[Interruption.]* The hon. Lady says, "Ask them," but we cannot. Anyway, I do not want to intrude on private grief, one Government or not—although probably not—and neither do I want to take up too much more of the House's time.

The hon. Lady has said that she is anxious that, if we are not careful, a smaller group of states might just go ahead with the enhanced co-operation procedure in any case. What assessment has been made of the potential impact on UK businesses, tax revenues and so forth? Which other member states does she think are most likely to go ahead? What role could we play in ensuring that we are not sidelined or excluded from those discussions, but instead have an impact on them?

Those are the key points that we need to address right now. I am generally worried about the Government's disengagement from those European issues that really matter to this country. As we know, the Minister has a habit of signing Treasury memorandums about European matters that are perhaps not always agreed to by others in her party. I am referring to the European stability mechanism documentation that she signed, when she agreed that cross-party consensus was gained between the previous Government and her Administration. We will obviously be debating that on another occasion, but, for the time being, we will be keeping a watching brief on where the Government stand on this matter.

7.40 pm

Mr William Cash (Stone) (Con): This is of course about direct taxation, and I welcome the Government's limited stand against the draft directive, for the reasons given in the motion endorsing the European Scrutiny Committee's report on the points that the Minister has just summarised. I remain concerned, however, about one matter still hanging over the debate. The Minister might be able to guess what I am about to say. It goes back to a motion that was before a European Standing Committee which asserted, in the name of the Government, probably for the first time since 1640—I mentioned Pym and Hampden just now—that the British Government, as a sovereign Government, were only primarily responsible for direct taxation, whereas in fact our Parliament is exclusively responsible for it. That motion was put to a deferred Division in the House and passed, which is pretty alarming. I invite the Minister to be rather clearer than she was the last time I put this point to her, because it must be made absolutely clear that this House is exclusively responsibility for direct taxation.

The Minister has been at pains to describe the context of this measure in the light of the questions of subsidiarity, but some Members might recall that it was on 27 April that I raised this matter with the Prime Minister, together with the proposed increase in the European budget and the Portuguese bail-out, not to mention prospective Greek bail-outs and whatever else. I said that we expected the answer to be no to each of those proposals. His reply referred only to the increase in the EU budget, and I hope—for reasons that have been expressed in interventions, including my own—that we are unequivocal in reserving to ourselves the absolute determination, and not merely the right, to say no to these proposals, because they infringe a number of important principles. I shall come to those in a moment.

I want it on record that the coalition agreement states that there should be

"no further transfer of sovereignty or powers"

to the EU. Our Committee report looked at that and found it wanting in relation to the EU referendum Bill. The Government have also said that they would reject any proposal that

"might threaten or limit our ability to shape our own tax policy."—[*Official Report, House of Lords,* 16 February 2011; Vol. 725, c. WA172.]

I have the greatest respect for the Minister, as she well knows, but she left out the next bit, which was the word "but". That word "but" is represented by Banquo's ghost, who is not sitting on the Liberal Democrat Front Bench tonight—*[Interruption.]* Ah! My hon. Friend the Member for Harwich and North Essex (Mr Jenkin) is there, acting as a surrogate, which is extremely unlikely in the circumstances, although I am delighted to see him and I hope that he will contribute to the debate at some point.

I want to continue with the words that come after the word "but". They are that, "under enhanced co-operation" the coalition Government will

"engage in discussions to help shape a CCCTB that does not undermine the competitiveness of the EU or the UK".

Now that is a monumental exception, because it is obvious, for reasons that I shall explain, that the proposal will undermine the competitiveness of the EU and the UK ab initio—and the Government know it. It follows from that, as light follows day, that there is no reason for us not to put our foot down now and say no. We know that the Tax Commissioner is saying that this is going ahead under enhanced co-operation, and this it not something magicked out of the air, as he knows perfectly well that that is what Germany, France and other countries are intending to do. When I provide the figures on the number of member states engaged in the process, as I shall in a moment, perhaps matters will fall into place.

The proposals before the European Scrutiny Committee are, for reasons set out in our conclusions, all profoundly objectionable, but the draft directive falls down particularly on four main issues: one, the sovereignty of this House; two, the insufficient legal base; three, an inadequate and unconvincing impact assessment; four, grounds of proportionality, making the doubling of tax regimes in the EU, the cost of establishing 27 new regimes and the apportionment formula excessively disadvantageous for certain member states.

I add that the Oxford university centre for business taxation says in its policy briefing that

"it is unlikely that the introduction of the CCCTB would bring significant benefits to the EU in aggregate in terms of employment, GDP or efficiency, although some individual countries could benefit significantly."

I make that point because, under the formula of Roland Vaubel of Mannheim university, it is well known that there is such a thing as regulatory collusion and that, by the clever use of certain majority voting systems, through negotiations in the case of unanimity as in this instance or by enhanced co-operation, it is possible to arrive at a point where some countries benefit to the disadvantage of others. The Oxford university think-tank has its finger on that issue.

It is quite clear that the objective of this tax base—this is the important part that needs to be borne in mind on the big landscape—is to raise money to pay for the profligate, incompetent and failing European project. Countries such as Greece, Ireland and Portugal are either on the verge of or in danger of bankruptcy or are actually going bankrupt because of the systemic failure of economic policies. The stability and growth pact does not work: as I have said before, there is no stability, no growth and no pact.

The creation of a two-tier Europe will merely exacerbate these problems, as was noted when we debated the European Union Bill, and will lead to ever-greater German domination over the European economy. The economic predominance of Germany in east and central Europe might be a good thing from its point of view,

[Mr William Cash]

but we now have a transfer Union and a massive redistribution of resources. What we are also witnessing as a result of the failure of this project are riots and protests as Germany repatriates its profits at the expense of cheap labour unit costs from the countries in which it has put investment in the centre of Europe, as Portugal, Greece and even Ireland have found to their cost. The pumping of money supports not so much the member states as the French and German banks, which have lent money indiscriminately to suit themselves—and we are expected to engage in the bail-out procedure, the covert mechanism for which is the stability mechanism, coming into effect in 2013.

As the European Scrutiny Committee insists, this whole proposal is in breach of the principle of subsidiarity. I remind the House that this principle is intended to ensure that decisions are taken as closely as possible to the citizen. Direct taxation is such a policy. The national Parliaments are able to use the procedure under the treaties to challenge breaches of subsidiarity. At present, there are only six countries whose parliamentary Chambers propose to, or have, issued a reasoned opinion. We have, but, interestingly enough, the House of Lords has not. I think that we should note that.

In passing the motion, the House will challenge the breach of subsidiarity. I suspect that the Minister has figures that are even more up to date than mine, but as far as I know, of the 27 member states, the five that are on our side are Ireland, Malta, Netherlands, Poland and Sweden. I am told that Cyprus, Greece, Hungary and Slovenia have no plans even to scrutinise the proposal, that those yet to decide include Austria, Bulgaria, the Czech Republic—the lower chamber and the senate—Denmark, Estonia, France, Lithuania, and Luxembourg; that Romania, Portugal, Italy and Spain believe that the draft directive complies with the principle of subsidiarity; and that the German Bundesrat is considering it only on the basis of content.

The picture is very uncertain. There is no guarantee that the accumulated number of reasoned opinions will be sufficient to meet the threshold requiring the European Commission to review the proposal, and because that will be known somewhat in advance, the tax commissioner will say that he has already received a demand to proceed with enhanced co-operation.

We have a serious problem on our hands; however, we have another card up our sleeve. Unbeknown to some, although I am more than happy to share the information with the House, under article 8 of protocol 2 the United Kingdom Parliament can go to the European Court of Justice, which has jurisdiction to determine our claim as the House of Commons—which is regarded as a separate Chamber—that the principle of subsidiarity has been breached. That gives us the basis for a challenge.

I believe that if the Government are not prepared to say no—which, for the reasons that I have already given, I think that they should have done already—the House of Commons should take the matter to the European Court of Justice; but would it not save an enormous amount of time and trouble if we simply recognised that the House is sovereign, that it has the right to take the action that it has taken, that the European Scrutiny Committee has done its job at this stage in the proceedings, and that the Minister is profoundly on our side of the equation? I know her sentiments, and I also know her Parliamentary Private Secretary. He was a member of the European Scrutiny Committee with me for years. He would be jumping about all over the place about this if he were still a member of the Committee, and agreeing with every word that I am saying.

Leaving aside the attack on Thatcherism, of all things, by the Deputy Prime Minister immediately after the disastrous showing of the Liberal Democrats in the polls, which is probably why no Liberal Democrat Members are present today—and, for that matter, the let-out that they have been given in the coalition agreement, which I think I have now shot to pieces—I would say that there is every reason for the Liberal Democrats to back down and not veto our Conservative party veto simply because of the coalition arrangement, and for the Prime Minister to do what I asked him to do at Prime Minister's Question Time only a few weeks ago and say "No, no, no." That would save a great deal of time and argument.

The UK corporate tax director of a major European bank has said that this proposal would increase our corporation tax and drive investment away, reduce our GDP by £73 billion over 10 years, increase the administrative burden, and lose the UK an estimated total of £58 billion, again over 10 years. We know that Mr Sarkozy and Ms Merkel are in favour of the competitiveness pact, which affects us although it is presented as a eurozone matter. I believe profoundly that, whether the proposal involves enhanced co-operation, the creation of a two-tier system, or whatever other means or machinations may be produced by the Faustian pact that is being devised in Europe, we should put our foot down, lead from the front, and say no. I am prepared to admit that the opportunity to do that exists, but I want to hear it from the Prime Minister's own lips. He will then be able to enjoy as much success in this context as he, and we, enjoyed in the context of the alternative vote the other day, when the Liberal Democrats got their come-uppance.

7.55 pm

Nigel Mills (Amber Valley) (Con): It is a privilege to follow my hon. Friend the Member for Stone (Mr Cash), although I shall not follow his lead by addressing European law in forensic detail. In these debates, we run the risk of getting lost in the detail of legal technicalities and forgetting to look at why the whole idea before us is bad for Britain and bad for Europe. Although I understand why the Government have put forward this proposal, I want at the very least to try to improve it and to make the final agreed measure the least bad it can possibly be. More than that, however, I think we must explain why the whole idea is so bad for all European Union member states and try to persuade them to kill it off and not run with a slightly improved version.

My hon. Friend set out some of the reasons why this is bad for Britain. There is great concern that it would lead to tax revenue disappearing from Britain and going to other member states. We should consider the three proposed allocation keys: the number of employees and the wage bill; the value of tangible assets, but not intangible assets except in some limited circumstances; and the level of sales. Those keys will greatly favour economies that have high employee-intensive and asset-intensive industries, and I am not at all sure that that is how we would describe our economy, or whether it

would accord with our vision for our economy in the future. The amount of profit, and therefore tax revenue, could be skewed, with the extra sums going to the nations with high numbers of employees and high-value tangible assets. As a result of this measure, multinational groups would be able to allocate certain activities and thereby place their corporate tax bills in territories that would result in their getting a lower rate than we might want. We must thereore be very careful.

From my experience as a tax adviser for 13 years, I can say that what we want is choices. It would be a great start if we could choose whether or not to be in the regime, or if we could choose to be in, and then try to have a completely different allocation key if we can find one that gets us a lower bill. The draft directive allows that. The aim must be to get every possible chance to choose. If I can choose where to base and allocate certain activities, I can come up with some clever ideas on how to reduce my tax base. In these days of internet sales, where we recognise a sale to have been made is an interesting exercise. Is it where the server is based, for instance? It could be set anywhere we like, I think.

For some, there is an attraction in such Europe-wide measures. If I were an American finance director I might think, "I have 27 EU subsidiaries, and sorting out all the tax returns and compliance issues is horribly complicated, but now I can just do one nice and simple tax return. Great!" In the US system however, there is a federal corporate tax, but also a load of different state systems. I do not think anyone would say its system is at all simple, or would choose to adopt that model.

We should be looking to take away some of the tax barriers across Europe. Frankly, the EU has led to the creation of some unnecessary tax obstacles. The idea that the EU involves a tax simplifying arrangement is somewhat laughable. About seven years ago, we had to extend transfer pricing rules to apply between UK resident companies of the same group because we were concerned that the European Court would otherwise throw out the transfer pricing rules that only applied on cross-border transactions. That increased the compliance burden on almost every corporate tax group in the UK. Ideally, we would allow our large groups to have a consolidated tax filing in the UK of all their UK entities, and thus take away the need to keep separate records and make separate transactions. We cannot do that because we fear European law would strike it out for no particularly good reason, yet we can try to have this complex arrangement for the whole EU.

We would think that the EU would be taking away withholding taxes, yet its directives allow withholding taxes on certain transactions between member states. If we are going to spend a lot of time and money looking to simplify tax across the EU, let us look to take away the barriers that are already there, and not create whole new levels of complexity we do not need. This whole agenda is a complete blind; this has to be seen as a drive towards a single European Union, a single federal state and a single tax system. If we want to be competitive, we are making exactly the right moves in reducing our tax rate, but there is more to a competitive tax system that attracts overseas investment than just the rate; there is the tax base, and the stability and simplicity of the system. If there is one message for the Government coming out of this, it is that we need to simplify our tax regime to make these ideas, which are superficially simple but which would not turn out to be so, seem less attractive.

I took the time to look through the draft directive on a common consolidated corporate tax base and I could see a few things in it that will attract some multinational directors. Its level of tax depreciation or capital allowances allowed for fixed assets is somewhat higher than we are reducing ours to. As I recall it, the EU is allowing 25% on a reducing balance basis, rather than the 18% that our level is now down to. Various other things in the directive may also be found attractive. We should focus our energies on trying to simplify our tax system to keep our competitive advantage, which arises from some of the reliefs we offer. We should also try to take away the tax barriers around Europe and not create a whole new complex system. We should not waste loads of time and money and miss the big picture.

8.1 pm

Mr John Redwood (Wokingham) (Con): Tonight's debate should be a vital one because, after all, it is about sovereignty; it is about power. The might of this House of Commons in its great years was based on one very simple proposition: that only a vote of the House of Commons could impose or remove a tax on the British people. It was that power which our predecessors fought for and achieved, and it was that power which was crucial to grant the supply to the Government, who could then choose how to spend it, on the advice and with the votes of the House of Commons.

We have been assured and reassured by countless Ministers of the Crown since we joined the European Economic Community in the 1970s that taxation was always a matter for unanimity; that we would always have a veto over any tax matter; and that there was no question of the European Union interfering and choosing taxes for us or running our tax system. Under the previous Labour Government, tax was said to be a defensible red line, which they always told us they had always protected. Under previous Conservative Governments, Ministers could rightly then say that it was always a matter entirely for the jurisdiction and decision of this House of Commons.

Yet tonight, in this small and short debate, we are presented with a 102-page draft law which is a comprehensive new corporation tax system for the European Union, including the United Kingdom. Worse still, we have been warned in a friendly way by the Minister that if this country disagrees with it, a group of countries may go ahead under some other procedure and create it anyway, and they will then exert extraterritorial jurisdiction over the UK because they will try to tempt our companies away from our system to their system. As my hon. Friend the Member for Amber Valley (Nigel Mills) has just said, tax advisers and accountants will be able to play all sorts of games under this complicated system so that companies that have some activities in Britain could be tempted into the European Union opt-in system. That would mean that the British Treasury and British Ministers would no longer have jurisdiction over them; we would get back only what the sharing formula allowed, which the European Union would be in charge of.

I assume that it is because the Minister is worried about that eventuality that she has not come here with a straightforward proposal just to veto the whole thing.

[Mr John Redwood]

My advice to the Government is that this should be the issue we fight over. This proposal is so outrageous, it is such a comprehensive violation of subsidiarity, as they call it, and it is such a U-turn from the proposition that a member state has control over its own tax affairs that surely we should veto it. If we vetoed it and other countries still wanted to go ahead as a lesser group than the European Union, we should follow things through and say that it therefore does not apply to the United Kingdom and we will not operate it in respect of companies that are properly domiciled here and should be taxed here under our rules. We should set the rules for organisations and companies undertaking activity in Britain, making money in Britain and employing people in Britain. If we cannot do that, what is the point of this House of Commons? I think the Minister is in a stronger position than perhaps her officials and advisers have suggested.

We have heard, I think rightly, from my hon. Friend the Member for Stone (Mr Cash) that the legal base is not correct. In order to justify all the statements that this is a matter for unanimity, it must come under that measure in the treaty that states that other proposals can be produced but that they require the unanimous consent of all member states. It must come under a unanimous base. Once it is a matter to be decided under a unanimous base, we can then save the European Union a lot of time, trouble and money because we can simply say that we do not wish to have a collective corporation tax system and that Britain is going to use her veto. For once, surely, the United Kingdom could have some influence over the agenda of the European Union and we could show that we mean it when we say that taxation is for national decision—that it is a matter for subsidiarity, in the EU's language, or a matter of sovereignty, in my language.

I would like to ask my ministerial friend what the point was of this House solemnly legislating to maintain, uphold or reaffirm the sovereignty of the British Parliament if we cannot even choose our own corporation tax regime. What is the point of our going along with the negotiations to try to ameliorate, improve or abate the severity of this draft law if we are doing so in the spirit that we will end up with a law of sorts anyway? We will then hear from the Minister that instead of it being something that we have vetoed, it is something we have taken the worst out to make it a bit more tolerable so that we can go along with it. It will not be necessary for the other member states who want the measure to use a special procedure to get it, and there will be no need for us to say to them that we refuse to go along with it or comply with it.

Mr Cash: Does my right hon. Friend recall the words of Chancellor Kohl, who, only 10 or 15 years ago, made it clear that, on the question of the speed of the convey, which is what this is all about, he would want the front of the convey to go ahead, led by Germany, and for the other Member states to be left in such a parlous condition that they would eventually, in his words, have to catch up?

Mr Redwood: My hon. Friend is quite right. That also explains why the European Union is so keen to try to get the Irish rate up, because if it is to have a common system such as this, it would not want a weak link. The EU would see a weak link as a state that dared to set a more realistic and lower rate in order to attract business.

Steve Baker (Wycombe) (Con): As ever, my right hon. Friend makes his points with incredible force. Does he agree if the European Union follows the policies of bail-outs and political interference with business all the time, we will keep seeing measures like this one again and again until we head towards a single centralised economic system of government?

Mr Redwood: My hon. Friend is right. The EU believes that imposing more complex and higher taxes is the answer to the deficit problem, whereas the answer to the deficit problem is growth, more business, more activity and more jobs. Everything the EU does by way of higher tax rates, more regulation, more interference and more layers of government prevents that from happening. That is the Greek tragedy that we are witnessing as we debate today.

The latest figures on the Greek Government website imply that the Greek deficit got a lot bigger in the first part of this year because tax revenues plummeted, because the economy is in worse recession, and because spending has gone up, both because they are not controlling it and because spending goes up in a recession. That is the tragedy of the European model—of the bail-out model and of "extend and pretend", whereby we extend the credit and pretend it will be all right. It is not going to be all right and that approach is causing disaster, unemployment and tragedy.

Thomas Docherty (Dunfermline and West Fife) (Lab): The right hon. Gentleman has mentioned several tragedies and I note with some interest that the Treasury team includes this Minister, the Economic Secretary, whose views on Europe are well known, the Chancellor, whose views are very well known, and the hon. Member for Chelsea and Fulham (Greg Hands), whose views are also very well known. Perhaps the real tragedy is that the Liberal Democrats in the Treasury team, who are not even here tonight, have forced this policy on the Government.

Mr Redwood: I am not sure I believe that. We have heard from the Minister that they are a happy and united team and that she is proud of the work she has brought to us. I am saying that I would like her to improve the work and to go back and make that happy team one that can perhaps make us happier. The simple answer is veto. She should say, "No, this cannot work. It is a dreadful constitutional intrusion on a country that desperately needs its own economic recovery to accelerate, that needs lower tax rates and greater tax simplification and that needs to promote economic growth." My right hon. Friend the Chancellor is beginning to do that, but I think more measures are needed to secure the deal and make sure it works.

I am quite sure that this huge deal—the 102-page draft law—is not the way forward. My hon. Friend the Minister says that there is no proposal, but I regard a 102-page draft law as a very serious proposal. Experience has taught me never to underestimate the power and persuasion of the European Union when it wants to do something. I think that it is now on a great push to establish all the central powers it needs for the economic governance of a single-economy, single-country model,

and that this is part of it along with the economic six-pack. My strong advice to my hon. Friend is that Britain can do better, Britain needs to say no and Britain needs to exempt herself from all this, as we are entitled to do, so that we keep a sovereign Parliament and a growing economy.

Madam Deputy Speaker (Dawn Primarolo): I call Jacob Rees-Mogg.

Jacob Rees-Mogg (North East Somerset) (Con) *rose—*

Chris Ruane (Vale of Clwyd) (Lab): He's up off his chaise longue.

8.10 pm

Jacob Rees-Mogg: Indeed; thank you so much for that sedentary intervention.

It is very interesting that, as my right hon. Friend the Member for Wokingham (Mr Redwood) was saying, between 1688 and 1972, taxation could not be levied without the permission of the House. Since 1972, tax rates have been changed at the whim of the European Union. What is more, it happens to use duties levied on imports in exactly the way that James II would have been familiar with—it takes the same anti-parliamentary approach. James II called them tonnage and poundage; the European Union calls them anti-dumping measures but it changes them with arrogance as it sees fit.

I want to talk about the legal aspects of this issue, because they are the absolute crux of it. I raise this point with my hon. Friend the Minister because there is no point in negotiating for months if there is no legal basis in the first place. The Government should be very clear and rigorous about this and should take it, if necessary, all the way through to the European Court of Justice. That might be a Court in which many of us do not have a great deal of confidence and it might be a Court that is in principle a federalist Court, but none the less it is there and its procedures should be used.

Let me read out paragraph 2.12 of the European Scrutiny Committee's conclusion on this issue:

"The draft Directive is concerned with direct taxation. The legal base cited for it is Article 115 TFEU. This article allows EU legislation to approximate national legislation which directly affects the operation of the single market, but"—

this is the key point—

"this provision is expressly 'without prejudice to Article 114'. Article 114(2) TFEU provides that Article 114(1) TFEU 'shall not apply to fiscal provisions'. Article 113 TFEU, the only provision referring to the harmonisation of taxation, is limited in its scope to 'turnover taxes, excise duties and other forms of indirect taxation'. There is therefore no express provision in the Treaty for the harmonisation of direct taxation."

Mr Bernard Jenkin (Harwich and North Essex) (Con): In that quote, my hon. Friend used the word "approximate". What is the legal import of the meaning of "approximate"?

Jacob Rees-Mogg: My hon. Friend leads me away from the essential point, which is that the EU does not have any authority over direct taxation, whether it is approximating it or not, so the approximation is irrelevant in relation to direct taxation because the treaties do not provide for that. If the treaties do not provide for it, then the EU cannot provide for enhanced co-operation without a specific treaty amendment, which would of course be a separate veto-able activity under the treaties as they exist.

We often complain about European law, and I do not like the fact that laws made by this Parliament can be overturned by the European Court, but as that is the world in which we live, when European law is on our side we ought to use it. So I reiterate my plea to the Minister in the European Councils to say that we are uncertain of the legal base and that we would like a clear legal judgment from the European Court of Justice before we proceed with further negotiations.

Now there is also a fall-back position, as my hon. Friend the Member for Stone (Mr Cash) said. If the European Court of Justice were, as a federalising court, to invent a legal base, we could then come back to the point of subsidiarity, where this debate is so relevant and important. We are putting the argument to Europe and saying, "You have put these fine protections into the treaties. You have used these grand-sounding words—not as clear as the 10th amendment to the United States constitution, but none the less words that are supposed to protect the rights of sovereign member states. Let's now see if you mean it. Let's now see if you, the Commission, will accept the argument for subsidiarity, and if you won't, whether the court will back it up and whether the proposals will fall on that basis."

If all this fails, then I accept the Minister's position. I must confess that it is a reassurance to those of us on the Eurosceptic wing of the party that it is the Minister who will be conducting the negotiations, because at least we know that it is not, as some on the Opposition Benches would have said, a woolly Liberal negotiating. It is somebody who wields a handbag in as fine a way as the great lady—*[Interruption]*—the blessed lady, so we have confidence that the Government's negotiations will be tough.

It is fair enough to go through a process, if that is where we end up, but ultimately the response must be no, not least because tax competition is a thoroughly healthy thing.

Chris Ruane: If the Chief Secretary to the Treasury has forced the Minister's hand, and has forced a veto, should he be known as Danny DeVeto?

Jacob Rees-Mogg: I heard that joke when it was made from a sedentary position. I thought it was funny five minutes ago, and it has got better by being shared with the whole House. It is a shame that all the sketch writers have gone home, or the hon. Gentleman would have had a lead in the papers tomorrow.

Let me conclude on this point: tax competition is healthy. It is good for nations and benefits Europe, companies and, ultimately, Government tax revenues. So we have a Minister battling for us who has three things that she can say. First, the draft directive is illegal under the treaties as they stand; secondly, the House of Commons believes that it does not meet the requirements of subsidiarity; and thirdly, it is a dreadful idea anyway and it ought to be binned.

8.17 pm

Mr David Nuttall (Bury North) (Con): It is always a great pleasure to follow my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), who sets out

[Mr David Nuttall]

with such great clarity the grounds for my opposition to the measure. We have heard tonight a number of reasons why the proposal for a common Euro corporation tax, as I would like to call it, is wrong. This is yet another stage towards what the eurocrats are determined to proceed with—ever closer union.

We are here on a regular weekly or fortnightly basis, looking at the latest directive that comes before the House. Sometimes the directives could be described as dealing with relatively minor matters. This one most certainly cannot. The harmonisation and the Europeanisation or European Unionisation of the corporation tax base is a step too far. We have heard that its legal basis is unsound. It would, in my opinion, fall foul of the principle of subsidiarity. I believe that it is economically wrong.

It would be interesting to know how many FTSE companies in this country would be in favour of this crazy proposal. It seems that the only people who would benefit if it ever came into force would be those companies and tax jurisdictions that were outside such an arrangement. I accept that in the early days they could arrange their affairs in such a way as to make it attractive in order to encourage companies to come into the euro corporation tax area, but I am absolutely certain that before long, because of the bureaucratic and regulatory burden, they would have to increase their corporation tax rates to such a level that any companies that were ensnared within such arrangements would quickly wish that they had never become involved.

Mr Cash: Does my hon. Friend also accept that the objective at the heart of this is to move towards a harmonised tax system for one reason: to complete the circle of political union that will enable this to be one country, driven by fiscal direction, and at the same time to fill the belly of the European Leviathan with the money that will enable it to continue to create circumstances that will inevitably lead to more turmoil, implosion and a greater disaster than we already have?

Mr Nuttall: My hon. Friend hits the nail on the head. I see this as the thin edge of the wedge. It is the opening of a whole new war, and a whole new phase of European harmonisation. In fact, it is almost the final frontier, because it is the step towards a euro-wide sales tax and, ultimately, a euro-wide income tax that we would all be subject to. It is extremely difficult indeed.

I heard the Minster's opening remarks, and it is to be welcomed that we will at least go back to our European partners and state our reasoned opinion for not proceeding with this. I am slightly concerned, to say the least, that we are not saying no outright, which would be a far simpler way of dealing with it. It reminds me of the message of the drugs campaign run when I was at school: "Just say no". The simplest solution to the problem facing the House tonight would be just to say no. I see no great danger if other countries want to get together and operate a common corporation tax system—that may be ultimately what they want to do—but this EU proposal for a common corporation tax throughout Europe could be described as nothing other than giving away sovereignty, which, to come back to our national politics, is specifically outlawed in the coalition agreement, which states that there is to be

"no further transfer of sovereignty or powers"

to the EU over the course of this Parliament. If this would not be a transfer of sovereignty and powers, I do not know what would.

When the Minister responds to this short debate, will she give an estimated time scale for when she is likely to be able to come back and report on what success there has been in persuading other countries to adopt our position on this matter, and will she give an absolute confirmation that there will be no signing up to the proposal in any way, shape or form without the matter being brought back to the House for further consideration?

8.24 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): I am most grateful for the indulgence of the House in allowing me to take part in this debate, despite the fact, which I regret and for which I apologise, that I missed the speeches by the Economic Secretary to the Treasury and the hon. Member for Nottingham East (Chris Leslie), who speaks for the Opposition. I heard my hon. Friend the Member for Stone (Mr Cash) and the subsequent speeches, and I get the tenor of the objections that have been raised to the draft directive and the concerns, which have been very well expressed.

I wish to speak not so much about the substance of the directive as about the matter that is so germane to this debate: the nature of subsidiarity—what it is, and what we mean by it. That is the issue on which the debate hangs: a plea for subsidiarity.

We should remind ourselves what article 5 of the Treaty on the European Union says about subsidiarity:

"Under the principle of subsidiarity...the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level."

Back in 1992-93, when the Maastricht treaty was being debated, a great deal of *Hansard* ink was devoted to reporting the discussion of that principle, and I might say that I majored in the topic.

The advisory part of article 5 relates to the objectives of the proposed action, and subsidiarity is a purely relative concept if it relates to the objectives of the proposed action, so what are the objectives in the case before us? They are set out at the start, and this speech is, I am afraid, about the futility of depending on subsidiarity. Subsidiarity is a futile defence of the national interest.

Article 1 of the preamble to the draft directive states:

"Companies which seek to do business across frontiers within the Union encounter serious obstacles and market distortions owing to the existence of 27 diverse corporate tax systems. These obstacles and distortions impede the proper functioning of the internal market."

The proposed directive refers to "disincentives for investment", to the complexity in article 3 whereby the

"network of double taxation conventions between Member States does not offer an appropriate solution,"

and to the need for

"a single market for the purpose of corporate tax".

Mr Redwood: I am delighted if a case can be made under subsidiarity, but surely there is a much simpler case: taxation of companies and incomes was never part of the deal for the powers of the European Union. What it is trying to do is quite illegal, and all we need to do is to say so.

Mr Jenkin: But that was always the danger with article 5 and the subsidiarity clause. There are some very general objectives set out in the treaties, and subsidiarity is one of those catch-all arrangements that can justify stretching the meaning of other articles, as we have already seen.

How does the European Union justify the bail-out mechanism that the previous Chancellor of the Exchequer approved under article 122 of the Lisbon treaty, which was designed for natural disasters? How can a crisis in the euro possibly be classified as a natural disaster? The mechanism has, however, been allowed to go through by default.

The arrangement before us is another that will go through by default if we do not challenge it. Indeed, article 26 of the draft directive, the penultimate paragraph of the preamble, states:

"The objective of this Directive cannot be sufficiently achieved through individual action undertaken by the Member States because of the lack of coordination among national tax systems."

It goes on to justify the objective as being

"in accordance with the principle of subsidiarity"—

and in its own terms that is very difficult to argue with.

I appreciate the European Scrutiny Committee's points about the direct legal base, but the European Union is going for an indirect legal base. That demonstrates that subsidiarity was always a deceit. It was always something that could be a centralising, as opposed to a decentralising, concept, and if we rest our case against the proposal purely on the principle of subsidiarity we will allow the EU, rather than what we want ourselves, to determine what is imposed upon this country. If we rest our case against this proposal purely on the principle of subsidiarity, we are allowing the European Union to decide what shall be imposed on this country rather than deciding what we want for ourselves.

Mr Cash: I know that my hon. Friend was able to come in only somewhat late in the debate, but the arguments that we have been presenting show that there are a whole series of weapons that we can employ. Subsidiarity happens to be a procedural device that is available to us by way of a reasoned opinion, which is what the motion is about. We are critical of the Government's position in that they have not exercised their political will, for all the reasons that my hon. Friend and others have explained. This whole business is an infringement not merely of the word "sovereignty" but of the practical requirements of the people of this country to tax themselves by consent. That is what it is all about.

Mr Jenkin: There is absolutely no difference between me and my hon. Friend on that point.

To echo my right hon. Friend the Member for Wokingham (Mr Redwood), the Budget moment in the calendar of this House is the most important political occasion of each year, when the Chancellor comes to this House to deliver his Budget judgment and it is for the House to determine what the levels of expenditure, taxation and borrowing should be. That is absolutely fundamental not only to the mechanics of our democracy but to the culture of our democracy and the culture of this House. This proposal is a very direct challenge to government by national democratic consent.

The only, rather lame and late, point that I might be adding to the debate is a very simple one, and I do so for the same reason as that which led my hon. Friend the Member for Stone (Mr Cash) to lambast the concept of subsidiarity when it was first proposed in the treaty on the European Union back in 1992—the Maastricht treaty. It is, very simply, that subsidiarity is not sovereignty. Subsidiarity is subservience; it is submitting to the jurisdiction of the European institutions instead of the sovereign judgment of the British people as expressed in this House. Subsidiarity is no substitute for Government saying no, particularly where the veto is in their hands. I urge my hon. Friend the Minister to exercise that veto, knowing that she will have the confidence of the British people behind her, because they do not want her to say yes in this case.

8.32 pm

Justine Greening: With the leave of the House, I would like to sum up the debate. We have had a full and constructive discussion on this proposal, which is, as we have heard, an important one. I want to close by reiterating a few key points, but also by doing my best to respond to the comments that have been made by Members—I was about to say across the House, but that is obviously not the case, given that the Opposition spokesman turned up with very few other people from his party.

First, I should address a couple of the points that the hon. Member for Nottingham East (Chris Leslie) made about the work that we do as a country with other member states. I can assure him that the UK has, for example, double tax treaties in place with all EU member states that set out mechanisms for allocating taxing rights to prevent the double taxation of companies, and structures for reaching agreement on double taxation relief and the exchange of information. He will be aware that there is also a mutual agreement procedure framework for resolving cross-border disputes about tax, including transfer pricing. It is because such mechanisms and frameworks are in place that we believe that the proposed approach is necessary.

The hon. Gentleman asked about the views that we have heard from business. We have heard a range of views, and discussions between business and Government are ongoing. In general, it is fair to say that business has not been actively calling for this proposal. It is also fair to say that some businesses have welcomed it—in particular, the prospect of allowing for cross-border loss consolidation. However, some companies are stressing that their support depends on the optional nature of the proposal. An awful lot of others, as we heard from my hon. Friend the Member for Amber Valley (Nigel Mills), have expressed concerns about the potential compliance and administrative costs, which are likely to be large for many companies, and the lack of certainty about how many aspects of the system would work—a concern that is shared by the Government.

My right hon. Friend the Member for Wokingham (Mr Redwood) rightly raised the issue of the veto, and I want to provide absolute reassurance to all Members

[Justine Greening]

that we will not agree to any proposal that might threaten our Government's ability to shape the UK's tax policy. We are prepared to use our veto.

As my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) pointed out, subsidiarity is the basis of one of the arguments that we can make, but that is not the only argument we can make. We should challenge the substance of the proposal, as well as raising our objections to the fundamental principles underlying it. That is precisely what we are doing. I emphasise to the House that we should continue to challenge the substance of the proposals as they develop, even if we do not necessarily want to be part of them.

I disagree slightly with my hon. Friend the Member for Bury North (Mr Nuttall), because I think it is in our interests to understand what the proposals are in which a smaller group of nations may participate and whether they may have any direct or indirect impact on us as a member state. That is one reason why we want to be engaged in the discussions as they unfold. We also want to engage, because other member states are keen, as we are, to have their say on this matter. I do not accept that member states have reached a final position. The parliamentary debates and the development of those views are ongoing.

Mr Nuttall: I am conscious of time, so I will be brief. Will the Minister explain what line the Government will take in the negotiations? If the understanding is that we will not join at the end of the day, would it not be to our advantage to make the tax as difficult as possible, so that our companies have an advantage?

Justine Greening: We need to be careful to ensure that we understand the complexities of the proposals. For example, we need to understand how companies that also operate in the UK may use any avoidance loopholes, and whether that will impact on the way in which they operate in the UK and structure their corporations. We need to be smart about understanding the breadth of the proposals. Whether we want to be in them is one thing, but we must be conscious that they may have an impact on us even if we are not part of them.

Mr Cash: Will the Minister be kind enough—and be smart enough—to make it clear that we will not do anything that the Liberal Democrats had in their manifesto? I have a suspicion bordering on certainty that the wording in the coalition agreement is taken straight from their manifesto commitments.

Madam Deputy Speaker (Dawn Primarolo): Order. I know that there is a terrible pull for the Minister to turn around and face the Benches behind her, but I remind her that she should be looking forwards, or towards me, so that we can hear clearly what she is saying.

Justine Greening: I will of course do that, Madam Deputy Speaker. Your observation demonstrates that there have been few questions from any part of the Chamber other than behind me. That shows which Members of this House are prepared to stand up for our national interest and scrutinise proposals that affect our national interest, and which Members would rather go home and watch TV than represent their communities as they should.

We are committed to pursuing our national interest. My hon. Friend the Member for Amber Valley was right to raise the issue of complexity in regulation and the need for simplification. The Government set up the Office of Tax Simplification because we understand why those issues are important in helping business domestically. We are taking those very same arguments to Europe.

When I look at the proposal that we have been debating tonight, I find it hard to see how it can be reconciled with, for example, the Europe 2020 document and strategy that have been launched, which are all about stimulating growth. The impact assessment of the current proposal gives rise to grave concerns that it will do the exact opposite of that. It could hinder growth, investment and employment. We will focus our arguments not just on whether the proposal complies with subsidiarity and proportionality but on the important issues of policy substance that have been highlighted. That is the best way to ensure that we get the right outcome for the UK and for our UK businesses operating across Europe. I can assure the House that the UK will continue to participate fully in the EU negotiations on the proposal, and I will, of course, as I have been asked, keep the European Scrutiny Committee updated on the progress of those negotiations.

Question put and agreed to.

Resolved,

That this House considers that the Draft Directive to introduce a Common Consolidated Corporate Tax Base (European Union Document No. 7263/11) does not comply with the principle of subsidiarity, for the reasons set out in chapter 2 of the Twenty-seventh Report of the European Scrutiny Committee (HC 428-xxv); and, in accordance with Article 6 of the Protocol on the application of the principles of subsidiarity and proportionality, instructs the Clerk of the House to forward this reasoned opinion to the presidents of the European institutions.

Charter for Budget Responsibility

8.41 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move,

That the Charter for Budget Responsibility, a copy of which was laid before this House on 4 April, be approved.

I welcome the opportunity to bring forward the charter for budget responsibility for the approval of the House. The charter sets out the Government's new fiscal framework following the passage of the Budget Responsibility and National Audit Act 2011. I will start by setting out the context for the reformed framework.

Following the general election last year, the coalition Government inherited the largest budget deficit in our peacetime history, which was forecast to be the largest in the G20. Our structural deficit was the largest in Europe. The fiscal situation that we inherited was unprecedented, so on coming into office, the challenge that we faced as a new Government of two parties working together to resolve the problems left by the Labour party was to bring order back to our nation's finances. The new fiscal framework contained in the charter is at the heart of that task. We published a draft of the charter in November last year, which provided time for substantial scrutiny. Indeed, it was considered at all stages of the passage of the 2011 Act. Perhaps before I get into the details of it, it would be helpful if I set out the Government's broader fiscal aims.

We believe that fiscal policy should restore sustainability to the public finances. That is essential so that we can reduce our vulnerability to shocks or a loss of market confidence, underpin private sector confidence, support growth and avoid an irresponsible accumulation of debt at the expense of the next generation. We have taken tough and decisive action since taking office, and of course last May, the immediate reduction of in-year spending brought us much-needed breathing space given the acute sovereign debt concerns across Europe.

The emergency Budget in June was the moment when credibility was restored to Britain's public finances, and in the 2010 Budget my right hon. Friend the Chancellor set out the Government's fiscal mandate, which is now, for the first time, included in a statutory document, which is the charter that we are debating tonight. That mandate requires the Government to balance the structural current deficit by the end of the rolling five-year forecast period, and it is supplemented by a target for the public sector debt ratio to be falling at a fixed date of 2015-16.

The measures that we set out in the emergency Budget, alongside the departmental allocations that we set out in the spending review, represent a comprehensive four-year plan to meet that fiscal mandate. The 2011 Budget reaffirmed the Government's consolidation plans set out last year, and reinforced them by implementing a balanced set of tax and expenditure policies. In the assessment of the Office for Budget Responsibility, we are currently on track to meet the mandate and the supplementary debt target one year early, in 2014-15.

Mr John Redwood (Wokingham) (Con): Does the Minister recall that the decision was taken in the March Budget to increase both spending and borrowing by £34 billion over the following four years? Will she remind the House why we did that?

Justine Greening: We are introducing a series of measure that will, over time, tackle our underlying structural deficit. My right hon. Friend makes the point that in the meantime we need to borrow to pay off the structural deficit, which the country will continue to have until we have been through the process of fiscal consolidation. Until our nation's finances are in balance, we face a challenge, because debt interest payments will continue to increase. If we had not taken the action that we are taking, we would have the added problem that the rate of interest on that debt would also increase. It is important that we get a grip on the debt interest rate that we are paying, that we tackle the problem now and that we do not leave the problem of debt and the fiscal deficit to future generations. We need to get into a position in which the debt is affordable, because it is currently squeezing the availability of money to spend on the public services on which we all depend. It is critical that we continue with that plan.

Angel Gurría, the secretary-general of the OECD has urged our country to "stay the course", which is precisely what we will do. Our plan has been praised by the international community and welcomed by the financial markets. As I have said, that will hopefully enable us to keep those interest rates lower for longer. Both the International Monetary Fund and the OECD went from issuing warnings and cautions to the UK regarding economic management under the previous Government to calling this Government's measures essential and courageous. This Government's decisive action has therefore taken Britain out of the financial danger zone, and the crucial first step in that process was restoring the credibility of our fiscal policy by replacing the fiscal framework. The charter sets out the new framework before Parliament and for the public.

Perhaps I should remind the House why the Government set up the Office for Budget Responsibility. The previous Government's forecasts for economic growth over the past 10 years were, on average, out by £13 billion, and their forecasts of the budget deficit three years ahead were, on average, out by £40 billion. Those forecasting errors were almost always in the wrong direction. In fact, all the previous Government's forecasts for borrowing for more than two years ahead since Budget 2000 underestimated the eventual figure. It is vital for credibility and confidence that the forecasts for the economy and public finances are produced independently, which is why we established the OBR.

In June 2010, the interim OBR produced an independent assessment of the economy and public finances ahead of the emergency Budget. Then, at the Budget, the OBR produced a revised forecast on the basis of the consolidation measures announced by the Government. In November, the OBR produced its economic and fiscal outlook under the leadership of Robert Chote, whose appointment last year was scrutinised and confirmed by the Treasury Committee.

We have moved the OBR on to a permanent status that is underpinned by primary legislation. The 2011 Act establishes in statute the provisions necessary to secure the OBR's independence, and it received Royal Assent on 22 March. The permanent budget responsibility committee led on the production of the OBR's March economic and fiscal outlook, which was published alongside the Budget 2011.

The origin of the charter lies in the 2011 Act, which requires the Government to prepare a charter relating

[Justine Greening]

to fiscal policy and the management of the national debt, just as with the previous code for fiscal stability. However, the 2011 Act enhances the requirements for the charter compared with the code, because it provides that the charter must formally set out the Government's fiscal objectives and mandate. The charter must in addition specify the minimum contents of the Budget report. The 2011 Act states that the charter may include guidance to the OBR on how it should perform its duties. Finally, the 2011 Act requires the Government to lay the charter before Parliament. The charter fulfils all those requirements, consistent with the 2011 Act and the remit of the OBR.

The first part of the charter covers the Government's fiscal framework. It sets out that the Government's two fiscal objectives are first to ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness and ensure the effectiveness of the wider Government policy, and secondly to support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

As we have heard, the Government's fiscal policy mandate is a forward-looking target to achieve cyclically adjusted current balance by the end of the rolling five-year forecast period. At this time of rapidly rising debt, that mandate is supplemented by a target for public sector net debt as a percentage of GDP to be falling by a fixed date of 2015-16. That will ensure that the public finances are restored to a sustainable path.

Crucially, the charter cannot simply be ripped up and rewritten whenever is convenient for a Government. Instead, if the Treasury wishes to alter the mandate, it must follow the formal process set out in primary legislation and return to the House for approval, which enhances the Government's accountability to the House for their fiscal targets. The charter reiterates the Government's intention also to adopt as the official forecast the OBR's economic and fiscal forecast, and if the Treasury wishes to disagree with the OBR's forecast, it will have to explain why to Parliament. Finally, the charter sets out the Government's debt management objective and how they will set and report on their financing remit. The charter covers each element of the Government's fiscal policy framework in a statutory document that the House has the ability to approve, enhancing the Government's accountability for their fiscal policy.

I turn now to the second part of the charter. It is an important part of the charter that provides guidance to the OBR on its role and duties. The OBR's main duty, as set out in the 2011 Act, is to examine and report on the sustainability of the public finances. The OBR has complete discretion over how it carries out its statutory duties, and the 2011 Act makes it clear that in all its work the OBR must be objective, transparent and impartial. As part of this independence, the OBR has the freedom to decide the methodology that it uses, the forecast judgments that it takes, the contents of its documents and its work programme for future research and analysis. This independence is delivered through the 2011 Act and therefore protected in primary legislation.

The purpose of this part of the charter is to set out extra detail on the OBR's statutory responsibilities within the scope of the legislation. The charter requires the OBR to produce forecasts that cover at least five financial years, that provide sufficient information to allow the Government to use them as a basis for policy decision and that include all the Government's announced policy decisions. The OBR must also set out the key assumptions that underpin its forecasts. In fact, it has already published far more detail in its assumptions and judgments than previous Budget and pre-Budget reports. The 2011 Act ensures that this will continue in future publications, while the charter provides further detail on the set of economic variables and fiscal aggregates that the forecasts should include.

Of course, at this time of heightened uncertainty, the charter also sets out that the OBR must be clear about the risks that it has factored into its forecasts. The OBR forecasts result in an assessment whether the Government are on track to meet their fiscal mandate, and the charter also sets out that the OBR independently scrutinises and certifies all the policy costings that feed into its fiscal and economic forecasts. Importantly, the 2011 Act ensures that the OBR has a right of access to all Government information it requires to deliver its remit.

As well as medium-term forecasts, the OBR will look to the longer term. As we have heard, the OBR has a duty to report on the sustainability of the public finances. It will therefore produce an annual fiscal sustainability report that will include long-term projections of the public finances covering the next 50 years. The first report is due out on 13 July. The charter sets out that as well as those projections, the report will include an assessment of the public sector balance sheet. The OBR will also analyse its forecasting performance, drawing lessons for future forecasts from the inevitable differences between its forecasts and out-turn data.

Finally, the charter provides guidance on a number of administrative questions on the timing of interaction between the Treasury and the OBR. These are necessary to ensure that the complex Budget process runs smoothly while preserving the OBR's freedom to act independently. There is also a memorandum of understanding agreed between Robert Chote, as chair of the Office for Budget Responsibility, and other Departments to support their working arrangements. The charter restates and reinforces the independence of the OBR, and none of the guidance undermines its impartiality or objectivity.

This charter lies at the heart of our reformed fiscal framework. It strengthens institutional arrangements, reinforces the independence of the OBR and restores credibility and confidence to the public finance forecasts.

8.55 pm

Kerry McCarthy (Bristol East) (Lab): I will bypass the first eight minutes of the Minister's speech, in which she reiterated the usual mantra about everything being Labour's fault—she usually resorts to that when questioned about the Government's policy, but today she started her speech with it—and instead focus on the charter.

The Budget Responsibility and National Audit Act 2011 was passed with consensus, at least on the principle of setting up the Office for Budget Responsibility and introducing the changes to the national audit process that the previous Government had already floated and that we would have implemented had we been re-elected in 2010. There was consensus on the principle, if not on all the details that we discussed in Committee. We

welcome the fact that the House is debating the charter in Government time, as we received assurances in the Public Bill Committee that it would do so. Indeed, that formed a central part of our debates on the Bill and it is a central facet of the Office for Budget Responsibility's functioning and relationship with the Government.

However, I note that the Government have on previous occasions attempted to get this motion through on the nod at the end of the day's business. Only after efforts made by the Labour Opposition to secure a debate do we now have the opportunity to talk about the charter, which rather goes against the spirit of the reassurances that were given in Committee. Indeed, I questioned the Minister repeatedly in Committee about what was meant by the phrase "laid before Parliament" and whether such a promise would mean—not just on this occasion, but on future occasions—a proper debate on the Floor of the House or the measure being put through on the nod. However, at least we are here now, with the opportunity to discuss the issue.

Debates on the Bill in Committee were, as I pointed out at the time, slightly hampered by the fact that we could discuss only the draft charter. I repeat my observation that it would have been better for the Committee—and for the House on Report when we approved the Bill—to have a finalised form of the charter for consideration. I note, however, that the final version laid before Parliament has not changed substantially, which is somewhat unfortunate, as it has not been improved as much as we had either been led to believe in Committee or had hoped for.

Chapter 1 of the charter refers to section 6(2) of the 2010 Act and confirms that

"the Charter may not make provision about the methods by which the OBR is to perform its duty,"

which is an additional provision. That is important and crucial to the OBR's independence. However, we pressed for the final version of the 2010 Act or the charter to guarantee complete discretion on what the OBR can consider, as well as how. Regrettably, as I shall set out later, that has not been included. Chapter 2 has not been changed substantially, although we welcome the inclusion of other Departments in the memorandum of understanding with Mr Robert Chote, on behalf of the OBR, and the Treasury, which recognises that the work of Her Majesty's Revenue and Customs and the Department for Work and Pensions in particular is similarly pivotal to responsible fiscal policy and sustainable public finances.

Given the importance of the memorandum to the transparency, objectivity and impartiality of the OBR, it is only right that the House should consider it. We therefore welcome the Treasury's publication of the memorandum. The document refers to the forecast liaison group. Given the Government's professed commitment to guaranteeing the transparency and independence of the OBR, will the Minister confirm that the Treasury will publish the minutes of the group meetings? If a dispute is escalated to the chair of the OBR or the permanent secretaries, will a Minister report to the House on the cause of the dispute and how they intend to solve it? Finally on the memorandum, it states:

"Analysis of the direct impact of Government policies on the public finances will be provided to the OBR for independent scrutiny which will state whether the OBR agrees or disagrees with the Government's costings".

Such analysis is one of the fundamental roles of the OBR, yet neither the memorandum nor the charter explains the consequences of the OBR's assessment contradicting the Government's own report. I will come later to the worrying implications if the Treasury were to disregard the OBR's verdict.

We also discussed in the Public Bill Committee the possibility of duplication and inconsistencies in OBR and Bank of England forecasts. Neither the charter nor the memorandum addresses that, and the Minister has previously advised that it would be for the two organisations to formalise their relationship in this respect. Perhaps she could update us on any discussions that the Treasury has had with the two organisations on their roles, and indeed on how the Chancellor intends to proceed in the event of a disagreement between the two.

Mr Redwood: Perhaps it would be a good idea if there were such a disagreement, because the Bank of England has been so bad at forecasting inflation, and we hope that the OBR will be a bit better at it.

Kerry McCarthy: The Bank of England's forecasts have not always been as accurate as one might have hoped, but that proves my point: there could well be conflict between the Bank's forecasts and the OBR's forecasts. It is therefore right to ask what the Government would do in such circumstances. Would such a disagreement discredit the Bank of England's forecasts? Will the OBR be seen as the ultimate arbiter on such matters, or will the Government be able to pick and choose whichever forecast suits their purposes?

Chapter 3 of the charter and the Government's objectives for fiscal policy are obviously at the core of the document. Some of the provisions in the charter might not be entirely necessary, however. For example, it places the Treasury under a duty to prepare a Budget report for each financial year, which one would hope would happen without it being told to do so. We acknowledge, however, that including the Government's fiscal mandate in the charter and consequently requiring any modifications to be laid before the House is a welcome step. We hope that it will enhance Government accountability, although that should not be taken as an endorsement of the Government's economic policy or of their fiscal policy objectives.

Regrettably, given that economic growth has flat-lined under this Government and that forecasts have repeatedly had to be downgraded, it remains to be seen whether the Government are meeting their stated objectives—particularly that of supporting confidence in the economy. Nevertheless, we approve of the idea of working towards maintaining confidence in the economy. The charter rightly acknowledges that achieving that must be the responsibility of the Government and not of the OBR.

The second objective, that of promoting inter-generational fairness, is much more contentious, and it has been challenged here and in the other place. It is not at all clear from the document what the Government mean by the term, although from the Minister's comments tonight and on previous occasions, I assume that it refers to passing debt from one generation to another, rather than to passing on wealth, advantage and opportunity from one generation to another. If that is indeed the case, and the objective refers simply to inherited debt, it would appear that the Government

[Kerry McCarthy]

under this Chancellor's leadership have an exceptionally narrow conception of fairness which does not chime with most people's understanding of the world.

We should not be surprised by that, however, given the Government's record on fairness to date. A Government who choose to take £7 billion of much-needed support from children in their first Budget and comprehensive spending review—three times the amount that they thought appropriate for bankers to pay—who choose to target women for spending cuts, who choose to penalise people on lower incomes, and who choose the regressive measure of increasing VAT can hardly be considered fair.

Earlier today, many of us met constituents supporting the Hardest Hit campaign for people with severe disabilities and chronic illnesses, and I would ask the Government to explain to them how making people with disabilities and chronic illnesses pay the price for the financial crisis is fair. One of the constituents I met today is registered blind and has a guide dog, but she has been told that she is not eligible for the higher rate of disability living allowance. She used to work for a bank, and she wants to know why she is paying a bigger price for the financial crisis than her former bosses in that industry.

Steve Baker (Wycombe) (Con): I am surprised that the hon. Lady does not realise that the financial crisis is the product of deficit, debt and debasement—in other words, Government policy.

Kerry McCarthy: The financial crisis was global and it started in the US. Is the hon. Gentleman suggesting that the banks did not play a role in creating that financial crisis and that people such as my constituent, who are struggling to get by on disability living allowance and a modest income, were responsible for it?

Steve Baker: I know that the crisis originated in the banks, but it did so because of currency debasement, which was a result of deficit spending—a Government policy.

Kerry McCarthy: We cannot get into a whole debate about macro-economic policy. Needless to say, I disagree with the hon. Gentleman's analysis of how the financial crisis occurred. The point I was making—the intervention was not particularly relevant to it—was that this Government's action in reducing the deficit too far and too fast is hitting people at the bottom end of the income scale far harder than it is hitting people such as bankers. If the Government were to adopt our suggestion of introducing a banking bonus tax again this year, as we did last year, they would not have to make cuts that hit people at the bottom so hard.

Justine Greening: I find the hon. Lady's comments ironic in a debate welcoming a charter that sets out some guidelines on the operation of the Office for Budget Responsibility—an independent group of forecasters who have looked at and then provided input into distribution analysis showing that the richest people have borne the greatest burden of deficit reduction. I do not understand how we can have that debate on the one hand, yet hear the hon. Lady saying on the other hand that the burden has fallen on the most vulnerable. This Government have worked hard to protect the most vulnerable.

Kerry McCarthy: I shall come in a few moments to some of the Government's measures that have done precisely the opposite of what the hon. Lady claims. Will the Minister explain why thousands of people with disabilities—people in wheelchairs, people with chronic illnesses and so forth—were protesting outside Parliament today under the banner of the Hardest Hit campaign, supported by reputable charities? Is she saying that being hit by what the Government are doing is a figment of their imagination?

Chris Ruane (Vale of Clwyd) (Lab): Does my hon. Friend think that those blind people and deaf people and the people in wheelchairs who were protesting today are ungrateful to the Tory Government for what they have done?

Kerry McCarthy: That certainly seems to be the suggestion. For some, it seems that they should be thankful as they do not realise how well off they are. The Minister has come close to saying that they have "never had it so good" under this coalition Government.

We talked in Committee about the Child Poverty Act 2010, and the Government have since published the child poverty strategy. We pressed for a wider remit for the Office for Budget Responsibility to include scrutinising the Government's progress under the Act. Although the Government rejected our amendment in Committee, I hope that the Office for Budget Responsibility will consider the proposals again in due course, as tackling child poverty is a crucial element of inter-generational fairness. It is disappointing that the Government do not seem to recognise that. I hope that the OBR will be afforded the necessary discretion to include this aspect in defining its role.

It is highly disputable whether the Government have any mandate from the country for their fiscal policy, especially given that the Deputy Prime Minister led his party into the general election on an entirely different approach. Although setting out fiscal objectives has its advantages, it is clear that the Government are bringing in their targets far too early and cutting spending far too fast, as is demonstrated in the forecast that they will need to borrow £46 billion more than was planned last year because of their failure to promote economic growth successfully. That should prove to the Government that their fiscal mandate is not appropriate to the current economic climate and that a different approach is needed to secure the economy on a sustainable footing. That explains why it is key for the OBR to make wider reference to still fundamentally important economic determinants such as employment and growth.

Ensuring a responsible fiscal policy is clearly beyond the OBR's remit; instead, it is this House's responsibility to try to make the Government take heed of its advice. For that reason, the charter's assertion that the Government

"retains the right to disagree with the OBR's forecasts"

is a serious concern, especially when reliable forecasts will be so crucial to the forward-looking targets. The Government have made a great song and dance about how the OBR will enhance the credibility of fiscal forecasting because of its independence from the Treasury, and the charter itself states:

"The OBR is designed to address past weaknesses in the credibility of economic and fiscal forecasting and, consequently, fiscal policy".

However, enabling the Treasury to disregard independent official forecasts would make a mockery of the fundamental purpose of the OBR. It would also lead to dangerous uncertainty about which official forecasts we can and cannot believe, and which should inform fiscal policy. That is relevant to a point raised earlier by the right hon. Member for Wokingham (Mr Redwood). I urge the Minister to clarify the status of the OBR and its forecasts.

According to chapter 4 of the charter, the role of the OBR is to

"examine and report on the sustainability of the public finances."

During the passage of the Budget Responsibility and National Audit Act, a number of attempts were made to secure a broad definition of sustainability, and to persuade the Government to acknowledge that it was not enough to focus on the deficit in an insular way while ignoring the impact on economic growth, employment, inflation, and other factors that are central to sustainable finances and responsible fiscal policy.

Although the Government rejected our amendment which sought to guarantee a multi-dimensional approach to sustainability, arguing that the OBR should be able to define the concept, the Minister reassured the Public Bill Committee that she intended

"to amend the charter to require the OBR to set out how it will approach sustainability in each of its reports."—[*Official Report, Budget Responsibility and National Audit Public Bill Committee*, 1 March 2011; c. 48.]

We therefore welcome the addition of paragraph 4.7 in the final charter, which confirms that

"The OBR will consider a wide range of factors and dimensions relating to the sustainability of the public finances and will be transparent in its approach. More generally, in each report published under its main duty, the OBR will explain the factors taken into account when preparing the report, including the main assumptions and risks."

That reflects many of the concerns raised in both Houses. The reference to risks is important, given that the Government appear to be blinkered when it comes to the risks that are inherent in their deficit reduction plan.

We are also pleased that chapter 4 refers to projections of GDP, inflation and the labour market. However, the absence of any complementary references in chapter 3 to the Government's role, or indeed the Act, remains highly disconcerting. It suggests that the Government do not consider such fundamental considerations to be part of their role. I assure the Minister that promoting employment and growth are part of the Government's responsibilities. Perhaps, in time, the OBR will help them to understand that. More positively, we welcome the inclusion of paragraph 4.13, which confirms the Office's access to Government information, and the omission of the definitions of "objectively", "transparently" and "impartiality", which are terms that the OBR is best placed to define.

We are slightly concerned about the inclusion of paragraph 4.12, which is an additional provision and which states:

"The OBR should not provide normative commentary on the particular merits of Government policies."

There is a fine line between giving an impartial and informed assessment of the effectiveness of Government policies in achieving the declared objectives, and being seen to pass judgment on their merits. How does the Minister think that such a provision will be policed, and who will be the arbiter of whether the OBR has overstepped the mark?

There is no reference in the charter or the memorandum to the funding of the OBR, which we argued in Committee was critical to its independence, but the charter does refer to the office's discretion in regard to the timing of its publications, although that seems to be weakened by the requirement for

"a regular and predictable timetable".

The fact that there have already been doubts about whether reports have been published in time for Prime Minister's Question Time reinforces the need not only to ensure that the wording of the charter is sufficient but, more important, to ensure that it is followed in both the letter and the spirit.

Our key reservation is that neither the Act nor the charter includes any means of ensuring enforceability. I have already mentioned the get-out clause that allows the Chancellor to ignore the OBR's reports, but there is also no indication of the consequences of the Chancellor's failing to meet his obligations under the charter. Will the Minister commit the Chancellor to reporting to Parliament following OBR publications? Most important, will she commit the Treasury to listening and responding to OBR reports in its actions as well as its words?

It is not enough for the Office for Budget Responsibility to tell us whether the Chancellor is acting responsibly—we know that he is not—and it is certainly not responsible to disregard its advice or forecasts, but neither the OBR nor the charter can do anything about that. Only the Chancellor can, and he must realise that a charter that proclaims the credibility of economic forecasting does not remedy the damage caused by the Government's policies, and does not automatically translate into credible policy.

9.14 pm

David Rutley (Macclesfield) (Con): It is an honour to speak in this debate. It may not be the best attended debate, but I believe that in future years we will look back at the charter and the creation of the Office for Budget Responsibility as a major step forward in the way we manage this country's fiscal policy.

Mark Twain once said that prophecy—or, in this case, economic forecasting—is

"a good line of business, but it is full of risks",

and in respect of certain Governments it is sometimes said that statistics, and even forecasts, can be used in the same way as

"a drunken man uses lamp posts—for support rather than illumination."

I therefore welcome the creation of the OBR, as I believe it will bring far greater transparency to the forecasting process and the management of our public finances.

I want to refer back to what my hon. Friend the Economic Secretary said in her opening remarks, and to talk a little about why the charter and the OBR needed to be set up. The sheer scale of the recent economic crisis led many people to recognise the need to rethink how forecasting is conducted. It was also clear that Governments can be tempted to indulge in

[David Rutley]

wishful thinking, and there was too much of that in the run-up to the credit crunch. Even Lord Turnbull in evidence to the Treasury Committee spoke about how it had existed during successive quarters of economic growth. Despite what has been claimed, it is the case that promises were made about an end to boom and bust, yet there was a boom and there certainly was a bust. As a result, we clearly need to improve our approach to forecasting.

In the current digital age, there is greater demand for transparency in many areas, and that must include in the development of forecasts for our economy and public finances. I therefore welcome the Chancellor's bold and important move to transfer the power to create such forecasts to the OBR. That will bring greater objectivity to bear, and the forecasts will hold Governments of all shapes and sizes to account, which is definitely in the long-term interests of our economy.

The creation of the OBR has also strengthened the credibility of the Government's efforts to tackle the current deficit and bring the UK economy back to sustainable economic growth, and I have been encouraged by the comments of some highly respected bodies in this field. The Institute for Fiscal Studies says:

"The decision to transfer responsibility for official economic and public finance forecasts from ministers to economic experts is a very welcome one. It does not guarantee that the forecasts will be accurate, but it will reassure people that they reflect professional judgement rather than politically motivated wishful thinking."

That is important. The OECD says:

"The OBR will support the consolidation process, improve the quality and credibility of information and lay a sound basis for the forward-looking framework."

Finally, the International Monetary Fund says:

"The OBR complements the government's commitment to fiscal discipline by enhancing the transparency and credibility of the budget process and helping inform policy decisions."

The "credibility" that is mentioned in just about each of these quotes is a vital commodity. It will build confidence in the debt markets and help to address the costs of funding our enormous burden of debt, and it will build confidence in businesses, and in their investment decisions. It will be vital in helping to bring about significant and sustained growth.

As a former member of the Treasury Committee, I was fortunate enough to have been able to participate in the appointment of Robert Chote as chairman of the OBR and the other members of the budget responsibility committee. Giving the Treasury Committee the power of consent over appointments and dismissals was another welcome move by the Chancellor, and has given Parliament a far greater say in these all-important matters.

The good news is that there has been very encouraging initial progress. The OBR has created thorough forecasts and supporting analysis, which has been welcomed on both sides of the House. It has become an important reference point in a very short period of time. It is vital that it builds on that reputation. I am pleased to see that more forecasts and reports are planned, including, as the Economic Secretary mentioned, the fiscal sustainability report that will be published later this year to give a truly long-term view of the future of our public finances. That is most welcome.

In conclusion, I hope that these short remarks have conveyed my strong support for this charter, and for the creation and clear processes of the OBR. It is a vital achievement which will bring about greater transparency, credibility and confidence in the forecasting process, and it represents a structural change in the management of our fiscal policy. The OBR will play a vital role in helping to bring the deficit back under control and to move this economy to sustainable growth. I wish the OBR every success in its endeavours, and I trust that the Treasury Committee will ensure that it gets the support it needs to carry out its important tasks and hold future Governments to account for many decades to follow. I fully support the motion.

9.20 pm

Mr John Redwood (Wokingham) (Con): Like all those who have participated in this debate, I welcome the four principal aims identified in chapter 3 of this document. It is exactly right when it says that we need to

"ensure sustainable public finances that support confidence in the economy".

We see all too many examples within Europe of what happens to countries that lose the confidence of world markets and the world's bank managers. We see that far from being able to sustain high and rising public spending, such countries end up with far worse cuts, which can be deeply damaging to their public services and social fabric. The Greeks seem to be getting into ever bigger difficulties the more money that is lent to the country on soft terms and the more that their Government fight to contain the deficit. We want to avoid getting into that vicious circle in which a Government raise taxes and cut spending, and the deficit grows because the economy plunges again and the revenues dry up even more. I think that hon. Members on both sides of the House now agree that it is most important that we undertake the work to ensure sustainable public finances.

When I listen to the debate in this House, I sometimes feel that very few people have read the numbers in the Red Book. The Government's pathway is to borrow more than £480 billion extra over the five years for which they are planning. That is more than the total state debt 10 years ago; it is a massive sum. Some people think that we are going to be paying off the debt or paying off the deficit, but we are not.

This Government have, for understandable reasons, decided that they need to increase public spending in each of the five years of this Parliament so that the impact of their decisions on public services can be gentle—I hope that in many cases it will not be felt in any bad way. As a result of that understandable decision, this massive borrowing has to be undertaken and the public debt will be so much greater at the end of the period. That makes it very important that we stick to the pathway of getting the deficit down, so that each year we borrow a bit less extra than the year before. That is the aim of the strategy. Some people seem to describe it in rather different and more draconian or alarmist ways, but the Government are simply trying to cut the rate of increase in the debt. If all goes well over five years, we will still end up making a far bigger increase in the debt than the total state debt just 10 years ago.

I am delighted that the second aim given in this document is to

"support and improve the effectiveness of monetary policy in stabilising economic fluctuations."

It is my view that the boom and bust were primarily created by a very badly managed monetary policy over the previous seven to eight years. We had the boom phase, when money was too easy, interest rates were too low and credit expanded too rapidly. Even worse, we had the bust phase, when the market was cleared of liquid funds, when interest rates were too high, and when the then Government were far too tight and jeopardised the financial system itself by pursuing a ridiculously tight money policy at the very point when it was obvious that banks were at risk and the system was in danger of collapse.

Chris Ruane: Will the right hon. Gentleman refresh the House's memory on his advice to the previous Government on the regulation of the banks?

Mr Redwood: I can indeed and I am glad that the hon. Gentleman did not dare to repeat the normal falsehood that has often been put about. The advice we gave was that they did not have enough regulatory control over the cash and capital of the banks, that they needed tougher regulation of cash and capital and that their mortgage regulation of process and customer was worthless and would not prevent disasters in the mortgage market. I rest my case: that is exactly what happened. The mortgage banks were not protected by their regulation—it probably made things even worse—and the then Government failed to regulate the things that did matter that could have prevented the crisis. I hope that the hon. Gentleman is put right on that now and will no longer read out the stupid spin lines from the Labour party created by people who clearly had not read the economic report to which he is referring. I was trying to keep this non-partisan, but he has decided to spoil the tone—

Chris Ruane: So was I. I was giving the right hon. Gentleman an opportunity.

Mr Redwood: I am grateful then. I did not realise that the hon. Gentleman was being so generous.

If we are going to support and improve the effectiveness of monetary policy, I hope the Government will think through how that will work. It is one thing to have a charter to say that we will do this, which is something about which I am very relaxed—it is a laudable aim—but it is another to ask how it will occur. The problem with the conduct of monetary policy—this applied to the previous Government as well as to this Government—is that it is not entirely in the hands of the Treasury. I happen to believe that it is ultimately the responsibility of the Chancellor and the Treasury to conduct an honest money policy that avoids undue booms as well as bankruptcies and busts. That requires judgment.

The main elements of that policy, however, are conducted at the moment by the Financial Services Authority, which determines how much banks can lend and admits it got it wrong in the boom period. I think that the FSA also got it wrong in the bust period and managed to go with the cycle, thereby reinforcing it, rather than leaning against it as it should have done. We also have the Bank of England setting interest rates and having some involvement, but not sole control, over how much money is printed. The Chancellor and the Treasury do not run the whole policy and that could become a problem again in the future if the independent bodies make a mess again, as they clearly did in the boom and bust phases we have recently lived through.

I hope a little more thought will go into how the charter can be implemented. I am sure that my hon. Friend the Minister will agree that whatever the theory about independence might be, as far as the electorate is concerned the people responsible for the state of the economy and therefore the conduct of monetary policy are the elected officials—the Ministers. If Ministers wish to delegate that responsibility to an independent body, they are entitled to do so and the public will be happy with that all the time it works but extremely unhappy if the independent body gets it wrong.

That brings me to my third point. Although I am happy with the aims and principles of the charter, I would caution the Minister that we should not place too much confidence in independence as the only virtue that is needed to get these things right. We have had an experiment with a so-called independent Bank of England for more than a decade now and that has been our worst decade for boom and bust since the 1930s. That is not entirely the responsibility of the Bank of England but it was part of the team that managed to preside over too much boom, too much credit and too much inflation and then over too little credit, too little liquidity and bankruptcies on a scale that none of us in this House had ever seen before. That shows that independence is no guarantee of success.

We also see from the Bank of England that its inflation forecasts have been way out for quite some time—

Chris Ruane: What about the growth forecasts?

Mr Redwood: I am coming to the growth forecasts, if the hon. Gentleman will be patient. The Bank's inflation forecasts might perhaps have helped to mislead the previous Government as well as the present one. Those forecasts assumed that we would be somewhere around 2% when of course we have reached 5% or more on the retail prices index and 4.4% on the consumer prices index. Today, we have had another revision to the inflation forecasts from the Bank of England saying that there might be more inflationary pain to come over the summer of this year before we start to see progress back to somewhere near the 2% target.

I wish the Office for Budget Responsibility every success and hope that it will be more successful in its forecasts than the Bank of England has been in recent years. Today, the Bank had to announce not only an upward revision to this year's inflation but a downward revision to this year's growth. The OBR has already had to revise down its near-term year's growth forecast in March of this year compared with its autumn forecast last year.

My worry about the current forecasts is that the assumption that we are going to have three years of above-trend growth over the balance of this Parliament after next year could be optimistic if the world economic slow-down, which is likely next year, continues for any length of time. If the euro crisis gets worse and creates more financial and economic turmoil among our major

[Mr Redwood]

industrial trading partners on the continent or if there are unforeseen problems with the rate of slow-down in the emerging market economies, which are currently applying tough monetary medicine to try to curb their inflation, it could be that much more difficult to hit those Budget targets. That is all important, because we have as a third aim the laudable idea of a forward-looking target to get the current balance or deficit down and to get a better balance between revenues and expenditure.

I have explained that the five-year strategy assumes a very substantial cash increase in total public spending—around £94 billion from memory—and higher public spending on current account in the last year, compared with Labour's last year, over this five-year Parliament. The way in which the deficit comes down in the official forecasts is mainly through a big increase in tax revenue. That big increase partly reflects the higher VAT rate and other higher tax rates that have already been imposed, but it mainly reflects the very good growth prospect in which we have three years of well-above-trend growth in the last three years of the period, accelerating from now onwards to that good performance. If there is any disappointment or need for downward revision by the OBR, that is going to throw out the tax revenues and we will therefore be faced with a bigger deficit that will require handling. We hear much debate in the House and in the media about whether the Government are trying to reduce the deficit too quickly, but the House should understand that there are risks the other way as well. If growth and tax revenue do not come through at the scale anticipated, we will be faced with rather more invidious issues to resolve about how to get the deficit down without that great super-boost from the revenue.

The objective for debt management is to minimise over the long term the cost of meeting the Government's financing needs, taking into account risk. This is exactly the point I am trying to stress in this short debate. So far, the markets like the Government's strong stance. They are pleased that the Government have regarded deficit reduction as the No. 1 thing they have to do and they are pleased with the OBR's independent forecast showing that the rate of increase in debt drops off quite nicely over the five-year period. However, they will not be pleased if there is major slippage or if the OBR has been too optimistic, so it is most important that we have the right people in the OBR, that it has good fortune with its forecasts and that it has taken into account the possibility, for example, of a deterioration in the international background, which could have an impact.

In conclusion, I welcome the aims but I hope that the Treasury will consider the following important points. First, we must understand that just because a body is independent, that does not mean it gets things right. The Treasury will have to operate its own scepticism about the forecasts. If the OBR were too optimistic, it would be wise of the Treasury, at least privately, to have done some work on what might happen if the forecasts were too optimistic. One should not always assume that the OBR forecast is the worst case and that life is likely to be better. The Treasury should be very careful about that.

Secondly, the Treasury should do some contingency planning in case the world economy is worse than anticipated and has an impact on growth rates. Thirdly, it should take the opportunity that will be presented by the new regime for controlling the banks, which will be introduced when many powers are passed to the Bank of England, to say that the Treasury and the Chancellor must have a role in all that because it was definitely the regulation of banks and the bad conduct in monetary policy that gave us the huge pain of the past six or seven years. We probably need more intervention from the Treasury and more accountability to the Treasury to try to get the system to work in the future.

The Opposition love to say that the crisis was a global crisis and that therefore one should not blame any particular part of the UK governing establishment. I do not take that view. It was a largely western crisis and there were some advanced economies that were not affected by it. Australia had a particularly good period, China had a pretty good period, and India sailed right through without any problems. There were small and big economies that were not affected by the world crisis, even though global activity was hit, because American, British, Spanish and Irish activity was hit in a very predictable way.

It was a rather limited number of countries that had gross mismanagement of their money supply and their banking systems. As the election is well behind us, we should, in a non-partisan spirit, analyse what went wrong, admit that things went wrong in Britain, and make sure that the new architecture, of which the charter is just part, functions much better than the old architecture. That means questioning the assumption that independent people always get it right. It means understanding the ultimate accountability of the senior elected officials, and it means understanding that sometimes we need to be more pessimistic, at least in our private forecasts, so that we do not discover that our plans do not work.

9.36 pm

Justine Greening: With the leave of the House, I shall sum up the debate and respond to some of the points that have been made. I thank hon. Members for their contributions. As I said at the start of this evening's proceedings, it is essential that we restore the sustainability of the public finances. My right hon. Friend the Member for Wokingham (Mr Redwood) set out clearly the challenges that we face in doing that, the steps that we are taking and why they are so important.

The hon. Member for Bristol East (Kerry McCarthy) asked about the relationship between the OBR and the Bank of England and their ongoing discussions. Ultimately, it is for the OBR to decide how it wants to work with the Bank of England. It must make those decisions on its own and carry them out independently. The OBR's forecast will be used as an official forecast for the Government. As the hon. Lady knows, that is provided for in the Budget Responsibility and National Audit Act 2011 and in the charter. She asked what would happen if the Chancellor of the day did not agree with the OBR forecast. He would have to come to the House and explain why not, and he would be accountable. That is one of the safeguards that we put into the Act, and it will strengthen the OBR's role.

The hon. Lady raised concerns about paragraph 4.12, about the OBR not providing "normative commentary". We had the debate in Committee and as the Budget Responsibility and National Audit Bill passed through

Parliament. It is critical that we preserve the OBR's impartiality by ensuring that it never gets dragged into political debate on specific policy measures. Paragraph 4.12 puts that beyond doubt.

I take this opportunity to reassure my right hon. *Friend the Member for Wokingham*. He spoke about ensuring that the OBR does its job, not just in terms of what it is meant to be doing, but in terms of the quality. As he knows, the Act—the relevant schedule—provides for the OBR to have non-executive members. It will periodically have an external review of its effectiveness. Aside from the normal scrutiny mechanism, the House can ask the Treasury Committee to examine the effectiveness of the OBR. So those safeguards will be in place to make sure not only that the OBR operates as intended and operates independently, but that there will be scrutiny of the quality of its work. One of the reports that it must publish periodically is its own assessment of how effective it is at forecasting.

With those safeguards in place, the charter, along with the Act, restores confidence and credibility to the public finances. It sets a reformed fiscal framework before Parliament and the public and complements the Act by providing extra detail on the OBR's duties within the scope of it.

My hon. Friend the Member for Macclesfield (David Rutley) talked about his role on the Treasury Select Committee. I think that he was wise to point out that the Committee has a unique role, in relation to other Select Committees, because it will have a role in appointing members to the budget responsibility committee. That is an important role that will also strengthen the OBR's organisation and its evolution over time.

The OBR has complete discretion over how it performs its statutory duties. It will make its own judgments on the economy and public finances and will use its own methodology to produce forecasts. It will make its own assessment of the Government's performance against the mandate. The charter reinforces that independence and, by providing greater clarity on the interaction between the Treasury and the OBR, sets out the OBR's key relationships and how it will work with the Treasury and other Government Departments. The charter reiterates our intention to adopt the OBR's economic and fiscal forecasts as the official forecasts, as we have done since last May.

The hon. Member for Bristol East asked whether the Chancellor will respond to those forecasts as they come out. He has in fact responded with an oral statement to every forecast the OBR has published to date. Compared with the code for fiscal stability introduced by the previous Government, the charter provides a greater degree of accountability before Parliament for the fiscal framework. It requires us to set out formally our fiscal objectives and mandate before Parliament and specifies the contents of the Budget report. The hon. Lady said that it is obvious that there will need to be a Budget report, but I still think that it is important to have that clearly set out. Many people expected the previous Government to get on with the ordinary course of business by having a comprehensive spending review, but of course that was cancelled. Therefore, I think that it is important to put what seem to be normal assumptions about how a Government should approach things into the charter, which is precisely what we have done in relation to the Budget report.

In conclusion, the charter reflects our commitment to restore order to the public finances. It sets out our fiscal objectives and mandate for parliamentary approval. It strengthens governance arrangements and institutions and reinforces the independence of the OBR.

Question put and agreed to.

Resolved,

That the Charter for Budget Responsibility, a copy of which was laid before this House on 4 April, be approved.

Back to Work Agenda

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

9.42 pm

Chris Ruane (Vale of Clwyd) (Lab): Great changes have been introduced in the back to work agenda over the past year and many more will shortly follow. I believe that many of this Government's decisions have been taken in haste and without a proper assessment of what does and does not work in the back to work agenda.

I have been involved in the back to work agenda in my constituency for the past nine years. In 2002, I noticed that 50% of the unemployed people in my county, Denbighshire, lived in just two of the 34 wards: the west ward of Rhyl, a traditional seaside ward with many houses in multiple occupation, and Rhyl South West, a ward with a large council estate. Indeed, that is the council estate on which I grew up and spent 26 years of my life.

In 2007, after I had convened a back to work agenda in my constituency, we heard that the Labour Government were introducing a national pilot scheme to get people back to work. It was called the city strategy. Along with Gareth Matthews of Working Links, I lobbied Work and Pensions Ministers to include Rhyl in the pilot. Rhyl was not a city—only 27,000 people lived in it—but it did have city-type unemployment problems on a small scale, as thousands of unemployed people had fled the inner cities of Manchester, Liverpool and Birmingham and come to such seaside towns. We have concentrated areas of deprivation and unemployment. I asked whether Rhyl could be the pilot for the unemployment initiatives in seaside towns, and my wishes were granted, with Rhyl becoming one of just 15 areas accepted into the city strategy.

Since 2009 Rhyl City Strategy has gone from strength to strength. It administered one of the most successful future jobs funds in Wales, putting 450 long-term unemployed people back to work, and it won a bid to become a national pilot for the fit for work scheme.

Rhyl City Strategy is supported by a consortium of more than 180 people from 70 different organisations in the public, private and voluntary sectors, and there is a management board of 25 organisations that deals with the nitty-gritty of putting people back to work. Those two parts of the organisation meet four times a year, and the consortium now meets to deal with different themes relating to the back to work agenda. Best practice is swapped, initiatives are shared and support is given. Co-operation is maximised and duplication and ignorance are minimised. It is one of the most successful organisations that I have been involved with in the past 25 years of my public life.

There are a number of reasons for that success. The board is headed by the private sector: the chair is Barry Mellor, the north Wales manager of Arriva buses. The organisation views the issues from the perspective of the employer as well as the employee. Rhyl City Strategy is a community interest company, which gives it tremendous flexibility, and decisions do not have to be referred back for months of county council committee meetings.

There is a good blend of the public, private and voluntary sectors. As the work has been going on for almost 10 years, there are bonds of trust and co-operation between and within all three sectors, each reinforcing the other and often coming together informally, outside set meetings, to help in developing initiatives. There is good feedback from the overseeing bodies at the Department for Work and Pensions and the Welsh Assembly Government, and from within our own organisation. Success is celebrated and failure is fixed.

The strategy has used a number of novel schemes to connect with the unemployed. It is not simply about sending a man or a woman in a grey suit with a big stick from the Government to tell the unemployed that they have to get back to work. In my constituency, the strategy has dealt with those furthest away from the jobs market—unemployed people who may never have succeeded in school, who have lost confidence in themselves and faith in society, who have many problems with drugs and alcohol, and who lead chaotic lives and change address regularly.

In order truly to connect with people who face such multiple barriers, we have developed a number of novel projects in conjunction and co-operation with many diverse local groups. I wish to mention a few of them. Rhyl football club operates football in the community, using unemployed people's interest in football to sign them up for skills training and job placements in the local sports sector.

Coastal Hawks is a project to train local young people in the art of falconry. They use those skills to keep seagulls and pigeons, which blight town centres and cause damage, away from Rhyl town centre. They dress up in medieval costume while doing this, engage with the public, and are in effect a tourist attraction. They were the subject of a TV programme—but now, because of cuts, they may be disbanded.

The Hub, a youth project in Rhyl with 1,000 young people on its books, is located in the heart of the poorest community not only in Wales but, probably, in the whole country. It is self-financing, and in the past three years it has had two extensions that have been built by the local unemployed youngsters who use the centre. It has been part-financed by the 10 back to work organisations that want to gain access to those 1,000 young people. They rent office space from the Hub, and the money is then reinvested in the Hub.

A local market has been established in Rhyl town centre, and the organisers are training 10 local unemployed people to take stalls on it. The organisers provide professional training through North Wales Training and give the trainees a stall to turn that theory into practice. Some of the people on the training scheme have multiple problems and are making a valiant attempt to recover from alcoholism. A separate TV programme is being made about that project.

The Government say that they want to encourage enterprise, and I share their goal. We are doing it, and doing it successfully in Rhyl, the home of Albert Gubay's Kwik Save and also of Iceland—two supermarket chains that changed the face of UK and world trading. We wish to rediscover that spirit of enterprise.

Jim Shannon (Strangford) (DUP): It is important that young people have the opportunity of a job at the end of the day, and the hon. Gentleman says that that is

happening. It is also important to instil confidence and to provide opportunities. Is it also important to have a Government who are committed to the public sector, so that the job opportunities in that are there, too, for the young people?

Chris Ruane: I entirely agree with the hon. Gentleman, and I shall come to that point shortly.

The Dewi Sant centre in Rhyl works with dozens of people who have massive drug and alcohol problems, some of whom have literally been taken off the streets. Its clients are then given training away from the urban centre on a 7 acre farm donated by a local business man. They are being trained in the art of bee-keeping and other rural skills. They are organising a community harvest collecting unwanted apples, pears and berries from local people and turning the fruit into preserves.

A week on Monday, I will be the master of ceremonies at the opening of a Jamie Oliver-type training restaurant called Taste. The building was empty for five years and has now been refitted to the highest standards by a top-class designer called Jamie Alcock. It will train young people how to cook, wait on tables, and generally run a restaurant. Those young people will then gain work in our local hospitality sector.

Three weeks ago I was at the first presentation night for a back to work scheme aimed at 70 unemployed young men and women to improve their child care skills. This has a double benefit in that those skills will be used by them in bringing up their own children, but will also help to increase the quality and quantity of the child care work force. The presentation evening was highly emotional, as each young person got up to give a brief personal history and then went on to say how the scheme had rebuilt their confidence, returned their pride and helped them to gain employment. Of the first 10 who had been through the scheme, eight had gained employment and two had gone back to college.

The training for many of the initiatives is supplied by a range of private sector trainers and also by Rhyl college, which was established by Labour 10 years ago. This £10 million college has had two extensions in four years—a further £7 million investment—and has won a UK beacon award for widening participation. It is located in the heart of the fifth poorest ward in Wales, and its outreach work, through many of the organisations I have mentioned, has helped virtually to eliminate the category of NEETS—those not in education, employment or training.

Our local schools have also turned themselves round under the political leadership of an independent, Councillor Hugh Evans—I give credit to him—and a new chief executive, Mohammed Mehmet. The private sector, too, has played its full part. Tesco has said that it will take 50% of its new employees from the dole register. Serco, whose Welsh chief executive, Gareth Matthews, has driven our local back to work agenda for nearly 10 years, has located a regional office not in a leafy business park, but in the middle of the street with the greatest social need in the whole of Wales, creating 35 jobs. I am proud of our local back to work agenda.

I now turn to my concerns about the Government's back to work agenda. I am concerned that their new proposals will not recognise the good practice and progress that has gone before. They want to start from year zero and do away with all that Labour implemented—as much out of political spite as any desire to help the unemployed—and believe that any "lefty-sounding" package, such as the new deal, must be disparaged. The future jobs fund was viewed by seasoned practitioners as the best back to work scheme that has been created, because it recognised the dignity of the individual and dealt with people as individuals. It raised their confidence, gave them meaningful employment and, most of all, gave them a wage at the end of the week. The FJF was not like the skivvy schemes introduced by the Tories in their 18-year reign—but it was ended within weeks of the Government gaining power, without any independent assessment of its contribution to the back to work agenda.

I am worried by the language, tone and philosophy of the Government. They look on unemployed people as feckless scroungers who should be chased back to work with a big stick even when no work is available—even when it is the Government themselves who are laying off those people. They are putting 500,000 workers on the dole and then stigmatising them. The voluntary sector and the public sector will walk away from Government initiatives that stigmatise people. The voluntary sector has no interest in that approach.

I am worried about the directives coming from the DWP instructing local benefit advisers to trick people out of their benefits. They give advisers targets of two to three clients a week to punish by taking away their benefits. The Minister described those allegations made in *The Guardian* as claptrap—until he was shown the e-mail evidence that it was happening.

I am worried that the Government have no policy for dealing with areas such as mine, with nearly 50% of its workers—13,000—in the public sector. The Government want to sack between 10% and 27% of these workers, pushing them on to the dole queue. Seaside towns such as mine, with many public sector workers, could end up like the coal and steel towns of the 1980s—the towns the Tories decimated. The Government say they want private enterprise to take on those workers. But when I tabled a parliamentary question on the budgets that the Government have allocated for enterprise clubs, the answer came back that £3 million had been allocated—£3 million for 3 million workers, or £1 each.

My biggest worry is that nationally there is no growth strategy and no jobs strategy. Recent emergency meetings have been held in government to try, belatedly, to correct that, but the comprehensive spending review and the Budget did nothing to help create jobs and growth. As a result the economy, which was recovering under Labour, has flatlined for the past six months.

It is not just me, a Labour Back Bencher, who is making these points; this is also what the experts are saying. The director of the National Institute of Economic and Social Research said that we should be seeing quite a sharp recovery, but that looking back over the past six months we have had no growth in output at all, and it is very disappointing. The chief economist at the Office for National Statistics said:

"we have an economy on a plateau".

The Office for Budget Responsibility has revised down its growth forecast for 2011 from 2.6% to just 1.7%. That will have a devastating impact on jobs and growth.

[Chris Ruane]

The gains in the private sector proclaimed by the Government were achieved largely as a result of what was done in the dying days of the Labour Government. The Government boast of an extra 350,000 jobs in the private sector, but most of those were created in the first quarter of their Administration.

Unemployment in my constituency was 4.7% in December 2009. It fell dramatically, to 3.9%, in the six months to June 2010 under Labour. Under the Tories it has gone back up to 4.4%—and that is before the Government sack thousands of public sector workers in my constituency. I fear particularly for the unemployed young people in my constituency. There were 735 in December 2009, and that went down by nearly 30% in the six months to June 2010, to just 530, under Labour. Under the Tories, youth unemployment in my constituency has shot back up to 730. That happened as my local FJF took 450 young people off the dole. If those people were added on, the figure would be nearly 1,200 young people on the dole. Political spite has its price.

"Panorama" is making a programme on the back to work agenda in seaside towns. It came to my town and presented me with a stick of rock, through which is written, "A JOB TO GET WORK". It is a job to get work, because of many of the policies that the Government have introduced. The intricate web of employment opportunities that we have created in Rhyl over the past 10 years is in danger of being swamped if the Government's plans are not properly introduced.

The Government need to end their targets to force and trick people off benefits. They need to work co-operatively with the public and voluntary sector, especially where there is a proven track record. They need to change the language through which the back to work debate is being conducted. They need to ensure that those who are furthest from the jobs market are not left behind while the more able are cherry-picked by private sector companies. They need to put aside party politics, accept what was good practice under the previous Government and carry it on. They need to develop a strategy to deal with areas with huge numbers of public sector workers, so that we do not have coal and steel town-type unemployment in the next decade. If they are serious about the private sector providing jobs for sacked public sector workers, they need to give specific help to promote enterprise among the unemployed; £3 million is not enough. Most of all, the Government need to develop a coherent strategy to promote growth and jobs across the board, not as an afterthought but as a key component of getting the country back to full employment.

9.58 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): For at least the last five minutes of the hon. Gentleman's contribution, that was a really disappointing speech. He spent 10 minutes setting out very eloquently the benefits of localism in Rhyl and the work that has been done by the local community to help young people and people of all ages into work. I listened with care, and he was actually making a good argument for the approach that we are taking in the Work programme. In a moment, I will set out how we hope that the Work programme will address some of the challenges faced by towns such as his.

I am well aware of the excellent work that has been done on the ground in Rhyl. It is a good example of how a partnership between providers, local authorities, local business and other organisations to help people into employment can be fruitful. He referred to Working Links, and he will be aware that it is one of the preferred bidders for the Work programme across Wales. It has certainly built experience in Rhyl that can be used in the rest of Wales. However, that was where it stopped, and for the last five minutes of the hon. Gentleman's speech, one would have believed that we were back to the rhetoric of the 1980s and the *Morning Star*. We heard a rather outdated view of class war and an apparent belief that Conservative Members and the Government have no interest in helping employment. He could not be more wrong. He needs to understand, first and foremost, the legacy that we inherited.

One would have believed from listening to the hon. Gentleman that the past 15 years were a period of great employment success, but nothing could be further from the truth. We have gone through a long period in which we have consistently had almost 5 million people on out-of-work benefits. Although there have been increases in employment, such as the growth by almost 4 million in the past few years, we know thanks to the assiduous work of the right hon. Member for Birkenhead (Mr Field), who spent a lot of time in the previous Parliament teasing out of the previous Government the reality of the labour market, that far too many of those jobs—indeed, the majority—went not to unemployed people in this country but to people coming to the UK from overseas. That was a great tragedy and a great failure. Billions of pounds were spent on nationally organised back to work schemes that did not deliver the change that we needed.

The hon. Gentleman made a good point when he said that he did not want to see the man or woman coming from Whitehall with a big stick to try to get people into work. I agree with him, but that was the failing of the previous Government's policy. Programmes were designed in Whitehall, to a template designed in Whitehall and on a contractual basis designed in Whitehall, and they did not deliver the improvement that we needed. That is why we are determined to change things and have brought an entirely fresh approach to back to work programmes. I believe that that approach will help and harness the expertise that has been built up in his town of Rhyl over the months and years.

Let me explain to the hon. Gentleman how the Work programme is designed to work. He will be aware that the contracting of the programme has involved not only individual prime contractors such as Working Links but a network of private small businesses, voluntary organisations, local charities, local groups with expertise on the ground in dealing with unemployment challenges and local public sector bodies. A number of local colleges are also involved in delivering the Work programme. We have decided to say to those providers that it is not the Government who know best how to get people into work, and who are best placed to design the programmes that will work in various parts of the country, it is the professionals on the ground.

We have said that we will leave it to the providers to design what works. We want to encourage them to form excellent local partnerships such as the hon. Gentleman describes as having worked well in Rhyl. The only thing

that we ask of them is that they succeed. We have put in place a payment-by-results regime, in which the prime contractors are investing £580 million over the next 12 months. We have confidence in their ability to build consortia of organisations and local partnerships, and in their capability to transform the lives of unemployed individuals around the country. We will reward them when they succeed in getting the unemployed into work. The scheme is designed to deliver the type of localism that he described in Rhyl. We believe that localism can work well around the country, and it is the essence of the Work programme and the black box approach.

Chris Ruane: We've been doing it for 10 years.

Chris Grayling: No, the tragedy is that the Labour Government did not do that for 10 years. There were one or two isolated pockets where there were very good local partnerships, and the hon. Gentleman has described one in Rhyl which was clearly very good, but in too many places that did not happen. Individual communities did not have the type of support that he described. They had top-down programmes designed in Whitehall. The man or woman from Whitehall with the big stick did indeed go down and tell people how things should be done.

I remember that when I held the work and pensions brief in opposition, I used to receive regular e-mails and letters from people who had been referred to the employment programmes that the previous Government had put in place and were hugely frustrated. They were being referred for a 13-week period, more often than not to sit in a classroom for the entire time, with a few lessons on how to fill in a CV and do interviews and the occasional work placement. However, they absolutely did not get the type of diverse programme that the hon. Gentleman described.

I am all in favour of some of the initiatives that the hon. Gentleman mentioned, although I do not know the details of every one. He described young people setting up their own market stalls and unemployed young people rebuilding community centres to gain the skills that they need. I applaud such valuable initiatives.

One thing that excites me when I look at the ideas of Work programme bidders is that we have challenged them to move beyond where they were before. We set a minimum performance standard in excess of what previous national programmes had achieved, precisely because we wanted to drive innovation, new ideas and much more tailored provision. I do not want one-size-fits-all provisions, because, as the hon. Gentleman knows, they do not work. A wide variety of individuals have been on benefits for the long term. He referred to young people who grew up in households in which their parents and grandparents did not work, and who had no experience of a working environment as they grew up. We must help those people back into an understanding of what they can achieve in the workplace. Some older people find that the profession that they spent 20 or 30 years in is no longer available to them. We need to help them to find something different to do with the remainder of their working years.

The Government have actively sought new ideas and a new approach. The exciting thing about the Work programme bids is that there have been real signs of innovation that move beyond that 13 weeks in the classroom and the structure of past programmes.

Kerry McCarthy (Bristol East) (Lab): I appreciate the need to recognise that unemployed people are individuals with individual circumstances, to which the Minister has referred. My concern is that Jobcentre Plus does not always recognise that at a local level in respect, for example, of the new requirement that lone parents seek work when their youngest child is aged seven—the age is eight at the moment. I hear tales of people being told that they are regarded as not looking for work, because they say that they cannot work in the evenings because babysitters are unavailable, or because they turn down a job that starts at 9.30 am and they have to drop the kids off at school on the other side of town at 9 am. Will the Minister reassure me that such people will not be penalised?

Chris Grayling: I can absolutely give the hon. Lady that reassurance. She will know that there is a definition of reasonableness in deciding whether somebody should be required to take a job. We only expect lone parents with a child at primary school to take up a job that is consistent with school hours—it would be absurd to expect a lone parent to work a night shift, for example. I absolutely assure her that that is the case.

While we are on that point, I will pick up the point that the hon. Gentleman raised on targets. The truth is that we discovered that problem, were horrified about it and put a stop to it immediately. However, is he aware of the roots of the problem? The roots are in a set of benchmarks that were introduced by Jobcentre Plus regions to judge whether appropriate sanctions were being achieved in each area, why there were differences, and whether policy was being applied uniformly. In an organisation that is, in my view, too target and detail-focused, the consequence was that in some areas, that was interpreted as a need to apply the individual target of which the hon. Gentleman is now aware.

However, the hon. Gentleman might be unaware that the those benchmarks were introduced in 2006 under the previous Government. Jobcentre Plus is much too focused on targets and goals. Benchmarks are turned into individual targets for front-line staff, and the organisation's culture does not appreciate the fact that we want front-line individuals to use discretion. We are going through a long change process after 13 years. Jobcentre Plus is used to taking diktats from the top, but this Government are saying, "We want you to use discretion in the front line and to take the right decisions in the interests of individual with whom you are dealing. We do not want you constantly to look back over your shoulder to ask what the centre is saying." That is an important development, but it will take us time to feed through the whole organisation.

Ironically, given what the hon. Gentleman said about targets, that policy dates back to changes made by the Labour party when it was in power. Indeed, last April it changed the rules actively to encourage an increase in the number of sanctions—again, something that we inherited. It is easy to look at the current Government and say, "What are you doing?", but actually it is a problem which we inherited, which has grown and which we are now trying to unpick.

The hon. Gentleman referred to the future jobs fund. I know that Labour Members are wedded to it, but in truth it cost four times as much per job outcome as the previous Government's other scheme, the new deal for young people. At the end of the day, given that we have

[Chris Grayling]

inherited the biggest budget deficit in Britain's peacetime history, we have to take some hard decisions and look for value for money. The problem with the future jobs fund was that it was a six-month work placement in the public or voluntary sector with no clear pathway through to a long-term career. We took the view that it was much better to invest our money in apprenticeships, where the young person spends an extended period with a private sector employer gaining skills that will provide the foundations of a lifetime's career and that will not simply lead to a shutter coming down at the end of six months.

We are pretty early on in our apprenticeships programme, but we are already having considerable success in getting employers to take up apprenticeships. I was delighted to go to Newcastle earlier in the week and see the front page of *The Journal* announcing a great success for the paper's campaign to encourage small employers to provide apprenticeships for young people. That is the kind of partnership that I really like. I absolutely agree with the hon. Gentleman about the importance of local partnerships. I want local employer groups, papers and public sector organisations working together to encourage young people to take up apprenticeships and to encourage local employers to provide apprenticeships. He will know that we are focused on ensuring that we provide work experience places for young people, but above all we are trying to ensure that decisions are taken locally. In the context of what is being done in Rhyl, there is nothing in the Work programme that prevents that work from continuing. Excellence will flourish in the Work programme. The whole system is designed to give local communities, providers on the ground and local organisations the freedom to do what works for the individual, which is what is important.

In conclusion, I regard unemployment, particularly youth unemployment, as among the most important of this Government's challenges. I am relishing the chance—

10.12 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Thursday 12 May 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Waste Review

1. **Mrs Mary Glindon** (North Tyneside) (Lab): What recent representations she has received from local authorities on her Department's waste review. [55086][1]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): My ministerial colleagues and I have met a wide range of local authority representatives to discuss our review of waste policy in England. Eighty local authorities, and a range of partnership groups, responded to our call for evidence and many have participated in subsequent discussions with Department for Environment, Food and Rural Affairs officials, emphasising the diversity of local circumstances.

Mrs Glindon: Can the Secretary of State tell me what DEFRA is doing to help local authorities to crack down on persistent fly-tippers in rural and urban areas?

Mrs Spelman: Responsibility for dealing with fly-tipping is also a matter for the Department for Communities and Local Government, and I am sure that the hon. Lady is aware that, over time, the fines have been increased. The Natural Environment and Rural Communities Act 2006 makes provision for penalties for fly-tippers, and I want to make it perfectly clear from DEFRA's perspective that it is a practice that we abhor, and that we seek to catch and prosecute those who perpetrate it.

Mr Gary Streeter (South West Devon) (Con): Given that the South West Devon Waste Partnership has decided that Plymouth is the right place for its energy-from-waste facility, will the Secretary of State please try to persuade Devon county council, in its forthcoming consideration of an application for a commercial waste incinerator in south Devon, that we certainly do not need two incinerators so close to each other in the area? *[Interruption.]*

Mrs Spelman: Whatever I said has resulted in a very rapid departure by the hon. Member for North Tyneside (Mrs Glindon).

The waste review will look at waste in the round. We recognise the difficulties that incineration can cause locally, which is why we strongly support these decisions being made at local level.

Mr Speaker: Order. I apologise; this is nothing to do with the Secretary of State. A Member must not leave the Chamber before his or her question has been concluded, whatever other pressures there might be.

Mr Jamie Reed (Copeland) (Lab): Recycling under the last Labour Government increased threefold, but this Government's continued delays over the waste review have deprived British business of the certainty that it needs if it is to use resources in a smarter way and improve its reuse and recycling of materials. This is damaging for the economy and for the environment. Can the Secretary of State guarantee that the waste review will enable business to make up the ground lost as a result of Government delay? Can she also guarantee that it will provide the right regulatory framework to enable businesses to invest in these areas?

Mrs Spelman: The hon. Gentleman wrongly credits his party with being at the centre of the improvement in recycling rates. The fact is that local authorities have achieved this, and the majority of them are Conservative controlled to boot. Perhaps we can also nail this myth about delay. Our business plan makes it clear that the waste review, which was launched in June last year, will be published in June this year. This is not a question of delay. The hon. Gentleman will have to wait just a short while to see the importance that the Government attach to undertaking a thorough review of waste, which includes picking up some of the mess that the previous Government left behind.

Allotments

2. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): What recent discussions she has had with the Secretary of State for Communities and Local Government on allotments. [55087]

8. **Mr Dave Watts** (St Helens North) (Lab): What recent discussions she has had with the Secretary of State for Communities and Local Government on allotments. [55094]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): This Government strongly support the need for more growing spaces to be made available for people to grow their own fruit and vegetables. Assertions that we would scrap the duty placed on local authorities to provide plots for growing food to persons resident in the area are entirely false. DEFRA officials and I are working with the Department for Communities and Local Government to develop further initiatives to release land that could be used for allotment sites.

Bridget Phillipson: I thank the Minister for his answer. Four thousand people in my area currently have an allotment or are on a waiting list for one. Can he

1. *[Official Report, 23 May 2011, Vol. 528, c. 5-6MC.]*

reassure me that he will not support any measure that would scrap legal protection for allotments, and that he will bring all possible pressure to bear on his colleagues in the DCLG?

Mr Paice: The short answer is yes. The longer answer is that my colleagues in the DCLG have already made public statements to make it clear that there are no plans to weaken the protection for allotments.

Mr Speaker: I call Mr Dave Watts. He is not here. We move on to Question 3.

British Food Industry

3. **Robert Halfon** (Harlow) (Con): What steps she is taking to support the British food industry. [55088]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): The Government take the British food industry extremely seriously. We have established the industry-led taskforce on farming regulation; we have also invested £13.6 million in collaborative research and agreed an action plan to increase fruit and vegetable production; and we will publish the groceries code adjudicator Bill shortly. Furthermore, on 26 January I wrote to all Departments setting out the Government's commitment that, subject to no overall increase in costs, they will source only food that meets British or equivalent standards of production.

Robert Halfon: Nazeing village, in my constituency, is a UK centre for greenhouse farming, and that is especially true of the farm of Mr Franco Pullara. He is hoping to build a new plant to produce biogas, which will provide him with renewable heat and power, but the rules are a minefield. What further assistance can the Minister provide to support such farming projects, and will he meet Mr Pullara to discuss it?

Mr Paice: I am very much aware of a number of growers in my hon. Friend's constituency who are pre-eminent in glasshouse production, and I would be very happy to meet this particular constituent. My hon. Friend is aware that the Department of Energy and Climate Change is undertaking a review of the feed-in tariffs for biogas production. Obviously we will have to await the outcome of that, but I hope that we can remove any other barriers to enable his constituent's development to take place.

Mr William Bain (Glasgow North East) (Lab): The UN's Food and Agriculture Organisation forecast last month that global food production will have to rise by 70% by 2050, and that goes alongside the twin challenges for government of reducing agriculture's greenhouse gas emissions and ending food waste, which costs British families an estimated £5 billion a year. Why then, four months after the publication of the foresight report, have the Government produced no plan to increase sustainable food production? Was the president of the National Farmers Union not right to indicate that a Department without a plan for food means a Government without a grip on the vital issue of food security?

Mr Paice: That is a bit rich, given that the Labour Government spent 13 years running down our agricultural industry so that we now have to import to cover half our needs—that is the result of their policies. Of course we are developing our own proposals. The foresight report was produced under this Government and we stand by it. It is a very comprehensive report and we will, of course, be responding to it with a series of proposals to put British agriculture back where it belongs—back on its feet.

British Food Exports

4. **Sajid Javid** (Bromsgrove) (Con): What steps she is taking to support British food exports. [55089]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): DEFRA leads on a number of initiatives to support British food exports, such as working with industry to develop export certification schemes for non-EU markets. A recent success has been certifying dairy products for export to India. We are working with the food industry, and across government, to maximise the growth potential through overseas trade. That commitment is clear in the recently published UK trade and industry strategy.

Sajid Javid: I thank the Minister for his answer. Two of my constituents run a very successful pet food company, First Class Foods Ltd. They are trying to tap into international demand, but they face a significant obstacle in China because, surprisingly, we do not have the relevant export licence. Will he help to bring good, wholesome, tasty British pet food to Chinese cats and dogs by addressing this issue?

Mr Paice: I shall resist all the obvious temptations in that question. I am aware of First Class Foods in my hon. Friend's constituency. The difficulties of entering the Chinese market are not confined to pet food; it took us three years to make the necessary import arrangements in respect of breeding pigs. However, my officials are working with the Chinese Government and, in particular, their General Administration of Quality Supervision, Inspection and Quarantine to find a way forward so that his company can export good quality pet food to China.

Fish Discards

5. **Mr David Hanson** (Delyn) (Lab): What recent discussions she has had with her EU counterparts on fish discards. [55091]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): Since the ministerial meeting I attended in Brussels on 1 March, discussions have progressed at official level. Officials attended an event on 3 May with other member states, industry representatives and other interested parties, where the discussion about a discard ban continued. I consider that any move towards a discard ban must be backed up by genuinely effective, enforceable and affordable measures, driving more selective behaviour towards reducing what is caught in the first place.

Mr Hanson: I am grateful to the Minister for his answer. He will certainly have my support and good wishes, and those of my Front-Bench team, in making progress on that particular action. When he does so,

will he also raise with the European Union and with John West Foods Ltd that company's performance on tuna discards and tuna fishing generally? Some 49,000 people have signed a Greenpeace petition calling for improvements in that performance, and John West remains the only retailer and producer not to have taken action in the United Kingdom.

Richard Benyon: I entirely understand the right hon. Gentleman's point. It is worth applauding companies such as Princes that have moved over to line-caught tuna only. Many other multiples and supermarkets now sell only tuna that has been caught by sustainable means from sustainable stocks. I entirely endorse what the right hon. Gentleman said.

Miss Anne McIntosh (Thirsk and Malton) (Con): I congratulate the Minister on the negotiations about discards, which is a wholly unacceptable practice. The Commission seems to be moving towards a quota for 15 years. Will he spare a thought for the Coble fishermen in Filey who have no quota, want to fish cod at the moment, but are unable to do so under the current regime?

Richard Benyon: I understand my hon. Friend's point. We have to work off track records and historical fishing effort. I understand the many concerns of fishermen in the non-quota areas. They want to be part of a reformed policy and I will certainly consult my hon. Friend and Members of all parties to make sure that we take forward a long-term policy that has sustainability at its heart.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): How will the Minister assess the success of the catch quota trials that have been going on in Scotland and England? Does he foresee an extension of that effort to tackle discards?

Richard Benyon: When I was in opposition, I visited the hon. Lady's constituency and talked to fishermen who were very concerned about having cameras on their boats as part of this scheme. Those concerns have now, by and large, dissipated and fishermen across the country are joining similar schemes. We have signed a declaration with France, Germany and Denmark, saying that catch quotas should be at the heart of a reformed common fisheries policy. That is really good news. I applaud the fishermen in the hon. Lady's constituency and elsewhere; there will be no cod discarded from boats fishing from her constituency in the catch quota scheme this year.

Andrew George (St Ives) (LD): Is the Minister aware that the 200 fishermen in the Cornish mackerel handliners association have decided not to continue their certification with the Marine Stewardship Council because they judged that the costs clearly outweighed the benefits, particularly bearing in mind that the MSC appears to have become more business-led and supermarket-driven in its standards, allowing some high-impact trawler-based methods to achieve certification?

Richard Benyon: Marine Stewardship Council accreditation is a highly respected brand globally, and must remain so. We must do all we can to work with it to ensure that it does remain so. I was dismayed to hear recently about the decision of the handline fishermen in the hon. Gentleman's constituency and I want all fishermen to try to get into accredited schemes like this one, which shows that they are not only fishing sustainably but accessing the market at a premium price. We want to make every effort to sustain the MRC accredited scheme.

Fishermen

6. **Sheryll Murray** (South East Cornwall) (Con): What steps she is taking to support fishermen. [55092]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): Before I answer the question, I want to say that all Members are in awe of the hon. Lady's courage in standing up for her constituents and the industry she loves so soon after the tragic loss of her husband

Fishermen are facing significant challenges, particularly in the English under-10 metre fleet. Forthcoming domestic and European reforms offer the opportunity fundamentally to change things and put the industry on a sustainable footing in the longer term. In the meantime, along with financial support available through the European Fisheries Fund, the Marine Management Organisation is working with industry effectively to manage the current system, to secure additional quota through swaps and to keep fisheries open as long as possible.

Sheryll Murray: I thank the Minister for those kind words.

I have a special interest in this subject as a custodian of an under-10 metre trawler. The impact assessment accompanying the consultation on the reform of fisheries management arrangements in England has not considered key sensitive assumptions. Will my hon. Friend test the sensitivities and risks for the impact of fixed quota allocations on under-10 metre vessels that, for various reasons, move between ports located in different ICES—International Council for the Exploration of the Sea—areas. Will he also assess the impact of fluctuations in fuel prices?

Richard Benyon: I think the law of unintended consequences is more prevalent in fisheries management than in anything else I have encountered. I want to make sure that our reforms for the under-10 metre sector work. That is why we developed a consultation, building on the sustainable access to inshore fisheries that was started by the last Government. I hope that we can put inshore fisheries on a sustainable footing. I will look at anything that stands in its way, so I will consult officials on what my hon. Friend has said and get back to her.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): I am sure that the Minister will know of reports this morning about of the Commission's proposals which are to be issued in July, referring to longer quota periods. I hope that he will use his good offices in the negotiations to ensure that no EU-wide conditions are applied that do not take account of local conditions and practices. It is important for the sustainability of fisheries throughout UK waters for local practices not to be disregarded.

Richard Benyon: I respect the hon. Gentleman's knowledge of the issue. He is absolutely right. One of our problems in British waters is that we have, by and large, a very mixed fishery, and the top-down system management has not taken that into account. We are pushing for some form of at least sea-based and perhaps more local control and management of our fisheries. I agree with the hon. Gentleman that at the heart of a reformed fisheries policy is the need for local factors to be allowed to play a role, and that many of them should be controlled by member states or more locally to ensure that we have the right and most sustainable policies.

Access to Ministers

7. **John Glen** (Salisbury) (Con): What steps she is taking to increase the level of access to Ministers and engagement with departmental decision making for farming and rural communities. [55093]

13. **Graham Evans** (Weaver Vale) (Con): What steps she is taking to increase the level of access to Ministers and engagement with departmental decision making for farming and rural communities. [55099]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Our new rural communities policy unit is building links with a wide range of organisations representing and supporting rural communities. We are also encouraging the development of a new rural and farming network enabling people from different parts of the country to advise Ministers directly on farming, food and rural issues.

John Glen: I thank my right hon. Friend for that helpful reply.

One of the challenges facing rural communities is the sense of isolation that results from poor access to broadband and voice calls. How will my right hon. Friend ensure that Ministers address the problem of rural communities' feeling of apartness from government in regard to lack of access to online means of communication?

Mrs Spelman: My hon. Friend is right to raise this point. Those living in rural areas with no access to broadband are at a digital disadvantage, which is why the coalition Government have committed £530 million to assisting the roll-out of superfast broadband to those areas. That is particularly important to farmers, who are expected to file their forms on line, but it is also important to children, who are nowadays expected to file their homework on line.

Graham Evans: Does the Secretary of State agree that one of the most damaging characteristics of the last Government was their apparent distance from issues affecting people living in rural communities such as mine? Can she reassure my constituents that people living in the countryside will be given every opportunity to ensure that their voices are heard directly when it comes to rural policy making?

Mrs Spelman: My hon. Friend is absolutely right. He has given the Conservatives strong backing from 2009 onwards on the need to put the rural heart of the country back at the centre of government. May I encourage him, our hon. Friend the Member for Salisbury (John Glen) and all other Members present to persuade their constituents to engage with the new rural and farming network? It will provide an opportunity for people to have direct access to Ministers, and I hope that every Member will take advantage of that.

Kerry McCarthy (Bristol East) (Lab): I welcome the Department's effort to engage with rural communities, which is obviously important in the south-west, but is the Secretary of State aware of the growing fear that the Department is beginning to represent the interests of food producers and farmers at the expense of those of food consumers? What steps is she taking to ensure that consumers are involved in departmental decision making as well?

Mrs Spelman: I do not recognise that distorted view of what the Department does. If I were to list just a few of our achievements over the last 12 months, they would point strongly to the breadth of our remit . For instance, I helped to secure agreement on biodiversity in Nagoya, the Minister of State, Department for Environment, Food and Rural Affairs, my right hon. Friend the Member for South East Cambridgeshire (Mr Paice), helped to secure the ban on illegal timber logging and ensure that the ban on commercial whaling was retained, and we will shortly produce a natural environment White Paper, the first for 20 years. That should give a strong assurance to all Members and everyone we know who cares deeply about the protection of the environment.

Forests and Woodlands

9. **Mark Pawsey** (Rugby) (Con): What steps her Department is taking to encourage greater community involvement in the running of local forests and woodland. [55095]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I recently had the privilege of planting a tree with the Friends of Kingfisher Country Park, the Tree Council, Keep Britain Tidy, BTCV and local tree wardens to mark the milestone of 100,000 trees planted as part of our big tree plant. Since the launch in December, we have helped local communities and civil society partners across the country to plant trees where they live and work.

Mark Pawsey: I thank the Secretary of State for her reply. In January 2000, ownership of Brandon wood in my constituency passed from the Forestry Commission to the Friends of Brandon Wood and became the first community woodland in England. Since then, volunteers have worked hard to provide a network of footpaths for all-weather and all-ability walking throughout the woods, and local schools have been involved. Will the Minister ensure that the Independent Panel on Forestry fully considers the benefits that can arise from local ownership of woodlands such as that of Brandon wood?

Mrs Spelman: I am sure Members know this, but I should perhaps point out that my hon. Friend has a degree in estate management, and his constituency is therefore very blessed given its appetite for engagement in community forestry. Brandon wood is one of the best

examples of community forestry, and I suggest that my hon. Friend should pass it directly to the IPF, because that panel is open to all members of the public, and part of its work will involve going around the country. He has an excellent opportunity to commend this example to the panel.

Barry Gardiner (Brent North) (Lab): Does the Secretary of State agree that one of the best ways of getting local people further involved in woodland management would be by progressing the wood fuel strategy? Responsibility for that now lies with her colleagues in the Department of Energy and Climate Change of course. Several months ago I had a meeting with the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), at which it was agreed that the programme could be doubled, but that it was important that both Departments work together on this because it is important that both demand and supply are matched up and incentivised.

Mrs Spelman: The hon. Gentleman is right to point out the potential of wood fuel as part of a portfolio of renewable energy sources. We work very closely with our colleagues at DECC on this matter. We share a vision for the role of renewable energy, and I will address the wood fuel strategy with my DECC colleagues.

Mr Mark Spencer (Sherwood) (Con): I doubt that the Secretary of State will be aware of Nottinghamshire police's efforts to clamp down on antisocial behaviour in one of my woodlands in Sherwood, but does she agree that opening up woodlands to members of the public for the right use serves to drive out such antisocial behaviour?

Mrs Spelman: I can well imagine the problems. I suspect that every Member has some woodland in their constituency, so we will all know that that environment can, from time to time, attract the unwelcome attentions of those who perpetrate antisocial behaviour. It is therefore all the more important that people in our communities are vigilant and active in the right use of woodlands and green spaces, so that, as far as possible, we stamp out the antisocial behaviour that spoils them for everyone.

Carbon Reporting

10. **Pamela Nash** (Airdrie and Shotts) (Lab): What plans she has to bring forward proposals for mandatory carbon reporting by businesses. [55096]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Yesterday, my noble Friend the Under-Secretary, Lord Henley, launched a public consultation seeking views on whether or not regulations should be introduced to make it mandatory for some companies to report their greenhouse gas emissions. I commend Christian Aid for raising awareness of this issue in Christian Aid week, and I hope that that will also serve to raise awareness of our consultation among members of the public and encourage them to engage in it.

Pamela Nash: I thank the Secretary of State for her answer. Just yesterday, Lord Henley stated:

"More consistent reporting of emissions should help investors make better use of such data".

Does the Secretary of State therefore agree with me and the 60,000 people who have taken the time to join Christian Aid's campaign that consistency can be achieved only if the scheme becomes mandatory?

Mrs Spelman: We cannot pre-empt the outcome before the consultation, but institutional investors want this information in order to be able to make a more accurate assessment of companies. Most big companies already report their greenhouse gas emissions, but this is the perfect time for the hon. Lady and her colleagues to take part in the consultation, so that views may be ascertained.

Mr James Gray (North Wiltshire) (Con): Although we all want to encourage companies, particularly big companies, to reduce their greenhouse gas emissions, does the Secretary of State agree that there is a risk of over-burdensome regulation, particularly on small and medium-sized enterprises, which will result in only a very small reduction in carbon emissions?

Mrs Spelman: The coalition Government are committed to relieving the unnecessary burden of red tape on all of business, but we understand that pressures can be particularly burdensome on SMEs. If my hon. Friend looks at the proposals in the consultation, he will see that these concerns have been taken account of, and I am sure that if he participates in the consultation and further reinforces the views he has expressed in the Chamber, it will all add weight to the outcome of the consultation.

Mary Creagh (Wakefield) (Lab): May I start by saying how unhappy the Opposition are, along with the National Farmers Union, that DEFRA questions have been castrated to a mere 45 minutes, although I understand the Government's desire to give more time to their stellar parliamentary performer, the Deputy Prime Minister?

In opposition, the Conservative party promised to

"bring forward the date that the largest companies are required to report on carbon emissions",

yet the consultation the Government published yesterday gives companies an option to do nothing. We heard earlier this week that the hawks in the Treasury and the Department for Business, Innovation and Skills are holding up Cabinet agreement to the UK's fourth carbon budget. Is there a Cabinet split on carbon reporting as well?

Mrs Spelman: We must set the record straight, for the sake of all hon. Members. It was the official Opposition who asked for the Deputy Prime Minister to be given a 15-minute slot, which had to come from one of the longer sessions of oral questions. If one analyses the number of questions that Opposition Members have tabled, one will see that the answer lies in their own hands. A glance at the Order Paper will confirm that twice as many Members on the coalition Benches tabled questions to DEFRA.

Mr Speaker: Order. The Secretary of State has made her point, but she must quickly answer the question on the Order Paper, and then we will move on.

Mrs Spelman: The question on the Order Paper concerns woodland cover and encouraging communities to plant more trees. I think I have made it clear how—*[Interruption.]* As for carbon reporting, the consultation contains four options for companies to engage in carbon reporting. The consultation was launched yesterday, and this is the time for people to express their views on the options in the paper.

Red Diesel

11. **George Freeman** (Mid Norfolk) (Con): What discussions she has had with the Chancellor of the Exchequer on the effects on British farmers of planned EU changes to rates of duty on red diesel. [55097]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The Secretary of State has not discussed this issue directly with the Chancellor, but officials have been in contact with the Treasury. The Commission's proposals will not affect the ability of member states to set a lower duty on the off-road use of diesel as vehicle fuel. However, the UK does not support a mandatory pan-EU carbon tax, and nor does it support the Commission's proposal, which would require 27 member states' unanimous agreement before it could be adopted.

George Freeman: I thank the Minister for that reassuring answer. The EU draft proposal to remove the tax exemption on agricultural red diesel sent shockwaves through farming communities in my constituency and across British agriculture. After a decade in which the Labour party put up duty on red diesel four times, may I urge him to make the strongest representations across Whitehall and show that it is we on the Government Benches who are standing up for the rural economy?

Richard Benyon: My hon. Friend is to be applauded for standing up and campaigning on behalf of farmers in his constituency. They need to know that they have got a Government obsessed with keeping them competitive against a lot of international and domestic challenges. The Government recognise the value of farmers in producing food, protecting the environment and being the guardians of ecosystem services, and they now have a Government who are on their side.

Red Tape Challenge

12. **Caroline Lucas** (Brighton, Pavilion) (Green): What recent discussions she has had with the Secretary of State for Business, Innovation and Skills on the environmental regulations considered for possible revocation under the red tape challenge. [55098]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I want to make it clear that there is no intention of relaxing existing levels of environmental protection. As a former MEP, the hon. Lady will be well aware that most environmental legislation emanates from European directives, and their complete removal would not be possible. Nevertheless, it might be possible to improve their implementation arrangements. The red tape challenge should therefore be embraced by all as an excellent opportunity to gather ideas on how we can regulate better.

Caroline Lucas: I thank the Secretary of State for her answer, by which I am not entirely reassured. Does she know that in my constituency, in Brighton and Hove, standards for nitrogen dioxide are regularly exceeded at 20 sites across the city? Much of the pollution—as well as its costly health consequences—is caused by traffic. Will she therefore absolutely guarantee to defend the regulations on air quality that set health protection standards should they come under threat from the insidious red tape challenge?

Mrs Spelman: The air quality directive is a piece of European legislation. Therefore, it is not involved in any red tape challenge. I share with the hon. Lady a desire to improve air quality, as it has enormous benefits for the environment and for human health. The fact is that air quality demands at a European level are very ambitious and we are working closely with local authorities, the Mayor of London and others to do all we can to improve air quality.

Zoo Inspectors

14. **Mr Jim Cunningham** (Coventry South) (Lab): How many inspections have been carried out by her Department's zoo inspectors since May 2010; and if she will make a statement. [55100]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): According to our records, from 1 May 2010 to 9 May 2011 DEFRA's nominated zoo inspectors carried out 59 inspections. This is a matter for local authorities, however, and sadly they do not always inform us when inspections take place.

Mr Cunningham: I thank the Minister for that answer. Can he give me the figures for the inspection of circuses as well?

Mr Paice: As the hon. Gentleman is aware, there has been a lot of speculation about circuses. There have been recent press reports that the Austrian Government have been taken to court for their attempt to ban wild animals in circuses, so our Government can hardly recommend something that might not be legal. I can assure him, however, that the proposals we will bring forward shortly will be tough enough to ensure that animal welfare in circuses is properly protected.

Gavin Shuker (Luton South) (Lab/Co-op): It has been reported, and suggested by the Minister, that there will be enhanced inspections rather than a ban on wild animals in circuses. Labour's consultation showed that 94% of respondents favoured a ban. The petition in *The Independent* attracted nearly 15,000 signatures in the past week, and crucially on 3 April DEFRA briefed that it favoured a ban as well. Another month, more drift and no announcement: is it dither, delay or No. 10 that is preventing the Secretary of State from showing some leadership?

Mr Paice: The hon. Gentleman obviously did not listen to the answer I just gave. Whether we like it or not, this court case is going on in Europe and therefore the British Government could not bring forward a proposal—although I am interested to hear that he would—that might well prove shortly to be unlawful.

Topical Questions

T1. [55111] **Mr John Spellar** (Warley) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): My Department's priorities are to protect the environment, support farmers and strengthen the green economy. On Monday, I launched a report on climate resilient infrastructure with Lord Krebs and Simon Kirby of National Rail at the remodelled Blackfriars station, along with my right hon. Friend the Minister of State, Department for Transport. This dry spring—the second in succession—which we are closely monitoring, reminds us all of the need to adapt to the increasing frequency of extreme weather events.

Mr Spellar: I thank the Secretary of State for that reply. She mentioned climate, so may I ask why she is delaying bringing forward legislation on water and why she is even considering compulsory water metering in areas where there is no water shortage? In this month of the Chelsea flower show, has she considered the impact of this water tax on gardeners or even talked to her Health colleagues about the benefits of gardening for body and soul? What do this Government have against allotment holders and gardeners?

Mrs Spelman: There were a number of things there. As part of our achievements in our first year in office I would count the implementation of most of the Pitt review, so there has been clear progress in implementation. The water White Paper is due later this year, and I just mentioned how closely we are monitoring the water situation. I am very concerned that it is already having an irreversible impact on agricultural production and I have convened a meeting of all stakeholders next week as it is very important that we take this matter extremely seriously.

T2. [55112] **Stephen Barclay** (North East Cambridgeshire) (Con): The Department has spent many millions of pounds buying up some of our best farmland next to the Ouse washes to provide extra habitat for birds. The Littleport and Downham internal drainage board has expressed grave concern at the increased flooding risk to homes and other farmland. This action undermines food security and is not a good use of public funds at a time of austerity. Will the Minister agree to meet me and a local delegation to discuss that, and will his Department now publish a detailed assessment of the costs associated with it so that we can assess it properly?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The short answer is yes. Our policies have to balance nature conservation against our commitment to food security. I want to know how established schemes that have been running for many years are working, and the development of the scheme that my hon. Friend talks about dates back almost a decade. I want to make sure that we are getting things right, so I appreciate his raising that point.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister will know that children learn best when they are out of the classroom. Often they learn very well in the natural environment—in forests and wild places. The number of school visits is collapsing under the present Government. What is the Secretary of State doing with her Education counterpart to boost the number of trips that children make to the green environment?

Richard Benyon: If the hon. Gentleman can curtail his enthusiasm for a few weeks and wait to see what is in the natural environment White Paper, I think he will rejoice that this Government get outdoor learning. The Department is working very closely with my right hon. Friend the Secretary of State for Education and others, and is engaging with great visionaries such as Kate Humble and others for whom this is a passion, which we share.

T3. [55113] **Stephen Gilbert** (St Austell and Newquay) (LD): Early this morning, my right hon. Friend the Secretary of State committed to publishing the waste review in June. It is obviously going to be a landmark document for the United Kingdom, so will she commit to bringing it to the House for debate?

Mrs Spelman: It is important that all DEFRA's publications are laid before the House; we go to great lengths to keep the House informed of all our activities. The waste review is, as the hon. Gentleman says, a landmark publication, and we look forward to publishing it shortly. We will make it widely available to hon. Members.

Joan Walley (Stoke-on-Trent North) (Lab): In view of the forthcoming European Commission conference on the LIFE+ programme to protect biodiversity, will the Secretary of State give me an assurance that officials in the Environment Agency and Natural England will work right across the UK to make sure that we can get the maximum funding from that programme, particularly for the proposal that I am working on in Stoke-on-Trent to improve access to natural resources and to keep biodiversity?

Mrs Spelman: I share the hon. Lady's passion for the protection of biodiversity and the enhancement of biodiversity where there has been biodiversity loss. I am sure that every sinew will be strained by every member of the DEFRA family to make sure that the United Kingdom does well out of any resources that are being made available through the European Union so that we can benefit by putting those resources where they will make a difference—with the protection of biodiversity.

T4. [55114] **Mr James Gray** (North Wiltshire) (Con): When my right hon. Friend the Member for Witney (Mr Cameron) and I were campaigning long and hard against the introduction of compulsory horse passports—identification cards for horses—legal advice to DEFRA was that Ministers had three options. The first was to seek to extend the EU derogation on the subject for a further 10 years, the second was to bring in a minimal regime so that horses at abattoirs would have to have some kind of documentation, and the third was an all-singing, all-dancing, bells and whistles option, requiring every zebra, donkey, horse and pony in the land to have an ID card. Will the Minister re-examine that legal

advice from 2005 to work out whether it might be possible to make horse ID cards voluntary rather than compulsory?

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I am very much aware of my hon. Friend's passion for this issue, some of which I share. The advice I have received is that the decision that the previous Government unsurprisingly made to develop the most bureaucratic and regulatory option is irreversible, but I am more than happy to look at it again.

Mr Tom Watson (West Bromwich East) (Lab): Notwithstanding the Minister of State's previous defiant answer, could the Secretary of State find it in her heart to praise *The Independent* for its campaign to ban wild animals from circuses? Perhaps she will join the 10,000 people who have already signed the petition that the newspaper is running by signing it herself.

Mrs Spelman: Every Member of the House can find it in their heart to do that—of course they can. We have all read newspaper reports about the terrible suffering of Anne the elephant, and I am very glad that she is being spared and has a new, far more enjoyable home. However, the report in *The Independent* clearly states that the Austrian Government have been taken to court by a German circus company because of a breach of the EU services directive. It would be irresponsible of any Government—I hope he is not saying that he would do this if he were part of a Government—to recommend something that is in legal dispute.

T5. [55115] **Greg Mulholland** (Leeds North West) (LD): Yesterday at the Westminster youth fête, I was delighted to join other hon. Members in signing the Red Tractor 4 Wheels manifesto. I know that the Government and my right hon. Friend are committed to supporting UK farmers and to giving consumers information about environmental quality and assurance. How will they support the initiative?

Mr Paice: The Government strongly support the Red Tractor initiative, and I am sorry that I could not attend yesterday's event, as I was at an event elsewhere in the country. However, I understand that it was a great success. As my hon. Friend well knows, we have distributed a circular, and we hope to introduce Government buying standards, as we will require all parts of central Government to buy food produced to British standards which, in most cases, will mean Little Red Tractor standards.

Jim Shannon (Strangford) (DUP): In the past, there has been exceptional pressure on the fishing industry at sea, which has spread to food production on land. In particular, the problems are coming from China, which is buying up a lot of food products. Has the Minister had discussions with Ministers in other regions, particularly the most recent Minister of Agriculture and Rural Development in Northern Ireland, to agree a strategy and policy to address that issue?

Richard Benyon: I look forward to building again the good relationship that I had with devolved Ministers from all kinds of different parties in the different parts of the United Kingdom to make sure that, particularly on fisheries and marine issues, we work as one and agree, as we did, on nearly everything so that we work towards sound policies on food security, conservation and protecting valuable ecosystems. I will continue to do so.

Mr Speaker: I am extremely grateful to the Minister. I am trying to help Back-Bench Members, but in topical questions we must have single, short, supplementary questions and short answers.

T6. [55116] **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): British dairy farmers such as Graham Tibbenham from Weybread in my constituency are struggling to be paid a fair price for their milk by British supermarkets. I am sure that the Minister would like to help. What can his Department do?

Mr Paice: I know the dairy industry, and many sectors face great difficulties, particularly with regard to price. The Government are about to publish proposals—we trust with all-party support—for a groceries code adjudicator, which we hope will go a long way towards helping with that. There are measures, too, going through the EU with regards to contracts. We do not think that they are the sole answer, as some do, but we think that they are a step forward.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The Protection of Badgers Act 1992 states that a badger cull can be carried out only between May and September. Given that any change to the Act would require secondary legislation, which could be introduced only after 1 October, will the Minister say whether there will be a badger cull this year?

Mr Paice: The hon. Gentleman is aware that we published a consultation last autumn and, as I said to the National Farmers Union annual general meeting, it produced a number of challenges that we need to work through. We will make an announcement about a total package of measures to combat this awful disease as soon as we possibly can.

T7. [55117] **Roger Williams** (Brecon and Radnorshire) (LD): I draw the attention of the House to my entry in the Register of Members' Financial Interests.

The Minister has kindly agreed to meet a delegation from the Brecon and Radnor NFU, which will want to know what representations his Department have made on behalf of upland farmers in negotiations on the common agricultural policy. Perhaps he would like to rehearse his answer.

Mr Paice: I look forward to meeting my hon. Friend's farmers next week, and I will give them a longer answer. However, the short answer is that the Government published their own uplands review a couple of months ago. As for the CAP, we have reservations about the Commission's initial proposals to top-slice pillar 1 payments for less favoured areas. We do not think that that is the best way forward, because it would be much more bureaucratic. We think that they are best funded from pillar 2, but it is a very early stage in the negotiations and we will have to see what works. However, we recognise the sensitive difficulties, including of remoteness, for farmers in upland areas.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission, was asked—

Voting Preferences

1. **Mr Philip Hollobone** (Kettering) (Con): If the Electoral Commission will amend its guidance so that only a vote cast that indicates a positive preference for a candidate is counted as a valid vote. [55121]

Mr Gary Streeter (South West Devon): The Electoral Commission informs me that its guidance to returning officers for dealing with doubtful ballot papers is based on the statutory rules for elections and case law in this area. The decision to accept or reject a ballot paper lies with the returning officer.

Mr Hollobone: In the recent local elections in the borough of Kettering, one seat was decided by one vote, and the ballot paper in question had no, no and no against the three candidates from one party and no other marks. That was counted as a positive vote for the three candidates from the other party. Will my hon. Friend advise me on which aspect of legislation we need to change to correct that injustice?

Mr Streeter: My hon. Friend was kind enough to show me a likeness of the offending ballot paper earlier this week, and I have considerable sympathy for the point he makes. However, the situation is covered by rule 47(3) of the Local Elections (Principal Areas) (England and Wales) Rules 2006, with which most hon. Members will be very familiar. It states that a ballot paper shall not be deemed void if an intention that the vote shall be for one or more candidates clearly appears. He may wish to take up his laudable campaign to change the rules with the relevant Minister.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Weddings

2. **Andrew Selous** (South West Bedfordshire) (Con): What steps the Church Commissioners are taking to increase the number of weddings performed by the Church of England. [55122]

The Second Church Estates Commissioner (Tony Baldry): The Church of England's weddings project is a package of training and resources now being used in two thirds of Church of England dioceses and is designed to encourage and promote the local parish church as a choice for weddings. It follows recent changes introduced by the Church to broaden the choice of church venues available for couples wishing to marry.

Andrew Selous: We have strong Government support for marriage and 90% of young people say that they want to get married, yet the number of marriages has halved since 1972 and it is at its lowest since 1895. As this is a serious issue of social justice, will my hon. Friend write to me, placing a copy in the Library, describing examples of where parishes have increased the number of weddings, with good preparation and after care, and will he encourage the archbishops to ensure that there is more of the same?

Tony Baldry: I assure my hon. Friend that the archbishops, bishops and indeed all the Church of England believe strongly in marriage and want to encourage couples to consider getting married in church. There is now a website, www.yourchurchwedding.org, which offers information on how prospective couples can get married in a church and provides a ceremony planner for them to design their own service. Every church wants to welcome couples who wish to get married in church, and I am certainly happy to write to him as requested.

Jim Shannon (Strangford) (DUP): Last week in Westminster Hall there was a very clear debate on families, in which the issue of marriages came up in particular. I have been approached about the matter of price and fees. Will the hon. Gentleman give some indication of whether the Church would be prepared to consider lower fees, because as we all know, the price for marriages is becoming exorbitant?

Tony Baldry: The hon. Gentleman missed the chance only the other day to consider in Committee the occasional fees for the Church of England. He will find that the fee paid to the church for conducting a marriage is actually very modest in comparison with the overall costs. We are very keen to ensure that no one should feel in any way deterred from getting married in church as a result of the fees that are payable.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission, was asked—

Voter Registration

3. **Robert Halfon** (Harlow) (Con): What steps the Electoral Commission is taking to increase voter registration among hard-to-reach groups. [55123]

Mr Gary Streeter (South West Devon): The commission's public information campaigns are targeted at groups that are less likely to be on the electoral register. The commission also sets standards for electoral registration officers, provides them with guidance and materials to increase electoral registration, and provides targeted support where underperformance is found. The commission has recently announced that it will take specific steps with the 45 electoral registration officers in Great Britain who have not met the standards for a number of years.

Robert Halfon: Does my hon. Friend agree that one of the reasons for low voting numbers is lack of literacy and people being unable to read the forms? In my constituency, we have problems with literacy. What is he doing to increase the powers of the Electoral Commission to help those with literacy problems so that they can register to vote?

Mr Streeter: My hon. Friend is right to raise the problems confronting those with literacy challenges. The Electoral Commission uses a number of media, including radio and TV, in its targeted campaigning to do its best to reach everyone. It also produces a range of information in an easy-read format, which can be found on its website, but following my hon. Friend's interest in this important matter I will certainly speak to the Electoral Commission to see what more can be done.

Joan Walley (Stoke-on-Trent North) (Lab): Can I raise a matter very dear to your heart, Mr Speaker, about how we involve more people in the work of Parliament through electoral registration? Will the hon. Gentleman look at the ways in which some pilot funding could be secured to assist those in the parish and town councils of Kidsgrove in my constituency with setting up a youth parliament in order to make young people aware of how our parliamentary democracy and electoral system work?

Mr Streeter: The Electoral Commission is very keen to increase electoral registration and engagement in democracy. I will certainly take forward the hon. Lady's very interesting suggestion to the commission, and we will write to her with what I hope will be a positive response.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Churchyard Trees

4. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What steps the Church Commissioners are taking to ensure that ancient trees in churchyards are protected. [55124]

8. **Fiona Bruce** (Congleton) (Con): What steps the Church Commissioners are taking to ensure that ancient trees in churchyards are protected. [55128]

The Second Church Estates Commissioner (Tony Baldry): Ancient yews are defined as trees older than 250 years and possibly as much as 5,000 years old. Yew trees were felled on a huge scale for English longbows between the 13th and 16th centuries. The yew tree has been an important part of historical religious practice, and in Britain the Celts and Romans thought it to be associated with immortality, regeneration and protection from evil.

In large numbers of cases, the ancient yew trees in churchyards are significantly older than the churches occupying the surrounding land. Many yew trees trace their history back to sacred groves and other such significant sacred places of earlier civilisation. There are eight sites of ancient yew trees recorded in Warwickshire and 12 in Cheshire.

Mr Speaker: We are much better informed!

Nadhim Zahawi: I thank my hon. Friend for that answer. As well as being the final resting place of the great bard, William Shakespeare, Holy Trinity church in Stratford-on-Avon has 12 yew trees representing the 12 tribes of Israel and is home to a yew tree that is estimated to be several hundred years old. Does my hon. Friend agree that the protection of such trees is extremely important in maintaining the historic settings of our great churches?

Tony Baldry: It is fantastic that Holy Trinity, Stratford, has planted 12 new yew trees, but my hon. Friend highlights the fact that a number of older yew trees, designated as ancient or veteran, have not had adequate statutory protection. The Church of England is determined to do all that it can to ensure that every yew tree in our churchyards is properly protected.

Fiona Bruce: It is excellent to hear from my hon. Friend that ancient yew trees are being preserved and protected in that way, but even with best practice no tree will last for ever. What is being done to introduce new trees to our churchyards so that future generations might enjoy that attractive part of our churchyard heritage?

Tony Baldry: I am delighted to tell my hon. Friend that on the eve of the millennium the Conservation Foundation charity presented churches throughout the country with some 8,500 young yew trees, propagated from trees estimated to be at least 2,000 years old. We are now asking churches that planted millennium yews to record their growth and condition on Biodiversity day, which is on Sunday 22 May. I hope, however, that a number of churches up and down the land will follow the example of Holy Trinity, Stratford, and consider planting 12 new yew trees to represent either the 12 tribes of Israel or, indeed, the 12 apostles.

Biodiversity in Churchyards

5. **Mr James Gray** (North Wiltshire) (Con): What steps the Church Commissioners are taking to encourage churches to develop and foster biodiversity in churchyards. [55125]

Tony Baldry: The Church of England, through its own environmental campaign "Shrinking the Footprint", along with Natural England is supporting an application to the Heritage Lottery Fund by the charity Caring for God's Acre to extend its work encouraging and supporting churchyard biodiversity schemes nationwide.

Mr Gray: North Wiltshire has some of the finest and oldest churchyards anywhere in England—one thinks of Malmesbury abbey, St Bartholomew's in Wootton Basset, St Mary's in Calne—and dozens of tiny, ancient, hidden churchyards miles from anywhere. What can the Church Commissioners do to encourage greater biodiversity in them while preserving their peaceful, quiet charm?

Tony Baldry: The Wiltshire living churchyards project has 45 participating churchyards, helped and supported by the Wiltshire Wildlife Trust, Wiltshire Churches Together and Social Responsibility in Wiltshire. As my hon. Friend tells the House, Wiltshire has a unique and rich diversity of landscape, and there are annual seminars at which Wiltshire living churchyards awards certificates for continued wildlife management. The Bishops of Bristol and of Salisbury and the Church locally are determined that churches throughout Wiltshire should be opportunities to celebrate biodiversity.

Gift Aid

6. **Jeremy Lefroy** (Stafford) (Con): How much the Church Commissioners received through the gift aid scheme in the past 10 years. [55126]

Tony Baldry: Church of England parishes recovered £82 million in gift aid from Her Majesty's Revenue and Customs in 2009, which is the last year for which we have data. Over the past 10 years, we believe that the Church has recovered a total of nearly £713 million from parish donations; this excluded donations made at cathedrals.

Jeremy Lefroy: I welcome the recent measure in the Budget to allow donations up to £5,000 for which declarations have not been made to have tax recovered on them. What measures are the Church Commissioners taking to ensure that parishes take up this welcome opportunity?

Tony Baldry: That provision in the Budget was very welcome, as was the provision for the small donations gift aid scheme, because each year, in addition to using planned giving envelopes, people put into the collection plate some £58 million of loose change, and the scheme will be of considerable assistance in recovering tax on that money as well. My hon. Friend is absolutely right. The Church has to make the best possible use of funds that are given to it in meeting social need and ensuring that churches can be places of community resource. That also means their being places not just of worship but for the widest possible community use, whether it be for cafés, concerts, crèches or other uses for the community as a whole.

Lead Theft

7. **Mr David Nuttall** (Bury North) (Con): What steps the Church Commissioners are taking to reduce the level of lead theft from church buildings. [55127]

Tony Baldry: Last year, churches in Manchester had more lead theft than in any other area of the UK, with a significant number of insurance claims being made. Metal theft, particularly the theft of lead from church roofs, is the most serious problem facing the maintenance of the historic legacy of church buildings, with Wakefield cathedral being the most recent case. The Church recently sent a report to the Home Office in which it makes recommendations for the greater regulation of the scrap metal industry.

Mr Nuttall: What advice, if any, has the Church Buildings Council been able to give churches to advise them on how to help to deter thieves?

Tony Baldry: The Church is giving all possible advice to churches about effective deterrents, including what they should do regarding wireless roof alarms and other things. Frankly, though, it is a broader issue than that. The Church Buildings Council is of the view that the regulation of scrap yards is fundamental to reducing the level of metal theft. It is all too easy for roofs to be stripped of lead one night and the lead to be sold for cash the next day. We want cash transactions for lead to be made illegal, a requirement for scrap yards receiving lead or traders selling it to be licensed specially for that activity, a requirement to show documentary proof of identification when selling lead and to photograph each person when their identity is checked, and a requirement on scrap yards to report suspicious activity or persons to local police forces.

It is difficult to underestimate the damage that this is doing. The number of claims—

Mr Speaker: Order. It would be very difficult for me to underestimate the comprehensiveness of the hon. Gentleman's reply, which I think I can safely say is unsurpassed in the House.

Women Priests and Bishops

9. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What recent assessment the Church Commissioners have made of the financial consequences for the Church of England of (a) women priests and (b) women bishops. [55129]

Tony Baldry: The General Synod of the Church of England legislated to make special financial provision for the 441 clergy who resigned from ministry between 1994 and 2004 as a result of opposition to the admission of women to the priesthood. The total cost of that to the Church Commissioners was £27.5 million plus a further call of £2.4 million on the unfunded pension scheme. The draft legislation to enable women to become bishops makes no financial provision for those who might leave should it in due course pass into law.

Simon Hughes: Now that the last remaining people who had a long-term philosophical commitment to opposing women in the ministry appear to have left the Church of England, may I urge the Church Commissioners to move with all speed to do what the vast majority of Church of England members want, which is to make sure that women can become bishops, as well as priests, at the earliest available date?

Tony Baldry: My views on this matter are well recorded. As the right hon. Gentleman will know, this matter is now out with the dioceses. I am sure that the Archdeacon of Southwark, who is a strong campaigner on this issue, will keep him informed. The dioceses are reviewing the matter and will vote on it in the near future. If they vote in the affirmative, the matter will go to the General Synod. This matter is being dealt with as speedily as is possible.

Mr Speaker: I apologise to the Leader of the House and the shadow Leader of the House, but the House must hear from Mr Brian Binley.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

National Audit Office

10. **Mr Brian Binley** (Northampton South) (Con): What recent assessment the Public Accounts Commission has made of the effects of the UK's fiscal situation on the work and budget of the National Audit Office. [55130]

Mr Edward Leigh (Gainsborough): In response to the UK's fiscal situation, the National Audit Office's strategy for the three years from April 2011 set out plans to save 15% in nominal terms and 21% in real terms over that period. In exploring the strategy in November, the commission considered the effect of the cost reductions on public spending and on the NAO's work on the use of resources by public sector bodies. The commission concluded that the cost reduction proposals were sound, and it approved the NAO's budgets for the three-year period.

Mr Binley: I am grateful to my hon. Friend for that answer. However, does he recognise that the National Audit Office generates about 11 times its cost in savings? Was the commission therefore wise to create a reduction? Should the NAO not be given its usual allowance of resources to allow it to save more money for the general public?

Mr Leigh: Normally, I agree with my hon. Friend, but the NAO cannot be exempt from the pressure on the budgets of all Departments. It is vital that the NAO leads by example. Under the guidance of the commission, it is doing as many reports as possible, more economically and more speedily, and is saving more money for the taxpayer.

Business of the House

11.36 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for next week will be:

MONDAY 16 MAY—Motion to approve the 15th report 2010-2012 of the Standards and Privileges Committee (HC 1023), followed by general debate on the middle east, north Africa, Afghanistan and Pakistan.

TUESDAY 17 MAY—Motion to approve a Ways and Means resolution relating to the Localism Bill, followed by remaining stages of the Localism Bill (Day 1).

WEDNESDAY 18 MAY—Remaining stages of the Localism Bill (Day 2).

THURSDAY 19 MAY—Motion relating to the BBC World Service, followed by motion relating to rural broadband and mobile coverage. The subjects for both debates were nominated by the Backbench Business Committee.

The provisional business for the week commencing 23 May will include:

MONDAY 23 MAY—Opposition Day (16th allotted day). There will be a debate on an Opposition motion. Subject to be announced.

TUESDAY 24 MAY—General debate on matters to be raised before the forthcoming Adjournment, as nominated by the Backbench Business Committee.

Subject to the approval of the House, colleagues will wish to be aware that the House will meet at 11.30 am on this day.

Colleagues will also wish to be reminded that subject to the progress of business the House will rise for the Whitsun recess on Tuesday 24 May 2011 and return on Tuesday 7 June 2011.

Hilary Benn: I am grateful to the Leader of the House for that reply. May I begin by expressing our deep sadness at the untimely loss of our dear friend and colleague, David Cairns? He was a lovely man, he was a principled man, he was a fine Minister, and he will be missed by all of us greatly.

Will the Leader of the House tell us when we will have a statement on the shortfall in funding at the Ministry of Defence following the strategic defence and security review? The Defence Secretary told the Defence Committee that he would make a statement after the elections, and Members from all parts of the House are anxious to hear the outcome. When will the Armed Forces Bill return to the House so that the Government can honour their commitment, as we have been urging them to do, to enshrine the military covenant in law?

May we have an urgent statement from the Home Secretary to explain what she plans to do following the humiliating defeat of her proposals for police commissioners in the other place yesterday?

May we have a debate on the Prime Minister's broken election pledge to make Britain the most family friendly country in Europe? This week, the Centre for Social Justice, the think-tank founded by the Secretary of State for Work and Pensions, said that the coalition has failed to support marriage, unfairly penalised middle-class parents, and done "almost nothing" to address the breakdown of families.

What about the greenest government ever pledge? This week, a leaked letter revealed that the Business Secretary is arguing for a lower carbon reduction target than that recommended by the Committee on Climate Change. May we have a statement on whether the Prime Minister is going to accept or reject that target?

On Sunday, the Deputy Prime Minister said about his own Government's NHS reforms:

> "I am not going to ask Liberal Democrat MPs...to proceed with legislation on something as precious and cherished as the NHS unless I personally am satisfied that what these changes do is an evolutionary change in the NHS and not a disruptive revolution."

So now we know that the Deputy Prime Minister, who originally backed the Bill, actually thinks it is disruptive, when will we see the significant and substantial changes that the Prime Minister has repeatedly promised the House?

Will the Leader of the House explain why we have still not seen the higher education White Paper, when a bit of it was announced on the "Today" programme on Tuesday rather than in Parliament? The Universities Minister got himself into a terrible mess with his idea of well-off students paying for off-quota places at university. I suppose that with internships having been sold off at a Tory fundraiser, one could see that as the logical next step for social class mobility. Downing street, however, was not amused, and said so. It stated:

> "We are not quite sure what he was trying to say but it wasn't very helpful."

So while the Minister was forced to come to the House to deny the rumour that he himself had started, the House waits in vain for a coherent policy.

May we have a statement on free schools, now that nearly nine out of 10 applications have been turned down? A disappointed Downing street source—they have been very busy dumping on Ministers this week—admitted that free schools had not been a success and said:

> "I guess you'd give Michael a six out of 10".

It is not just Cabinet Ministers who have been done over. What does the Leader of the House make of the Downing street source who, talking about the Prime Minister's dismal performances at Prime Minister's questions, said:

> "It's just not working. We're not winning enough. The Flashman image is very damaging and we need to address it before it becomes an accepted stereotype"?

As the House saw yesterday, it is far too late for that already.

Finally, may we have a debate on the state of the coalition? It has been a shambolic week for a dysfunctional Cabinet, with the Prime Minister and his deputy now openly arguing with each other just 12 months after they took their coalition vows. Perhaps that was why, smarting from electoral defeat, the Business Secretary finally gave vent to his feelings over the weekend when he described the Prime Minister's party as

> "ruthless, calculating and thoroughly tribal."

[Hilary Benn]

We could have told him that, but has it really taken him a whole 12 months to notice it? If so, does not that degree of naivety prove that he is, after all, part of the greenest Government ever?

Sir George Young: May I begin by endorsing what the right hon. Gentleman said about David Cairns? He was a decent, able man, and it is a tragedy that he has been taken from his friends and from the House at such a young age.

The Secretary of State for Defence will want to keep the House informed of the latest position on the Ministry of Defence budget. On the Armed Forces Bill, as I think I have said before, we want the House to have the military covenant before Third Reading. Work is continuing on finalising the covenant and it will be placed before the House relatively soon, and shortly after that we will have Third Reading.

As far as the Police Reform and Social Responsibility Bill is concerned, we are of course disappointed by the defeat in the House of Lords, because the election of police and crime commissioners is part of the coalition agreement and was part of the Bill that was passed from this House to the other place. It is regrettable that the other place has decided to take the steps that it has. The Bill will, of course, return to this Chamber, and I hope that when it does we will have the support of the shadow Policing Minister, the hon. Member for Gedling (Vernon Coaker), who made it very clear in 2008 that

"only direct election, based on geographic constituencies, will deliver the strong connection to the public which is critical."

I hope that Labour Front Benchers will therefore join us in seeking to overturn the amendment made in the Lords.

The shadow Leader of the House asked for a whole series of debates on a range of subjects. I have just announced that there will be an Opposition day on Monday week, so he can choose to debate any of the subjects that he mentioned.

On the fourth carbon budget, the right hon. Gentleman should not believe everything he reads in the press. We are committed to announcing before the end of next month the target for 2023 to 2027, and I anticipate that we will make a statement quite soon and that the draft statutory instrument will be laid before the House in good time for it to be debated.

We debated the NHS on Monday in Opposition time, when a rather weak attack from them was easily seen off by my right hon. Friend the Secretary of State for Health.

The higher education White Paper was dealt with in an urgent question by my right hon. Friend the Minister for Universities and Science. It will be published before the summer recess.

The shadow Leader of the House then asked about the coalition. I note that yesterday, the Deputy Prime Minister said:

"We will stand together, but not so closely that we stand in each other's shadow."

It is manifestly obvious to anyone that the Deputy Leader of the House and I could never stand in each other's shadow. As ever, the shadow Leader of the House painted a rather dismal picture of the Government, but one must ask this question: if we are doing so badly, why is he not doing better?

Perhaps on the next Opposition day, we can hear from some of the right hon. Gentleman's colleagues. The hon. Member for Glasgow South (Mr Harris) said that Labour's disastrous adventures in Scotland last week were the result of 30 years of "arrogance and complacency" and that "Labour deserved to lose." Last night, in a spectacular own goal, the shadow Culture Secretary was forced to rewrite a speech that admitted that Labour was seen as a

"party which overspent without delivering sufficient value for money",

before warning that on the current strategy, the Labour party would lose the next general election.

All that confirms that while there are some lively debates between the two parties in the coalition, they are nothing compared with the civil war in the Labour party.

Several hon. Members *rose—*

Mr Speaker: Order. As usual, a great many hon. and right hon. Members are seeking to catch my eye, but I remind the House that there is another statement to follow, and then two debates under the auspices of the Backbench Business Committee, so there is a premium on economy, both in questions and indeed in answers.

Alok Sharma (Reading West) (Con): May we have a debate on the practice in some councils of funding the salaries of full-time union officials with taxpayers' money, to consider whether Members of this House believe that that is an appropriate use of taxpayers' funds?

Sir George Young: I commend my hon. Friend on the initiative that he is taking to use freedom of information requests to find out more about the resources that are being allocated in that direction. At a time of financial restraint, I would expect all employers to ensure that such facilities are put to their proper use. However, at the end of the day, it is up to the employer on the one hand, and the trade union on the other, to agree to an amount of time and then to see that that is not exceeded.

Stella Creasy (Walthamstow) (Lab/Co-op): The last time I had the honour to be in the Chamber to listen to the late Member for Inverclyde, he made a passionate defence of the rights of gays and lesbians in Uganda. We hear that tomorrow, the Ugandan legislature might discuss a further oppressive piece of legislation on the rights of gays in Uganda. May we have an urgent statement from the Government on what they are doing to follow his words urging them to make representations to the Ugandans about ceasing the hateful rhetoric that they deploy against gay people, and to ensure that we stand up for their human rights, as he would have done?

Sir George Young: I commend and agree with what the hon. Lady says, and I pay tribute to the campaign that David Cairns championed. I agree that what is happening in Uganda is an important subject. It might be appropriate for her to apply for a debate in Westminster Hall, so that a Foreign and Commonwealth Office Minister can indicate that the Government share her

concern, and outline the action that we might take with the appropriate representatives of the Ugandan Government.

Elizabeth Truss (South West Norfolk) (Con): After years of failure to make the Barrow crossing at Downham Market safe and wasting money on a proposed footbridge that nobody wants, may we have a debate on Network Rail's accountability?

Sir George Young: My hon. Friend is right that Network Rail's corporate governance structure is supremely difficult to follow. We have a commitment to make it properly accountable to its customers, and at the moment we are examining the structures and incentives of the industry to see how best to enable that. I hope that that helps her, but in the meantime I can only suggest that she redoubles her correspondence with Network Rail to see whether there is an appropriate solution to the position at Downham Market.

Kelvin Hopkins (Luton North) (Lab): More evidence has been reported this week of the growing crisis in the private care homes sector. Private care homes are desperately seeking more funding from local authorities, but they have had their funding cut by central Government. May we have a serious debate on the future of all aspects of long-term care, including funding, growing privatisation, which has caused a lot of the problem, and the risk to the elderly people in those care homes?

Sir George Young: The hon. Gentleman is right to draw attention to the funding problems for private care homes. He will know that we have asked Andrew Dilnot to chair a commission that is shortly to report on the long-term structure of funding for residential and nursing home care. I anticipate that once that report is in the public domain, the House will want to debate it. The hon. Gentleman may have heard on the radio this morning that certain parts of the country have seen a 4% increase in spending on adult services, and we put an extra £2 billion into social care in the public expenditure announcement.

Chris White (Warwick and Leamington) (Con): On Monday, all Warwickshire MPs met the Coventry and Warwickshire local enterprise partnership. I was extremely impressed with the work that the LEP is doing to engage with local businesses to promote growth and job creation. Will the Leader of the House provide Government time for a debate on the work of local enterprise partnerships and how we can best support them?

Sir George Young: I was pleased to hear of the initiative of the MPs for Coventry and Warwickshire. I draw my hon. Friend's attention to the written ministerial statement issued today on local enterprise partnerships—he may have already seen it—that announces a new £5 million start-up fund for LEPs. That would be a valuable topic for the House to discuss in Westminster Hall.

Mr David Winnick (Walsall North) (Lab): Although we always have our constituency duties during recesses, why on earth are we breaking up for two weeks? This House did not meet for three weeks over Easter. How many places up and down the country break up for two weeks for what is described as Whitsun?

Sir George Young: Speaking for myself—and, I am sure, for a large number of other hon. Members—I will be actively engaged in my constituency over the Whitsun recess, which I certainly do not regard as a two-week holiday. Also, speaking from memory, I think that this year the House will be sitting for longer than the previous year. If we look overall throughout the year, it is certainly not the case that since the general election we are sitting for fewer days than before.

Mark Lancaster (Milton Keynes North) (Con): May we have a debate on power line technology devices that are used across the land to connect computers in homes? The 2006 regulations that govern the use of such devices set no maximum interference levels. However, as their usage is becoming more prevalent, organisations such as the Civil Aviation Authority are becoming concerned. Can the Government address this issue?

Sir George Young: I understand that my hon. Friend's wish has been granted and that he has won an Adjournment debate on the subject next Wednesday.

Pete Wishart (Perth and North Perthshire) (SNP): Can the Leader of the House—if he is paying attention—tell us when the Scotland Bill is likely to return for its remaining stages? When it comes back, will he also ensure enough time to debate and secure the extra economic powers that the Scottish people voted for with the overwhelming re-election of a Scottish National party majority Government last week?

Sir George Young: The hon. Gentleman will have heard that I have not announced further debate on the Scotland Bill between now and the Whitsun recess. I anticipate that we will be addressing it thereafter. It is the coalition Government's intention that there should always be adequate time on Report to debate important issues. I hope to make enough time available for proper consideration of the Scotland Bill, including the issue that he has just touched on.

Greg Mulholland (Leeds North West) (LD): More than 300,000 people have signed the petition to save the Leeds children's heart unit, yet right hon. and hon. Members have not had the chance to debate the review of services that started under the previous Government. Will the Government please make time available in the timetable for all Members to express their views on this important issue?

Sir George Young: The next opportunity, at Health questions, will be on 7 June—the issue was also raised at business questions last week by my hon. Friend the Member for New Forest East (Dr Lewis), albeit in a slightly different context. I do not know whether the hon. Gentleman, together with others who feel strongly on the matter, have approached the Backbench Business Committee to see whether it would allocate time for a debate on this important subject, which I know has generated a lot of concern in many parts of England.

Paul Flynn (Newport West) (Lab): Sense, science and experience prove that the killing of badgers does not reduce bovine TB. When can we debate the Government's indifference to animal suffering and their

[Paul Flynn]

determination to prostrate themselves before their trigger-happy farming friends, so that they can walk all over them in a mass, futile slaughter of these beautiful, defenceless creatures?

Sir George Young: I represent a rural constituency where people's view of badgers is slightly different from the one that the hon. Gentleman enunciated. Also, we have just had Environment, Food and Rural Affairs questions, at which I understand the issue of badgers was raised.

Jessica Lee (Erewash) (Con): Today is national nurses day. I am particularly pleased to support the campaign as my mother gave over 40 years' service to the NHS as a children's nurse. Will my right hon. Friend consider making parliamentary time available for a debate on the welcome recent increase in the numbers of nurses, health visitors and midwives in the NHS, along with the valuable role that nursing staff play in the NHS in my local community hospital at Ilkeston and, of course, across the country?

Sir George Young: I commend my hon. Friend—and her mother—for her commitment to the national health service. Today is indeed international nurses day, which is held on the anniversary of Florence Nightingale's birthday. My hon. Friend reminds the House that there are now 200 more nurses, midwives and health visitors working in the NHS since the general election. Opposition Members may say that they trained them, but they also have to be paid for. We have provided extra resources for the NHS that Labour would not have provided. Today is an opportunity to raise the profile of nurses and encourage more people to think of nursing as a career, as well as to pay tribute to the compassion, commitment and leadership that nurses show day in, day out.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Yesterday we launched the United Nations decade for reducing road injuries and fatalities. We are also approaching the 30th anniversary of our successful campaign to introduce mandatory seatbelt legislation. The most likely way worldwide for young people to die is on the road in a car crash. When can we have a debate that highlights this important subject?

Sir George Young: The hon. Gentleman may have seen the written ministerial statement yesterday, which was aimed at making better use of the police's resources and focusing on really dangerous driving; as opposed to less dangerous driving. He rightly reminds the House that, I think, 2,222 people were killed on our roads last year. I hope that he will apply to the Backbench Business Committee for a debate on road safety so that we can consider these issues at greater length.

Andrew Stephenson (Pendle) (Con): Will the Leader of the House grant us a debate on the fact that from 30 June, properties used as holiday lets will require energy performance certificates under new guidance issued by the Department for Communities and Local Government? The change will increase the cost of regulation for thousands of small businesses across the UK —something that I would have thought Ministers would have opposed.

Sir George Young: The Government are committed to reducing the amount of carbon emitted by buildings, and energy performance certificates are an important part of that initiative. Holiday lets are exempt if they are let for more than four months a year. I understand the point that my hon. Friend makes, but landlords will benefit from reduced energy costs if they bring their properties up to standard, so I hope that they will see the other side of the coin.

Mr Dave Watts (St Helens North) (Lab): Despite my writing to the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), tabling questions and having an Adjournment debate, he has refused to publish the document outlining the proposals to privatise my local trust. May we have a debate on ministerial accountability so that we can raise these important matters?

Sir George Young: There is no way that a hospital can be privatised. That simply cannot happen. As the hon. Gentleman knows, he had a debate in Westminster Hall on this issue to which my right hon. Friend the Health Minister responded. I understand that correspondence is now taking place between the two of them. At the heart of the issue is how the hon. Gentleman's hospital can meet the standards necessary to become a foundation trust and the need to explore the various options, including merger with another trust. I will draw his remarks to the attention of my right hon. Friend and he will write to him.

Mr Lee Scott (Ilford North) (Con): Will the Leader of the House ask whether we can have an oral statement on the recent United Nations report on the 40,000 civilian deaths caused by the Sri Lankan Government in the recent conflict?

Sir George Young: My hon. Friend, who is chairman of the all-party group on Sri Lanka and to whose work I pay tribute, reminds the House of the atrocities on both sides in the recent civil war in Sri Lanka and the publication of the UN report. It would be appropriate for him to apply for an Adjournment debate—perhaps in Westminster Hall—to look at the implications of that report and identify any action that it would be appropriate for Her Majesty's Government to take.

Toby Perkins (Chesterfield) (Lab): Yesterday Members debated the Education Bill. However, the debate was incomplete because the admissions code had still not been provided, despite the assurances given by the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) that it would be available in time for Third Reading. May we have a statement to assure the House that in future we will not have debates when large and important parts of background information that are relevant to the Bill have not been provided? May we also have a statement about when we will see the admissions code, which is so important to Members in debating our education policy?

Sir George Young: I will refer the hon. Gentleman's remarks to my right hon. Friend the Secretary of State and get an answer to his question on when the admissions code will be published. I also say in passing that I think

we provided adequate time for discussion of the Education Bill, and I note that, in Committee, the Opposition spokesman said:

"I...thank the Government and Opposition Whips for the orderly way they have organised our business."—[*Official Report, Education Public Bill Committee,* 5 April 2011; c. 993.]

The Government do not in any way want to obstruct discussion of that Bill.

Mr Edward Timpson (Crewe and Nantwich) (Con): May we have a debate on the recent recovery of salmon stock in Scottish rivers, so that we can debate the importance of the subsidy to Scotland and the effect that its withdrawal would have on those stocks?

Sir George Young: The reason that I pause is that I am not sure whether responsibility for salmon is a devolved matter—*[Interruption.]* It is devolved; I see a nod from the Opposition Benches. Sadly, therefore, I cannot organise a debate on salmon in Scotland, but my hon. Friend has drawn attention to a more generic point about resources flowing from Westminster to the north. Perhaps there will be an opportunity to debate that when the Scotland Bill returns.

Clive Efford (Eltham) (Lab): May we have a debate on the coalition agreement? I think that the country has a right to know exactly what state that document is now in. The Health and Social Care Bill is now at a pausing, listening and reflecting stage, the Police Reform and Social Responsibility Bill was severely reformed by the Lords last night and, on Tuesday, we had the debacle of the statement on off-quota higher education places. If the coalition document were brought to the Floor of the House, both Government parties could table amendments to it and we could debate in public exactly what is happening to the agreement and understand it in greater detail.

Sir George Young: On the various issues, we had a debate on the national health service on Monday, and I indicated a few moments ago that we would be seeking to reverse the decision of the House of Lords on the Police Reform and Social Responsibility Bill. The coalition is in good shape; we are getting on with strong, decisive, united government, which is what this country needs.

Andrew Bridgen (North West Leicestershire) (Con): To mark the anniversary of the general election and the formation of this Government, may we have an urgent debate on the achievements of the past 12 months and the many promises on which we have already delivered?

Sir George Young: It might be expecting too much for the Opposition to allocate the next Opposition day for a whole-day debate on the successes of the coalition Government. We have cut the deficit, we have capped immigration and we have frozen the council tax, etc., etc. The Localism Bill will be debated next week, and its Report stage might provide an opportunity to talk about our successes in that field.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): During the local election campaign, an 18-year-old candidate in my constituency was subjected to relentless attacks about his age by his Liberal Democrat opponent. One letter sent to residents made negative references to his age no less than three times. As the minimum age for standing for election was reduced to 18 to encourage more young people to get involved in politics, does the Leader of the House agree that his coalition partners should not attack younger people for wanting to serve their community? May we have a debate on how we might further encourage young people to take part in our democracy?

Sir George Young: I am very much in favour of young people standing for local government. The Deputy Leader of the House tells me that a 19-year-old in his constituency was recently successful, as was a 21-year-old in my own constituency. The more young people who stand for local authorities and, indeed, for this place, the better.

Christopher Pincher (Tamworth) (Con): For nearly four years, I worked with the NHS and saw at close quarters the huge bureaucracy in the connecting for health programme, in the national programme for information technology, in strategic health authorities and in primary care trusts. May we have a debate on the progress that has been made to reduce Labour's bureaucratic legacy and to increase the numbers of clinicians, which is what our constituents really want?

Sir George Young: My hon. Friend reminds me that the number of doctors has increased by 2,478—*[Interruption.]* They may have been trained, but they had to be paid for by somebody. At the same time, more than 3,500 full-time equivalent managers have been cut. That is in stark contrast with what happened under Labour, when the number of managers increased six times as fast as the number of nurses.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): May I ask the Leader of the House for a debate on the assistance that we are able to give to constituents who are detained abroad? One of my constituents, Mr Joseph Nunoo-Mensah, a respected surgeon at King's college hospital, is currently being detained in Dubai, having been charged with making a hand gesture at another motorist. I understand that Mr Nunoo-Mensah, who strongly denies the charge, cannot leave the country until after his hearing, which could be weeks or even months away. Meanwhile, he has patients here in the UK who need his expertise. I would be grateful if the Leader of the House would be gracious enough to raise this matter with his colleagues in the Foreign Office, who I would prevail upon to do all they can to ensure that my constituent's hearing is held as promptly as possible.

Sir George Young: I understand the hon. Gentleman's concern about his constituent. If he has not already done so, I will contact the Foreign and Commonwealth Office to see what consular assistance can be made available to this UK citizen in the distressing circumstances in which he finds himself.

Jake Berry (Rossendale and Darwen) (Con): For the past two weeks, uncontrolled moorland fires have been burning in my constituency of Belmont and Darwen. Will the Leader of the House agree to a debate on whether the ban on controlled moorland burning is increasing the prevalence of uncontrolled fires? Specifically on the fires burning in my constituency, will he join me

[Jake Berry]

in praising the courage of the firemen from Lancashire and Manchester who have been fighting them day and night?

Sir George Young: I endorse entirely what my hon. Friend has just said about the emergency services combating the serious fires in his constituency, and indeed in others. I cannot promise him a debate in Government time, but in the light of what has just happened, this strikes me as an appropriate subject for debate in Westminster Hall or for an Adjournment debate in this Chamber.

Ian Murray (Edinburgh South) (Lab): Two weeks ago, I asked the Leader of the House whether we could have an urgent statement on the Government's intention to scrap the Equality Act 2010. In the recent meeting of the Business, Innovation and Skills Committee, the Business Secretary said that that was not the Government's intention, and that a correction would be placed on the Red Tape Challenge website, which is suggesting that the Act will be scrapped. Given that no such correction has been placed on the website, may we have an urgent statement on the Government's intention in relation to the Equality Act?

Sir George Young: I understand that this issue could be raised with the Home Secretary at the next Home Office questions. In the meantime, I will see whether she can write to the hon. Gentleman to address the issue that he has just raised.

Gavin Barwell (Croydon Central) (Con): On Monday, the Home Secretary set out proposals to cut police bureaucracy that would save up to 2.5 million hours of police time, the equivalent of 1,200 officers. May we have a debate on those proposals, to discuss what else the Government could do to ensure that, despite the difficult decisions on public spending, our constituents do not see a decline in visible policing?

Sir George Young: I am grateful to my hon. Friend for reminding the House of the speech that my right hon. Friend the Home Secretary gave on Monday about the steps we are taking to decrease bureaucracy in the police force. I understand that the measures will release the equivalent of some 1,200 police officers, and she indicated that more was to come. She also made it clear that

"the days of the bureaucrats controlling and managing the police from Whitehall are over",

and I am sure that my hon. Friend will welcome that.

Diana Johnson (Kingston upon Hull North) (Lab): The Deputy Prime Minister keeps reminding the House that the flagship pupil premium policy of the Lib Dems is delivering for pupils in the poorer areas of the country, but my understanding from schools in my constituency is that they are gaining no net benefit from the measure. May we have a debate on the effect of the pupil premium on those poorer areas?

The Secretary of State for Education (Michael Gove): That is a very good idea.

Sir George Young: My right hon. Friend the Secretary of State has indicated that he would welcome such a debate. We have made provision for constant cash per pupil to be topped up by the pupil premium, so, against the background of the difficult decisions that the Government have had to take, education has had a good deal.

Mr David Nuttall (Bury North) (Con): May we please have a debate on the Ministry of Justice's 2011 compendium of reoffending statistics and analysis, so that the fact that prison works can be highlighted? The report contains proof that those who serve longer sentences are less likely to reoffend than those who serve shorter ones.

Sir George Young: I can tell my hon. Friend that we will shortly be introducing a legal services and sentencing Bill, at which point it will be possible to debate this matter at greater length, as well as looking at the relative effectiveness of shorter sentences, about which some criticism has been made.

Derek Twigg (Halton) (Lab): There is support on both sides of the House for the proposed £600 million Mersey Gateway bridge. It was given planning permission last year, and we were told that a decision on funding would be made by the end of last year. That decision has still not been made, because of issues relating to the funding package. Would it be possible for the Leader of the House to arrange for a statement from either the Chancellor of the Exchequer or the Transport Secretary to explain the delay? The longer this goes on, the more the cost of the bridge rises.

Sir George Young: I understand the hon. Gentleman's concern about the delay in constructing the bridge. I will share the concerns he has just expressed with my right hon. Friend the Secretary of State for Transport and ask him to write to the hon. Gentleman indicating a time scale for the construction of this bridge.

Julian Sturdy (York Outer) (Con): Will the Leader of the House assure me that there will be enough time within the remaining stages of the Localism Bill to discuss the empowerment of local authorities further to protect our green belt land from inappropriate development, which affects my constituency of York Outer?

Sir George Young: I am grateful to my hon. Friend for that. We will be debating the Localism Bill next week. Any proposal for development in the green belt is subject to stringent tests, and planning policy guidance note 2 explains the key policy: a presumption against inappropriate development on green belt land. We are committed to maintaining the green belt, and it says so in the coalition agreement.

Mrs Madeleine Moon (Bridgend) (Lab): May we have a debate on car manufacturing in the UK? This year, Ford is celebrating its centenary of manufacturing in the UK and more than 30 years in my constituency, where the engine plant produces more than 1 million engines a year. It is also producing the new eco-engine, and more than one third of all cars that are Ford-manufactured in the UK have an engine that is produced in the UK—in either Bridgend or Dagenham. We have an increased number of engineers, increased manufacturing

and an increased number of apprenticeships to celebrate in Bridgend. May we have a debate so that this can be recognised, at a time when we are negative about manufacturing in this country?

Sir George Young: Owing to the eloquence of the hon. Lady we have almost had that debate. She will be pleased to hear that manufacturing output increased by some 5% in the first quarter of the year. I entirely endorse every word that she said; manufacturing is important to this country's future, and I hope that the steps we have taken in the Budget will encourage inward investment and the production of yet more eco-friendly engines at the plant in Bridgend.

Neil Carmichael (Stroud) (Con): Given the interest in the subject of bank lending to small and medium-sized enterprises and the forthcoming Independent Commission on Banking report, may we have a debate on that issue?

Sir George Young: My hon. Friend will know that under Project Merlin a specific commitment was given to increase lending to SMEs—I believe the figure was some £90 billion—and we are very anxious that that should be maintained. I am sure that when we have the ICB's final report there will be an opportunity to discuss this matter at greater length. It is important that SMEs have continued access to bank lending so that they can invest in the future.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): May we have an urgent Government statement on the disgraceful situation in which coastguards in Stornoway and Cornwall are being barred from giving evidence to the Select Committee on Transport next week about the impact of the Government's proposals on coastguards? If the people who know about coastguard services are being barred from giving evidence to the Committee, surely that reduces any suggestion of confidence in this policy.

Sir George Young: My understanding is that the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning) is coming to give evidence to the Transport Committee and that arrangements are being made for informal meetings between the Committee and coastguards outside this House, so I am not sure that it is exactly correct to say that members of the Select Committee have been denied access to coastguards. My understanding is that informal meetings are being arranged.

Nadhim Zahawi (Stratford-on-Avon) (Con): Martin Penny, the principal of Stratford-upon-Avon college, and his team are passionate about giving young people the tools to gain and maintain jobs in the private sector through apprenticeships. My right hon. Friend may have heard the way in which the Secretary of State for Work and Pensions set out an agenda for tackling youth unemployment this morning. May we have a debate about this serious and important issue?

Sir George Young: I would welcome a debate on the important issue of youth unemployment, where we inherited a substantial figure—I believe it was 1.4 million. My hon. Friend may have heard today's announcement of £60 million to get more vulnerable young people into work, and he will know that we are committed to 250,000 more apprenticeships over the next four years and radical reforms to transform vocational training. I would welcome such a debate, but I am afraid that I cannot promise the time for it immediately.

Graham Evans (Weaver Vale) (Con): Parents in my constituency have come together to work to set up a free school in Sandymoor. This exciting development will bring a much-needed boost to local school choice and it has my full support. May we have a debate on the importance of providing top-quality advice and support to aspiring free school founders, so that we can help to make their efforts just that little bit easier?

Sir George Young: I am delighted to hear that parents in my hon. Friend's constituency are planning to set up a free school and I welcome the support that he is giving them. It is important that those interested in setting up free schools have access to advice and support, which is why the Department for Education has funded the New Schools Network, an independent charitable organisation, to offer support to individuals and groups such as those he mentioned.

Vocational Education

12.14 pm

The Secretary of State for Education (Michael Gove): With permission, Mr Speaker, I should like to a make a statement on the next stage of this coalition Government's radical reform programme to make opportunity more equal. I should like to outline our response to Professor Alison Wolf's groundbreaking report on vocational education. In her work, Professor Wolf stresses the importance of fundamental reform across the board to improve state education, and I would first like to update the House on our progress towards that goal.

It is a year to the day since the new Department for Education was created to raise standards for all children and narrow the gap between rich and poor. In that year: we have introduced a pupil premium—£2.5 billion of additional spending on the poorest pupils; we have extended the free provision of nursery education for all three and four-year-olds and introduced free nursery education for all disadvantaged two-year-olds; we have launched the most comprehensive review ever of care for children with special needs; we have overhauled child protection rules to ensure that social workers are better able to help the most vulnerable children; we have allowed all schools to use the high-quality exams which the last Government restricted to the private sector; we are ensuring that spelling, punctuation and grammar are properly recognised in exams; we have recruited Simon Schama and Niall Ferguson to restore proper narrative history teaching; and we are doubling the number of great graduates becoming teachers through Teach First and doubling the number of great heads becoming national leaders of education.

We have also created more than 400 new academies, tripling the number we inherited and creating more academies in 12 months than the last Government did in 12 years. I can confirm to the House today that we have now received more than 1,000 applications from schools wishing to become academies and more than 300 applications to set up free schools, many from great teachers such as the inspirational head teacher Patricia Sowter, and the former Downing street aide Peter Hyman.

Those achievements have been made possible by the united strength of two parties with a shared commitment to social mobility working together, and I wish to take this opportunity to underline my thanks, for the part they have played in pushing this programme forward, to the Deputy Prime Minister, to my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes), to the Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), who has responsibility for children and families, and to my right hon. Friend the Member for Yeovil (Mr Laws). It is my personal hope that we will all be able once more to make use of his talents in the country's service before too long.

We will be building on the momentum generated by our reform programme by today accepting all the recommendations in Professor Wolf's report on vocational education. She found that although there are many great vocational education courses and institutions providing excellent vocational education that are heavily oversubscribed, hundreds of thousands of young people are taking qualifications that have little or no value. That is because: the system is overly complex; after years of micro-management and mounting bureaucratic costs, it is also hugely expensive; and there are counter-productive and perverse incentives that steer students into inferior courses. In short, the damaging system of vocational education that we inherited is failing young people and must be changed now before the prospects of generations of young people are further blighted.

Securing our country's future relies upon us developing our own world-class education system, from which young people graduate with not only impeccable qualifications and deep subject knowledge, but the real practical and technical skills they need to succeed. This Government support high-quality vocational education not just for its utility; vocational education is valuable in its own right. It is part of the broad and balanced curriculum that every pupil should be able to enjoy. It allows young people to develop their own special craft skills, to experience the satisfaction of technical accomplishment, and to expand what they know, understand and can do. As my hon. Friend the Minister for Further Education, Skills and Lifelong Learning has repeatedly and eloquently argued, we need to elevate the practical and treat vocational education not, as it has been seen in the past, as an inferior route for the less able, but as an aspirational path for those with specific aptitudes. That is why we are taking immediate steps to rebuild the currency of vocational qualifications.

As recommended by Professor Wolf, we have reinstated several qualifications which lead to professional success, for example, certificates in electrical engineering and plumbing, which we know are highly valued by schools and colleges, and are admired by employers. Because we know that the current set of qualifications does not meet all needs, we will work with awarding bodies and others to ensure that more high-quality courses are available for students of all levels.

Because we know that the current league table system does not reward the progress made by students of all abilities, we will reform league tables to recognise the achievements of the lowest and highest-achieving. And because we know that not all qualifications are equal, we will further reform the league tables to guarantee that vocational qualifications are given a proper weighting. Their value will no longer be inflated in a way that encourages students to pursue inappropriate courses, or overlooked in a way that unbalances achievement.

Because we know the current funding system creates perverse incentives, we will reform it. At the moment, schools and colleges are incentivised to offer lower-grade qualifications that are easier to pass because they get paid on those results. That must end. The dumbing-down of the past has got to stop if the next generation are to succeed. Students should choose the qualifications they need to succeed, not those that bureaucracies deem appropriate.

However, while choice in the qualifications market is crucial, there are certain inescapable facts in the labour market that no student can ignore. Employers rightly insist that students be properly literate and numerate. They remind us that there are no more important vocational subjects than English and maths. As Professor Wolf's report lays bare, huge numbers of students leave education without proper qualifications in those areas, making it increasingly hard for them to secure jobs.

This Government will put an end to that by ensuring that all 16 to 18-year-olds who were unable to secure at least a C in English and maths at GCSE will continue to study those subjects through to age 19.

The best performing education systems not only offer a strong grounding in the basics such as English and maths, but ensure a good general education that cements the ability to reason, to assess evidence, to absorb knowledge and to adapt to new opportunities. In this fast-changing world, few 16-year-olds know exactly what they will be doing at the age of 21, let alone when they are 25, 35 or 45, so we need to ensure that every 18-year-old has followed a broad programme of study and has a core academic knowledge that provides a secure foundation from which to progress. That is why Professor Wolf backs our English baccalaureate as a springboard to future success in a rapidly changing world and stresses that it gives students the maximum freedom to choose between academic and vocational pathways throughout their life.

We know that the most prestigious vocational pathways require a rounded school education as preparation. Professor Wolf's report underlines that some of the best vocational education in the world exists in our private sector apprenticeship programmes. The best are massively oversubscribed. BT typically has 15,000 applicants for 100 places each year. Rolls-Royce has 10 applicants for every place and Network Rail is similarly oversubscribed. There is far greater competition for some of these courses than there is for places at Oxford or Cambridge.

We want to ensure that all employers get the support they need to offer high quality apprenticeships. The Minister for Further Education, Skills and Lifelong Learning is working to reduce the bureaucracy that employers face and to ensure that every penny spent by Government and employers on apprenticeships can be used to the very best effect, including by studying best practice with similar schemes around the world.

Professor Wolf emphasised the need for clear routes for progression, but also for greater flexibility within them. She was right to do so. We will consider what further programmes of study are needed, alongside the general educational component, to give 16 to 18-year-olds the broad education they need.

For more than a century, there have been numerous, failed attempts to reform vocational education. It is now more important than ever that we finally bring an end to the two-tier education system that has scarred our country for too long. Professor Wolf's report, together with wider reforms like the fantastic university technical colleges being pioneered by Lord Baker, sets out a clear map of what we need to do. I am delighted that Professor Wolf has agreed to continue to provide regular and ongoing advice to Government as we implement her recommendations. I cannot think of anyone better qualified to help us offer young people the genuine and high-quality technical education they have been too long denied. I commend this statement to the House.

Andy Burnham (Leigh) (Lab): I thank the Secretary of State for his statement. I am pleased that he has managed to join us today. We touched on many similar themes yesterday in an enjoyable and lively discussion. I hope that, in preparing his statement today, he has had time to catch up on it.

We devote a great deal of time to higher education, but much less to improving opportunities for young people who do not plan to go to university. I have long advocated redressing that balance and it is now an urgent imperative in view of the Government's changes to higher education.

As I said when the report was published, I find much to welcome in Professor Wolf's vision for higher-quality vocational education. I agree with some aspects of what the Secretary of State has said today, particularly the commitment to ensuring that every young person reaches a decent level of proficiency in English and maths before they leave school and that all programmes of study lead to progression. I also welcome efforts to simplify the system and qualifications in vocational education to make it easier for young people to navigate their way through.

Professor Wolf recommends the adoption of multiple measures of school performance, echoing the moves we made in government towards a balanced school report card approach. The Secretary of State has accepted that today, in speaking of his promise to reform league tables to create new performance management measures in addition to the English baccalaureate. I will give careful consideration to the measures he brings forward, but I gently warn him that his plans to measure students at the top and the bottom already sound complex. Is he not in danger of recreating in another form a complex target regime of the type of which he complained so frequently when he was in opposition? Will not teachers' hearts sink when they hear that there are to be more targets? Will they not question whether he is delivering on the autonomy to get on and teach that he promised them? Will he give us an assurance that he will consult teachers before dropping any new performance management measure on them, as he did with the English baccalaureate?

Even with a range of measures in force, Professor Wolf's report rightly warns of the consequences if a single performance measure becomes dominant. Let me quote from her report, which said that there

> "remains a serious risk that schools will simply ignore their less academically successful pupils. This was a risk with the old five GCSEs measure; a risk with the English baccalaureate; and will be a risk with a measure based on selected qualifications. It needs to be pre-empted."

Rather than pre-empt this risk, however, did not the Secretary of State pre-empt the Wolf report by presenting his English baccalaureate as the "gold standard" for schools?

Schools are clearly seeing it that way. Why otherwise are we seeing music, RE and arts teachers being made redundant right here, right now? Why otherwise are we seeing students under pressure from schools to switch subjects halfway through their courses or to take courses that they do not really want to do, diminishing their choice? This is becoming the dominant headline measure against which all schools and students are judged. The Secretary of State needs more convincing answers on how he plans to stop that happening.

More broadly, has not this highly prescriptive league table measure, and its arbitrary subject selection, already damaged the deliverability of Professor Wolf's vision by relegating vocational learning to second-division status in the public mind and in the minds of schools? The Secretary of State mentioned a two-tier system, but is that not precisely what this Government are creating—an

[Andy Burnham]

elitist, two-tier system in which parents have fewer rights on admissions, making it more difficult for them to get their children into good schools? The parent voice is diminished. Creative and practical subjects are crucial to the quality vocational education that Professor Wolf advocates, but they are already a devalued currency in our schools because of the Secretary of State's actions. Where is the creativity in his English baccalaureate? Student choice has been affected by the subject choice in the bac.

I say again to the Secretary of State that it is time he thought again about the English baccalaureate and allowed more breadth, flexibility and choice so that it caters for the talents of all students? A school system that works for everyone cannot be designed around the requirements of the Russell group. With 103 Members calling for RE at the very least to be added to the baccalaureate, is it not now time for another of the Secretary of State's famous U-turns?

The deliverability of Professor Wolf's vision is also affected by some of the Secretary of State's actions in other areas. Professor Wolf rightly stresses the importance of a quality careers service to inform young people about their options—surely even more important in a world where young people are struggling to make their way. Yet as we speak, the careers service in England is simply melting away. We welcome the vision of an all-age careers service, but we ask again today: where is the long-promised transition plan to deliver it? That is yet another example of the Secretary of State's trademark incompetence.

Given that careers advisers are being made redundant now, how will the Secretary of State secure the quality of service that Professor Wolf demands? Yesterday, we sought to amend his Bill to give young people a guarantee of face-to-face guidance in our schools. At a time when youth unemployment is at a record high and access to further and higher education is becoming more difficult, is not the web and telephony-based service proposed by the Government completely inadequate to the scale of the task?

The Government mouth platitudes about social mobility, as the Secretary of State did today, but they are systematically kicking away the ladders of support that help young people to get on in life. More young people in further education colleges on vocational courses are receiving education maintenance allowance than those in school sixth-form colleges, and they need that money to buy equipment for their courses. Will not the scrapping of the EMA hit those young people disproportionately hard, and, again, make Professor Wolf's vision hard to deliver? Colleges and students are four months away from the start of the academic year, and are still none the wiser about what they will receive under the Secretary of State's replacement scheme. Not for the first time, he has taken a successful policy and turned it into a shambles. Is it not time to listen to no less an organisation than the OECD, and reinstate the EMA scheme? Without it, how will the Secretary of State's commitment to raising the school leaving age become a reality?

Professor Wolf's report raises issues that go to the heart of the need to secure the prosperity of our country and a decent future for our young people, but by their actions the Government are taking hope away from our young people. Unless they change course quickly—on curriculum reform, the careers service, EMA and university fees—the Government's legacy will be a lost generation of young people.

Michael Gove: I thank the right hon. Member for Leigh (Andy Burnham) for his response, and welcome him back to the Dispatch Box, on day release from his other job as Labour's election co-ordinator. May I say how much we on the Government Benches are enjoying the progress he is making in that job? From Dartford and Dover to Aberconwy and Pembrokeshire, from North Lincolnshire to Southampton, Conservative councillors who won last Thursday are delighted with the progress he is making, and so are we. The longer he stays in that role, the happier all of us will be.

May I also welcome the fact that, when the right hon. Gentleman returned to his part-time role as shadow Education Secretary, he found time to endorse many of our recommendations? I welcome the support he has given to our aims of improving numeracy and literacy and ensuring that students over the age of 16 who have not secured GCSE passes in English and maths have an opportunity to acquire appropriate qualifications in those subjects.

The right hon. Gentleman asked a good question about multiple measures and the importance of ensuring that we do not create an accountability system that is too complex, but as he himself acknowledged and as has been pointed out by my hon. Friend the Member for Beverley and Holderness (Mr Stuart), the Chairman of the Select Committee, there must be a golden mean between having so many targets that teachers are pulled in different directions, and having only one target that distorts the performance of all schools. I believe that the balanced basket of accountability targets that we are introducing reflects what teachers believe—namely, that all students of all abilities need to have their achievements recognised, that the autonomy should be over how schools teach and how the school day is organised, and that in return for greater autonomy there should be sharper accountability.

Talking of sharper accountability, the right hon. Gentleman referred to the English baccalaureate. He seemed to suggest—or, at least, seemed to want to lead the House to believe—that Professor Wolf was unhappy with it. On Saturday 12 March Professor Wolf wrote in *The Guardian*:

> "Andy Burnham... is quoted as saying"

that she had said there was

> "a 'serious risk' that the English bac will lead to schools 'simply ignoring' less academically able students. This misrepresents what I said."

She also wrote:

> "For the record, may I also note that the English bac subjects would normally absorb less than 80% of a teaching week. Both it and many other 'academic' clusters are therefore perfectly compatible with my recommendations for curriculum balance for 14 to 16-year-olds."

Professor Wolf deserves better than to be traduced in that way by the right hon. Gentleman.

The right hon. Gentleman also referred to careers advice. Let me politely point out to him that the person appointed to lead on social mobility for the previous

Government, Alan Milburn, said that we should move away from the failed connection system and adopt a new approach, giving

"Schools and colleges... direct responsibility for providing information, advice and guidance".

Moreover, Professor Alison Wolf pointed out in evidence to the Select Committee that the "problem with careers guidance" had been the model that the right hon. Gentleman prefers: a model that was stuck in the past, with "one poor teacher" being expected to know about everything. That, she said, had been supplanted by a more modern measure enabling skilled careers advisers and "proper, online, updated information" to provide students with the right answers.

I am afraid that, not for the first time, the right hon. Gentleman has been found out in his old Labour ways. He has been in office for 200 days. During that time he said that our academies programme would be divisive, but more than 1,000 great teachers have embraced it. He said that free schools would generate poverty and dislocation, but the best and brightest in Labour are now embracing their radical appeal. Today he has said that the coalition Government have got it wrong on vocational education. Given his record, I am delighted to find the right hon. Gentleman sitting opposite me today.

Heather Wheeler (South Derbyshire) (Con): I congratulate my right hon. Friend on his statement. I am particularly pleased about the apprenticeships. The fact that young people in my constituency are now able to apply directly to Rolls-Royce and Toyota for apprenticeships is a major step forward.

Michael Gove: I am grateful to my hon. Friend. Having had an opportunity to visit Rolls-Royce just over a month ago, I can confirm that the apprenticeships it offers are highly sought after, and that students from all over Derbyshire and the east and west midlands recognise that it is precisely that kind of high-quality private sector apprenticeship that we should facilitate.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Like many others, I gave evidence to the Wolf inquiry. I approve of much of the report and consider it to be a breath of fresh air, but I remind the Secretary of State that he made his statement on a day on which we heard that a million young people are unemployed. We know that only 6% of kids aged between 16 and 18 obtain apprenticeships, and only 36% go on to higher education. Given the tremendous challenge posed by the participation rate moving to 17 and then 18, may we have Wolf mark 2, 3 and 4?

Michael Gove: As ever, the hon. Gentleman shows why he was seen as such a distinguished Chairman of the Select Committee. He is right to point out that the record of the last 13 years is not nearly as bright or as promising as Opposition Front Benchers would have us believe, and to suggest that we need more work from Professor Wolf and others to ensure that our vocational and academic education systems keep in touch with the 21st century. That is why I am so delighted that Professor Wolf will remain an adviser to the Government to ensure the implementation of the report and, indeed, the succeeding measures that we hope to take.

Mr Graham Stuart (Beverley and Holderness) (Con): Professor Wolf might not have thought that the English baccalaureate on its own could distort and harm outcomes for the poorest in our schools, but I have to say that the Chairman of the Select Committee feels that it could. However, I welcome what the Secretary of State has said today about building a balanced score card. Can we work to create a consensus across the House that what we need is an assessment and accountability framework that gives equal weight to the progress of every child? We do not want too complicated a set of targets, but we need a system that works, allowing schools to get on with it and deliver for everyone.

Michael Gove: That is a very good point. It is rather a shame that the view of some Labour Members—which is not shared by my hon. Friend—is that working-class children cannot achieve academic excellence. *[Interruption.]* I am afraid that that is the view of Opposition Front Benchers. Labour Members therefore feel that this is somehow an unfair and elitist measure, but I think that it is an aspirational measure. My hon. Friend is absolutely right: we need to ensure that all the abilities of all children are recognised, whatever their background. Labour Members need to return to the aspirational educational model that we saw under Lord Adonis, the hon. Member for Huddersfield (Mr Sheerman) and the former right hon. Member for Sedgefield, which was sadly abandoned three years ago.

Kelvin Hopkins (Luton North) (Lab): I welcome Professor Wolf's report, which has also been welcomed by the Association of Colleges. I note two points in particular: the suggestion that maths and English education should be continued for youngsters over the age of 16 who are on vocational courses and who did not achieve grade C at GCSE, and the suggestion that vocational studies in schools should be limited to 20% of the curriculum, with 80% devoted to traditional subjects. Will the Secretary of State make those statutory requirements, or will they have only advisory status?

Michael Gove: On the continuation of the study of maths and English after the age of 16, we will, in the context of raising the participation age, explore legislative and other options to ensure that all children have the opportunity to follow those paths. On the related question of the 80:20 split, Professor Wolf says that to ensure the maximum chance of progressing along academic and vocational pathways, there should be an academic core up to the age of 16. She also argues that it is a good thing for all students to experience some practical learning. That is not prescriptive; it is a guide, and one of the points she makes is that university technical colleges, which have a longer school day and school week, can have a full academic core as well as a significant additional layer of practical learning on top.

Jonathan Lord (Woking) (Con): Before coming to the Chamber today, I addressed a business breakfast on the edge of my right hon. Friend's constituency and mine. Is he as concerned as I am about the finding in the CBI survey published this week that 40% of firms are not satisfied with the basic literacy of school and college leavers and that more than a third are not satisfied with

[Jonathan Lord]

basic levels of numeracy? Does he believe that the measures he has announced today will help to reverse that sad state of affairs?

Michael Gove: I am grateful to my hon. Friend for his question. He speaks very effectively for the businessmen of Surrey, who are doing so much to provide opportunities for young people, and I have to say that he is absolutely right: one of the major complaints from employers is that there are bright, intelligent, get-up-and-go young people who, sadly, have left the school system without the numeracy and literacy required to fit into almost any modern role. There is no more important task for this Government than to get those basics right, and I am grateful to the right hon. Member for Leigh for acknowledging that in the first part of his response.

Mr Dave Watts (St Helens North) (Lab): May I test the Secretary of State's commitment to poorer students? Will he give a guarantee today that poor students in St Helens will get more money and support than under the old system?

Michael Gove: Yes.

Andrew Bridgen (North West Leicestershire) (Con): Does the Secretary of State agree that it is a sign of the last Government's failure to improve education that more than 250,000 children left school last year without a C grade in GCSE maths and English?

Mr Speaker: Order. The short answer is no, and let me repeat to the hon. Gentleman what I have already had reason to say to him several times: questions must be about the policy of the current Government. I have made that point to him before, and he has breached the requirement several times. He will not do so again.

Derek Twigg (Halton) (Lab): I want to follow on from the question of my hon. Friend the Member for St Helens North (Mr Watts). Riverside college is a really good college in my constituency, but it has faced major funding cuts from the Secretary of State's Government. Given that he has just guaranteed increased funding for students in St Helens, will he also give the same guarantee to students in my constituency of Halton?

Michael Gove: As soon as word gets out that we are engaging in one-to-one negotiations across the green Benches, I expect that the Chamber will rapidly fill up, even though there is a one-line Whip. I would repeat the point I made to the hon. Member for St Helens North (Mr Watts) to all Members: thanks to the coalition Government's commitment to the pupil premium and to our reforms of 16-to-19 learning, the most disadvantaged students will receive more money. That is all thanks to our commitment to social justice.

Mr Rob Wilson (Reading East) (Con): May I welcome my right hon. Friend's statement, and place on record my thanks to Professor Wolf for her excellent report? Will my right hon. Friend say a little more about the delivery of these very important reforms? In particular, has he looked closely at the US community college system, which has been extremely successful in delivering these kinds of reforms to very hard-to-reach young people?

Michael Gove: My hon. Friend has campaigned for a better deal for poorer students ever since he first came to this House, and I agree that we must look at international models of good practice. The university technical colleges that this Government are committed to introducing provide a new model that caters for students of different aptitudes, and I believe we can learn a lot from some of the best practice in the United States.

Gavin Shuker (Luton South) (Lab/Co-op): The Secretary of State said in his statement that the purpose of his radical reform programme was to make "opportunity more equal". Does he accept, however, that it is difficult to realise that aim while local authorities are not being treated equally? For example, in my local authority of Luton there are 3.1 pupils per family, compared with the English average of 1.9. Does the Secretary of State agree that, for Professor Wolf's review recommendations to be successful, he must fund the measures properly?

Michael Gove: I am not sure what levers I have at my disposal to ensure that other parts of the country can enjoy the same family size as Luton is blessed with. On the broader point of making sure there is funding for Luton, as the hon. Gentleman knows, Luton is blessed with many excellent schools, such as Denbigh high school, which Dame Yasmin Bevan leads, and the Barnfield group of academies and studio schools. I look forward to visiting Luton shortly, when I will have an opportunity to talk to head teachers there. I hope I might also have an opportunity to talk to the hon. Gentleman about what more we can do to help continue the success stories in his constituency.

Mr Edward Timpson (Crewe and Nantwich) (Con): De Vere catering academy in my constituency offers dozens of aspiring young people the opportunity of a high-quality, employer-led apprenticeship. Will my right hon. Friend say a little more about what is being done to ease the path for other employers to follow its lead?

Michael Gove: My hon. Friend makes a very good point. There is cross-party commitment to apprenticeships. Unfortunately, however, while they are well intentioned and justifiable in themselves, some of the bureaucracy surrounding the way in which the Skills Funding Agency has supported apprenticeships, some of the requirements that have been placed on apprenticeship frameworks, and some recording responsibilities of employers in respect of the individual learning record, have together added up to a significant burden that means that many small and medium-sized enterprises in particular find it expensive or burdensome to take on an apprentice. My hon. Friend the Minister for Further Education, Skills and Lifelong Learning and my right hon. Friend the Secretary of State for Business, Innovation and Skills are taking forward a programme to reduce that bureaucracy, and I hope it will be welcomed on both sides of the House.

Fiona Mactaggart (Slough) (Lab): As the Secretary of State is well aware, modern business needs people who can make, do, create and invent things, as well as

people who can analyse things, and even if Professor Wolf is right that her recommendations are compatible with the English bac if 20% of the curriculum is made available for those kinds of skills to be developed, the Secretary of State knows—as we all do—that, in practice, this is not happening in some schools. Will he therefore consider the following request, which I have made before: that he add to the English bac at least one qualification that is about making, creating or doing, such as in electrical engineering or making music?

Michael Gove: I take on board the hon. Lady's point. I think the intention behind her request is admirable, and it is reflected in what Professor Wolf says. However, it would be wrong for me to prescribe what additional qualification or course might be appropriate to encourage people to acquire those practical skills. One of the points Professor Wolf makes is that there are many courses of study, or pursuits at school or beyond, that might not necessarily lead specifically to a qualification but can provide people with the skills required. It is crucial that we support qualifications that are robust and, where possible, invest in developing them to reflect what employers need, but we must also ensure flexibility and autonomy so that schools can do the right thing for their students.

Gavin Barwell (Croydon Central) (Con): I particularly warmly welcome the announcement that 16 to 18-year-olds who do not achieve a C grade in English or maths will continue to study those subjects. Further to the question asked by the hon. Member for Luton South (Gavin Shuker), how quickly will the Government be able to take action, so that we can end the practice under the previous Government of hundreds of thousands of children leaving school without the requisite qualifications?

Michael Gove: My hon. Friend reminds us of the dreadful fact that only about 50% of students manage to leave state schools with five good GCSEs including English and maths. That means that hundreds of thousands of young people simply do not have the opportunity to move on to the jobs they deserve.

I see that the hon. Member for Scunthorpe (Nic Dakin) is present. One of the great things he did when he was an FE college principal was develop courses that ensured that students could very quickly resit GCSE English and maths, or follow courses that would lead them, in due course, to acquiring a broadly comparable level of literacy and numeracy. I want to work with great FE principals, as he once was, to ensure we get the right courses for the right students.

Elizabeth Truss (South West Norfolk) (Con): I wholeheartedly support the move to abolish equivalence for low-quality qualifications, which has effectively been a mis-selling scandal to young people for more than 10 years now. What steps is the Secretary of State taking to ensure that low quality GCSEs and A-levels are also not counted in our league tables?

Michael Gove: My hon. Friend has been a fantastic campaigner for rigour in state education, and she is right that, as Professor Wolf points out, many qualifications were mis-sold to students on the basis that they would lead to progression. The right hon. Member for Leigh talked about students being coerced into courses that were not appropriate for them. We know that employers and universities welcome the courses in the English baccalaureate, but some of the courses that had an inflated value in league tables in the past, under the Government of whom he was a part, were not valued by employers or by higher or further education institutions.

My hon. Friend also made a point about GCSEs and A-levels. We are working with Ofqual to make sure that every GCSE awarding body is appropriately rigorous, and we will work with universities to ensure that A-levels are even stronger.

Graham Evans (Weaver Vale) (Con): Does my right hon. Friend agree that focusing narrowly on one measure of school performance, particularly five A* to C grades for GCSE—I personally insist on those including maths and English—creates perverse incentives for schools and encourages them to focus on borderline C and D grade students to the detriment of other students?

Michael Gove: My hon. Friend hits the nail on the head. Ultimately there will never be a single perfect accountability measure. The one he mentioned on floor standards has helped us to raise attainment in schools, but one measure does not fit all. I therefore welcome his support for developing a more sophisticated way of analysing attainment, so that students with lower ability but real commitment can be recognised, and in particular so that schools that take students with low levels of previous attainment and transform their outlooks can be properly recognised and applauded.

Neil Carmichael (Stroud) (Con): I welcome Professor Wolf's report and the Government's response. I was on the Education Select Committee that discussed the baccalaureate and was left in no doubt that Professor Wolf thought it was consistent with her interest in ensuring a proper academic basis to the measurement of pupils' performance. Does the Secretary of State agree that the baccalaureate will enable pupils to make sensible, informed choices and give them the confidence to implement those decisions when opportunities arise?

Michael Gove: I absolutely agree with my hon. Friend. Hon. Members on both sides of the House listened attentively to his question. We should pay particularly close attention to him, given the role he has played in further education. We know—every nation knows—that if students can reach a solid academic level by the age of 16, they will be in a strong position to choose which academic and vocational pathways they can move between later. Having a solid academic core creates no tension. In fact, it is an absolute precondition to success in vocational education.

Andrew Stephenson (Pendle) (Con): Over the past year, I have visited numerous manufacturing and engineering firms across Pendle that are keen to expand and recruit more, where managers have told me that they are not satisfied with the levels of literacy and numeracy among job applicants. Does my right hon. Friend believe that today's proposals, along with some of the other measures outlined by the Government—for instance, for university technical colleges—will help to address this problem?

Michael Gove: I absolutely agree with my hon. Friend. I know that east Lancashire has no better champion, and in particular that he speaks up effectively for young people and businesses in his constituency. We can help by ensuring that there are the opportunities for those young people who in the past might not have had an education fit for their talents to succeed in English, maths and the world of work.

Personal Statement

12.53 pm

Mr David Laws (Yeovil) (LD): I thank you, Mr Speaker, for giving me this early opportunity to respond to the Standards and Privileges Committee report on my expenses. I am also grateful to the Parliamentary Commissioner for Standards and his staff for their thorough and professional handling of this inquiry following my self-referral. The inquiry has found that I broke a number of important rules. I take complete and personal responsibility for the mistakes I made, and apologise without reservation to the House and my constituents.

The commissioner found that there was a conflict between my personal interest in privacy and the public interest in openness and accountability. He concluded that I should have immediately resolved that conflict in the public interest, and I agree with that judgment. I have made it clear since this matter first became public that my motivation was solely to protect my privacy, and not to benefit in any way from the expenses system, and I am pleased that the commissioner has clearly supported my view about my motivation and that he has stated that there is no evidence that I made my claims with the intention of benefiting myself or those close to me. The commissioner has also concluded that if I had kept to the rules, including by correctly designating my main home, my total expense claims would have been considerably higher than they were. This is not, as the commissioner made clear, an adequate justification for breaking the rules, but it demonstrates that there was no adverse consequence for the taxpayer.

This last year has been a difficult one for me, and I am grateful for all the support I have received, particularly from my constituents in Yeovil, who have been extremely generous in their understanding, tolerance and encouragement. Each of us should be our own sternest critic. Everyone in this place wants to see the reputation of the House restored after the past few disastrous years. If by my actions I have contributed to further undermining the House's reputation, I can only apologise without reservation.

Mr Speaker: I am grateful to the right hon. Gentleman.

Points of Order

12.55 pm

Mr Dave Watts (St Helens North) (Lab): On a point of order, Mr Speaker. Further to my earlier question, could you provide me with some advice? Is it in order for a Minister to ask his Department not to provide him with information to avoid having to pass that information on to an MP seeking to clarify something that affects his constituency?

Mr Speaker: The short answer is that Ministers are responsible both for how they provide information, and for what information is, or is not, available to them. However, the hon. Gentleman has registered his point forcefully on the record.

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. I want to register my disappointment that the House has been denied the opportunity to thank and congratulate the Prime Minister on his reported decision to seek the withdrawal of 450 British troops from Afghanistan. That decision could be taken this month. It clearly suggests, first, a withdrawal from the Government's over-optimism and, secondly, a determination to recognise the futility of the present operation and to bring our soldiers home to the safety of our shores.

Mr Speaker: The hon. Gentleman's guileful if slightly inappropriate use of the point of order procedure to register his political point is further evidence of why he is the acclaimed author of a tome entitled, "How to be a Backbencher".

Backbench Business

[27TH ALLOTTED DAY]

Review of Parliamentary Standards Act 2009

12.57 pm

Adam Afriyie (Windsor) (Con): I beg to move,

That it be an instruction to the Committee on Members' Allowances established under Standing Order No. 152G (Committee on Members' Allowances) that it review the operation of the Parliamentary Standards Act 2009 and make recommendations, giving due consideration to ensuring:

(a) value for money for taxpayers;

(b) accountability;

(c) public confidence in Parliament;

(d) the ability of Members to fulfil their duties effectively;

(e) fairness for less well-off Members and those with families; and

(f) that Members are not deterred from submitting legitimate claims.

I thank hon. Members on both sides of the House for their support in crafting today's motion and ensuring that it was tabled and supported. I also thank you, Mr Speaker, for supporting Back Benchers in having their voices heard in this place, and the Leader of the House for his robust defence of the functions of the House and for making it known to the external bodies that deal with our expenses that we are keen for the system not to impede the work that MPs do on behalf of their constituents.

None of us wants to be discussing expenses, and it is sad that we have to, but given that the expenses system has caused so much trouble over the years, and the current expenses regime continues to raise concerns for many Members and for democracy at large, it is our duty at least to consider a measured, sensible and calm way forward in which we can review the Parliamentary Standards Act 2009 to consider whether it is achieving the goals set for it. I want to make clear, therefore, what we are aiming to do today. The motion is about considering ways of cutting the cost of Parliament to taxpayers in the long term, and about giving MPs' time back to their constituents, rather than allowing them to be waylaid by bureaucracy beyond what is necessary for accountability. It is also about reviewing whether Parliament can be a place open to people from all backgrounds, including less well-off ones. Irrespective of our own personal positions—in many cases—it is important that Parliament does not become a place where only wealthy people can serve and thrive without damage to their public reputation.

The motion is part of the process of cleaning up our politics. It is right that this debate should be held in Back-Bench time, because the terms and conditions of Members of Parliament in serving their constituents and doing their duty within a democracy are rightly for this place to determine rather than for the Government to take the lead on—unless, of course, the taxpayers' purse is affected. Then the Government must take a very robust position.

Let us be clear: it is Parliament that holds Government and the Executive to account, not vice versa. That is why I want to thank the Chairman of the Backbench

[Adam Afriyie]

Business Committee, the Leader of the House, the shadow Leader of the House and others for recognising that this is an issue that should really be raised, as it is being, in Back-Bench time.

Today's motion says that MPs take their responsibilities seriously. What does it do? It instructs an existing Committee to review the Parliament Standards Act 2009, as amended in 2010. It not only instructs the Committee to review the Act, but asks it to make recommendations to the House about any changes that it thinks might need to take place, giving due consideration to the important issues about which we are all concerned, such as accountability.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): I congratulate the hon. Gentleman on all the hard work that he has undertaken over many months on this very important issue. There is now a person in the Independent Parliamentary Standards Authority called the compliance officer, and as a consequence of my having a very small logo on my website—a tiny little thing with "Labour" on it—I received two recorded delivery letters and was summonsed to respond within a certain time. When I phoned, I asked why they did not just lift the phone to me and say, "Look, this is against the rules. Why don't you remove it?" It was the way that it was done. The bureaucracy involved in that process needs to be considered, along with many other things.

Adam Afriyie: I thank the hon. Gentleman for mentioning that. I noticed just the other day that 40 hon. Members have been reported and may well be investigated for some very minor and seemingly almost irrelevant matters. I have seen newspaper coverage of Members' being criticised for claiming £3 here and £4 there. It seems to me that the public standing of this place is not necessarily enhanced by some of the practices in place at the moment, and that is why we need calmly to take a step back and review the situation. We need to review the 2009 Act and ask whether it is improving and restoring the integrity of Parliament and its hon. Members through its operation.

Clearly, some disgraceful acts happened in the past and no one is condoning that. We needed to make changes and I welcome the progress that has been made, but we must now calmly review the Act, its operation and the current arrangements.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The hon. Gentleman is making a very good speech, but is it not a fact that the vast majority of Members in this House never did anything wrong and never broke any rules—I am talking about more than 600 of us—but have been rewarded by having our job of serving our constituents and checking on the Executive made much more difficult? My job here is to serve my constituents and call the Executive to account, and I am finding it much more difficult to do that under the new rules.

Adam Afriyie: That is the observation of many Members, I think. I have to say—I hope I will not get a hiss for this—that the media and those who really understand how this place works are beginning to recognise just how difficult it is becoming for Members of Parliament on both sides of the House who want to go about their duties of holding the Executive to account, representing their constituents and picking up issues, but they are constantly being harangued over issues regarding which, one might argue, they should not necessarily be under pressure.

I shall not go through the litany of the crimes of the current system, much as I would love to. Anybody reasonable and anybody who knows how this place operates—the people who voted us into this place last May clearly recognised that the people being elected here were people who wanted to serve—will know that the overwhelming majority of Members are desperate just to get on with their job and to perform the duties for which they were elected. I hope that this motion is carried today so that we can have a calm look at whether the 2009 Act is performing the function that, with all the good intentions and good motivation in the world, it was intended to achieve.

My heart goes out to the new Members who came in in 2005. Many were elected on a ticket saying that they abhorred the expenses crisis, and they were right to campaign on that ticket—

Bob Stewart (Beckenham) (Con): It was 2010.

Adam Afriyie: That is right; I meant the 2010 intake. My heart goes out to them, because they have been as meticulous and careful as they can not to overclaim and not to make erroneous claims; I know this because I know many of them personally. In fact, 92% of people here are not claiming what they are entitled to claim, just so they can be as careful as possible, yet every eight weeks their names are run through the press, which presents any claim at all as being in some way illegitimate. I do not entirely blame the press for that. In some ways, it might be the workings of the 2009 Act that are perpetuating that perception, which in the majority of cases is not a reality.

Helen Jones (Warrington North) (Lab): The hon. Gentleman is making a very thoughtful and considered speech. Does he agree that there is now a worry that IPSA is straying into areas where it was never intended to go? For example, two colleagues who have recently been injured had great difficulty in getting IPSA to allow them to claim taxis to come to the House, although they were not allowed to use public transport. At one point, a member of IPSA asked them why they were going to work. We cannot have people who are there to regulate expenses deciding when Members of Parliament should or should not be able to come to the House.

Adam Afriyie: The hon. Lady raises a key point that is at the heart of our democracy. In a parliamentary democracy, Members are elected in order to make or change the laws. Parliament is sovereign in our nation within the way that our unwritten constitution works. One has to ask whether it is right for an external body to be able to determine the way in which Members of Parliament, who are elected by the public, do their work. It is not just a question of the level of remuneration, as we understand that and accept the need for independence. I think most people are comfortable with that. If such a body determines the way in which we do our work, however, tough questions must be asked about the arrangements. I hope that as the Committee carries out the review some of these questions will be raised.

There is an opportunity for the Committee calmly to consider not only the current difficulties—the level of accountability and whether it is full enough, whether receipts need to be published and all those detailed issues that affect us on a day-to-day basis—but the constitutional position. It might also consider some of the issues to do with tidying up the omissions and other small errors that we made in our haste as we rushed to make the changes, which we were right to do.

Mr David Nuttall (Bury North) (Con): I welcome the establishment of the Committee. Will my hon. Friend confirm whether the membership of the Committee has been determined yet, and if it has not, whether he would be prepared to serve on it? It seems to me that he would be an ideal candidate.

Adam Afriyie: My interest in this issue has been on the public record for many years, and I would be very happy to play a part in any Committee established for this purpose, but naturally such a Committee should have no special privileges. I hope that it would be set up in the same way as other Committees are established, but of course I am interested in this issue and would like to do my best to try to assist Parliament and hon. Members of all persuasions in doing their jobs without unnecessary obstacles being placed in the way.

Let me make some quick observations on some of the stresses and strains. I make these observations not necessarily to make judgments at this moment but simply to flag up some of the areas that cause concern, and which any future review might wish to consider. The first such area is cost. One of the mandates for the Committee is that it must have due regard to the need for value for money for the taxpayer. The budget for IPSA seems quite high, and was certainly significantly higher in the first year than that for the previous year's arrangements. That is something we need to look at. Those costs might be appropriately high; it might be right that it is very expensive to operate what should be a relatively simple system, but any review must look into that.

Secondly, we have to consider the impact that the 2009 Act is having on the time that MPs have available to perform their duties. There is no doubt, from my own experience and that of hon. Members who were here before 2010, that the level and work load associated with the expenses systems and such matters have escalated enormously. Literally days are taken away from constituents as the time of Members and their staff is taken up. There is an enormous level of stress associated with the IPSA system, and we need to take a calm look at the impact that is having on our democracy and on Members' ability to represent their constituents.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The hon. Gentleman is making a very thoughtful speech. Like many Members in Wales, I have joint offices with Assembly Members and I recognise the hon. Gentleman's point about stress. The stress for staff of dealing with expenses for Westminster is far higher than the stress of dealing with expenses for the devolved Administrations. Does he think IPSA should look at the systems in Scotland and Wales and see whether we could adopt a similar system?

Adam Afriyie: From my observations of the system in Scotland in particular, and the system in Wales, I think there are certainly some virtues in the way they operate. I have also conducted a review of 27 different systems around the world, including those in Canada, Denmark, some of the Scandinavian countries and particularly Germany, and it is clear that they take a very different view of how expenses and remuneration systems should operate for members of their Parliaments.

That was not a scientific review, but there were certainly some very clear patterns. In Germany they have said it would be utterly ridiculous to lumber the taxpayer with the cost of receipting tiny claims, because the cost would be disproportionate to the benefit to the taxpayer. That is something that a review would need to consider, but I do not wish to pre-empt where it might go. It would need to take evidence and take a very careful look at comparisons from around the world. One or two other nations have what are called sessional indemnities and different, very simple arrangements for office accommodation and housing for their members. That is something we need to look at.

A key area that I hope the review will look into is the situation of Members who are not of independent means—those who do not have large outside incomes, trust funds or inherited wealth, and those who did not have incredibly successful businesses or professional careers before arriving here. In many ways, I think we have to consider whether the expenses system is penalising such Members for not being wealthy. There is a danger that if, as I have said, 92% of Members are not claiming what they are entitled to claim, this place will become a place only for those who are wealthy.

The motion simply asks the Committee to conduct a review of the 2009 Act. I hope there will not be dissent today. This issue of expenses is incendiary, but it is our duty in this place to act without fear or favour in the interests of democracy, our constituents and the taxpayer. A calm, methodical review of the 2009 Act is a very important step, and is part of the process.

Mr Andrew Smith (Oxford East) (Lab): Does the hon. Gentleman agree that it is critical that the House should uphold the fundamental importance of independence in these matters, which is absolutely crucial to restoring public confidence after all the scandals?

Adam Afriyie: It is my personal view, and that of many Members, that it would be a very strange day if we were to start determining our pay or rations once again. I do not think that anyone wants to head in that direction, and I have not heard of many people wanting to do so. The independence of the body setting the level of remuneration is a good thing. Whatever any review sets out to do, it must ensure that that independence is maintained. Indeed, it could even be enhanced. With those remarks, I urge Members to support the motion. Let us have a calm and sensible review of where we are.

1.15 pm

Pete Wishart (Perth and North Perthshire) (SNP): I want to paint a picture of two different parliamentary expenses schemes. One is bureaucratic, difficult to understand and administer, expensive to run and universally loathed by those whom it seeks to serve. The other is relatively inexpensive, easy to understand and universally

[Pete Wishart]

accepted by those whom it seeks to serve. It might surprise some to know that both those schemes currently exist in the UK. The first is our good friend IPSA, and the second is the scheme that operates in Scotland without fuss, issues or any difficulty whatever.

A year on from IPSA's creation, we are here again discussing its many and manifest failures, while the system in Scotland works without any issues or difficulty. No one cares to hear about it, and even the press are bored with it. They lost interest in the tea and biscuits stories years ago and they have gone on to other things, but it was not always like that in Scotland. In the early days of the Scottish Parliament there were a number of alarming stories, but nothing on the scale of what happened in this House. Initially, the Scottish Parliament more or less copied in full the parliamentary scheme from this place, but then there were difficulties, so it patiently, constructively and conscientiously fashioned a new system, which has worked. That system has the support of MSPs and the public, who know it is fair and transparent, and the press no longer have any particular interest in it.

One way of illustrating the difference between the two systems is by looking at them through the eyes of the staff who have the misery of dealing with them on our behalf. I share an office with a Member of the Scottish Parliament. We share staff and our office manager looks after our office issues for us jointly, so she is responsible for paying all the bills and making sure that all the offices work effectively. When she does the expenses work for the MSP, it is over in minutes: the direct debit for office supplies—done; a few receipts for the travel required—finished. But then we almost hear her groan of anguish when it is time to turn to the MP's expenses. With a heavy heart, she draws down the IPSA website again and the hours of misery start. Is it the four hours to be spent on the travel reconciliations for last month, or the trying to sit through the quadruplicate reconciliation that IPSA requires for travel that causes the misery? Is it the endless phone calls to IPSA Towers, trying to understand and decipher the new, panicky rewrite of some of the rules? Or is it the stress of possibly getting a claim wrong—of something going into the wrong column or category and the claim being returned or, worse, refused and opened up for the ritual press humiliation that comes when those expenses are published every two months?

David Morris (Morecambe and Lunesdale) (Con): Does the hon. Gentleman agree that having an IPSA-type body is a good thing for MPs, but that it is so over-bureaucratic that it stifles what we are here to do? Speaking from personal experience, I think that if it were not for Philip from IPSA having come around and helped out many of the Members who are present today, we would all be in a world of pain.

Pete Wishart: I thank the hon. Gentleman for making that point, which gives me the opportunity to say that there is nothing wrong with the staff who work for IPSA, most of whom are courteous and very helpful. They do all they can to try to resolve some of the difficulties and issues that confront us and our staff day in, day out. The hon. Gentleman is right to say that the problem is the mind-numbing bureaucracy of the thing. I do not want my staff sitting there on the phone to IPSA Towers. I do not want them wading through the quadruplicate reconciliations that are required. I want them to work to help my constituents; that is what they are there to do. Why are they wasting their precious time, which should be spent on my constituents, on that mind-numbing useless bureaucracy? It is time that we addressed that question properly.

The Scottish system and IPSA have one thing in common—one that we all want to see: transparency. That is what it should be about; transparency is the key to the way forward. The system used by the Scottish Parliament is even better, because receipts are put on each MSP's website and are available at the click of a mouse, so we achieve transparency without the massive difficulties caused by the bureaucracy of filling in all those forms.

IPSA has had a chance to try to resolve those issues. Unfortunately, I missed the debate secured by the hon. Member for Windsor (Adam Afriyie) before Christmas. I do not think that I have yet congratulated him on securing this debate, and on his diligence in pursuing the issue. After the first debate, IPSA was charged with the task of getting some of those difficulties in order. There have been some improvements, which we are all prepared to welcome, but the culture and the institution are still very much in place. There has not been a cultural shift in the way in which IPSA deals with MPs' expenses, so we are right to try to pursue the issue along the lines that the hon. Gentleman was prepared to suggest. Let us see if we can look at the 2009 Act again to try to get something different.

We do not need to look too far afield, although I would be fascinated to learn about other international examples. We need look only 500 miles up the road to find a system that functions perfectly well, supported by those whom it serves and by the public, and without any issue or interest from the press whatsoever. We do not need to reinvent the wheel; we just need to strap a Caledonian one on to the House and get on with it. That is what we should do now, as we have an opportunity to try to resolve this. When the issue of expenses came before the House a couple of years ago, we strongly suggested that people should take a look at the Scottish system. That proposal was rejected in favour of IPSA, and the House probably realises that it made a dramatic and drastic mistake in going down that route—but there is still time to try to achieve a change. Let us not do something radically different. Let us just do something that works, and something works just up the road.

1.22 pm

Mr Edward Leigh (Gainsborough) (Con): I congratulate my hon. Friend the Member for Windsor (Adam Afriyie) on tabling the motion, and on the diligent work that he has done on behalf of Parliament and the taxpayer. I have been asked to chair the MPs' side of the committee liaising with IPSA, and we have done our honest best in recent months to try to put MPs' views to IPSA. Our meetings are courteous and lengthy. We have covered the entire ground but, at the end of the day, many of our suggestions are simply not acted on. The motion will provide further impetus to IPSA to listen to Parliament. Everyone accepts that we must have an independent body that sets the overall levels of remuneration, but we

still have a fantastically bureaucratic system that employs 70 staff and which costs upwards of £6 million just to do the expenses of 650 people. It is an absurdly bureaucratic system that must be reviewed, not for our sake but for the sake of the taxpayer.

It is perfectly possible to devise a system that can command public confidence and result in a much lower cost to the taxpayer. Our first priority is cutting the cost to the taxpayer, who has to pay for all of this. It is an expensive way of doing things. Secondly, we want to minimise the possibility of fraud and error. As we have seen with social security, one of the best ways to do that is to simplify the system as much as possible. Thirdly—this point was made by my hon. Friend and others—we want to open Parliament up, and ensure that it is an attractive place for people of all types, from all regions, of all levels of income, and all the rest of it, who want to come here.

I mentioned all regions, because disincentives are built into the current system. For instance, is being a Member of Parliament, with our existing expenses regime and the way in which families are still treated, an attractive option for a lady GP working in Newcastle upon Tyne? I do not think so. We should encourage in particular women with families who want to serve as Members of Parliament, which means that we must have an expenses regime that understands Parliament and the fact that many people who come to the House are not just coming to London for an occasional business trip. It is often a life sentence, as people have to spend half their time in a constituency that may be a long way from London, and the other half in London. Younger Members of Parliament with young families, in particular, want to be with their families, so ultimately we need an expenses regime—we have to keep repeating this—that is not too bureaucratic, which is attractive, minimises fraud and error and cuts the cost to the taxpayer. The present system does not do that.

We have those meetings in our liaison committee, but we have no power whatsoever. We can make suggestions on all the points that are made to me in e-mails and letters from colleagues, but ultimately we can still be ignored. There has been some progress, particularly on how we run our offices. The way in which IPSA originally tried to set up the expenses regime for MPs' offices was absurd. It was ludicrously bureaucratic, but we have made progress, and MPs can increasingly use the IPSA debit card to ensure that the money they need to run their offices does not go through their personal bank accounts. The fact that MPs were forced to subsidise their offices from their bank accounts was almost a throwback to the 18th century, when Ministers had to pay for government from their own personal bank accounts. The situation was ridiculous, and we have made progress.

We have also made progress on travel, but accommodation remains a bugbear. I hope that the motion will be approved today and we can make progress. Let us be quite honest about this. MPs' accommodation has been the kernel of the problem for the past 30 years. It has proved difficult because successive Governments have not wanted to bite the bullet. My hon. Friend originally tabled another motion for the Order Paper, but I understand that there were Government sensitivities about allowing it to go through. However, it would have maximised pressure on IPSA to reach a reasonable settlement on accommodation.

What is the way forward? So many of the problems with which we deal in public life are utterly difficult and intractable, as we know when we deal with the NHS, social security and the economy, but there is a simple solution staring us in the face on this issue, and there always has been. Although the old expenses regime was much criticised, when it began it was not an expenses regime but an allowances regime, effectively providing a flat-rate allowance. As long as it remained a flat-rate allowance, it worked. It began to go wrong when it became the expenses regime. The moment that we began to ask MPs to maximise their so-called expenses by submitting receipts, we ensured that sooner or later a Member of Parliament would end up in prison, which is what has happened. If it had remained a flat-rate allowances system, we would not have had all the issues that we have had.

I cannot prejudge what the Committee will do, but it is worth putting a marker in the sand, because we have made the point continuously in the regular liaison committee meetings with IPSA. People nod their heads, but our points are ignored. I just hope that if the evidence from the new Committee supports my point of view, and if the matter returns to the House, the new Committee will not be ignored. If it makes a sensible proposal that has been worked through for many months, with hearings of witnesses who have expressed their views, and offers a proposal to the House, I hope that at that stage the Government will not try to block it once again, just as successive Governments have always blocked every sensible resolution on the grounds that it is not acceptable to public opinion, they are not ready, and all the other issues. I think that public opinion is ready. All members of the public I talk with say, "Why can't MPs just be allowed to get on with it? They should be paid a proper salary and left to live their lives."

Some people claim that IPSA has made progress, but its latest reforms almost make the situation worse, because it is getting more involved in the family life of MPs. We are paid extra if we have children, and a slightly increased allowance when the children are between certain ages. What happens when the children grow up, which they always do? There are all those sorts of issues. We are going down the same track as our social security system, with more interference in people's private lives. Frankly, how an MP lives their private life is none of IPSA's business, nor anyone else's. All we have to accept is that all MPs have to live some of their lives in London and some of their lives in their constituencies.

I have always thought, as was said time and again in the liaison committee, that the obvious solution was to build on the old London weighting allowance, which was a flat-rate, taxable allowance. If it is flat-rate and taxable, it is not the business of the Inland Revenue and there is no possibility for fraud or error. I am not suggesting that we can move to such a system immediately, as many MPs have now made arrangements for renting and should be allowed to continue with that very bureaucratic expenses regime, with receipts and all the rest of it, if they wish to do so. However, MPs must have some opportunity to opt out of that bureaucratic system and into a flat-rate, taxable allowance system. Otherwise, we will create perverse incentives. We also said in the committee that the more rules we have, the more perverse incentives there will be. For example, there is a perverse incentive for MPs who have been paying for their second

[Mr Edward Leigh]

homes with mortgages to rent those homes out and then rent themselves a flat, at greater cost to IPSA. How does that help the taxpayer? It is ludicrous.

I very much hope that the Committee will be set up, take evidence and come back with simple solutions that ultimately protect the taxpayer. That is what we are about. It should also ensure that MPs have the maximum amount of time to hold the Executive to account, which is why we are here. We are not here to have our staff spend hours every week enmeshed in some bureaucratic expenses regime. The only reason for our existence is to hold those people on the Front Bench to account in an independent and satisfactory way. I have to say that IPSA is still not there yet. I hope that, with the Committee being set up, we will finally make progress, cut the cost to the taxpayer and do the job we were elected to do.

1.33 pm

Bob Stewart (Beckenham) (Con): As one of the youngest Members of the 2010 intake, I remember sitting in the Members' centre a few days after my election and listening to a young lady—much younger than me, surprisingly—who was speaking on the telephone and trying very hard to arrange accommodation for herself in London. She happened to be a member of the Opposition. Each time she spoke with an estate agent, it was clear that she could not do it, and after two hours she gave up. I quickly soused that—

Mr Charles Walker (Broxbourne) (Con): Sussed. You souse a herring.

Bob Stewart: Souse a herring—are we not moving on to that debate in a moment?

I quickly sussed that the expenses system was not working very well. I have spent most of my adult life in public service, but I have also been in business in the private sector. In those jobs, there was a very clear principle that if one spent money doing one's job, one should be properly recompensed. It was simple and effective. It seems to me that IPSA makes difficulties when it should not do so. I am lucky, because my constituency is close to Westminster and I can travel home each night—22 minutes from Victoria station to Shortlands—except when we have an absurdly lengthy, late-night sitting, when I am told I am allowed to go to a hotel. Members should rest assured that on such occasions I do not cost the taxpayer any money, because I get out my army camp bed and kip in my office, illegally. It is a damn sight easier that trying to check into a hotel at 12.30 at night.

Helen Jones: Especially on what IPSA allows.

Bob Stewart: Exactly.

It is clear that IPSA puts colleagues off claiming a lot. My hon. Friend the Member for Windsor (Adam Afriyie) noted that 92% of Members do not claim what they are entitled to, which I think is pretty dreadful. If they do not claim it, that means they are paying for it from their salaries, and we are not that well paid, considering some of the commitments that we are not allowed to claim for.

I understood the intricacies of Balkan politics when I was the British commander of forces there much better than I understand the intricacies of trying to get a claim from IPSA. I pay tribute to my hon. Friend, who is a parliamentary hero for what he is trying to do. His determination is in the highest traditions of this House. We need a simple, fair and honest system that is cheaper for the taxpayer—if that is possible—and allows us to do our jobs properly. I fully support the need to review the Parliamentary Standards Act 2009. I am not sure that IPSA should go, but I am sure that the system should be reviewed as soon as possible.

1.38 pm

John Mann (Bassetlaw) (Lab): My constituency is one of the furthest from the sea, so the next debate on fisheries has no real relevance for jobs there—we merely eat the product—but I put it to the House that that debate is of far more consequence to my constituents than wasting parliamentary time on the self-indulgent obsession of some MPs with the expenses system, which, along with pay, should be determined by an independent body away from this House. That is what should remain.

1.39 pm

Mr David Nuttall (Bury North) (Con): I, too, will not detain the House for long. I entirely agree with the hon. Member for Bassetlaw (John Mann) that there are many other things we could be discussing, but we must not lose sight of the fact that many hon. Members on both sides of the House are forced, as a result of the overly bureaucratic IPSA system, to spend hours and hours dealing with something that should be relatively straightforward.

Before becoming a Member, I, like my hon. Friend the Member for Beckenham (Bob Stewart), was in private practice, and my organisation had an expenses system that was simple, clear and straightforward. If someone paid something out of their own pocket for which they needed reimbursement, they produced the receipt, took it to the cashiers at the accounts department, and they checked that it was in order and paid a cheque in recompense.

I appreciate that the affairs of Members are far more complicated than that, but in essence the procedure ought to be fairly simple, yet it is difficult to conceive of a more complicated system than our current one. I trust that when the existing Committee is re-established, the membership will find time to look at all aspects of the expenses scheme but, in particular, two matters that I think are of specific concern.

First, no distinction seems to be drawn between expenses of a capital and of a revenue nature. The revision has addressed that to an extent by providing a new allowance for new Members, and that is great for Members who are elected in the future or as a result of a by-election, but the new scheme will be of no benefit to Members elected, like myself, in the 2010 general election, many of whom face having to purchase capital items out of budgets that were set for revenue.

That leads me to my second point, the publication of expenses figures on an eight-weekly basis. This provides a constant feed of information for the newspapers, which not surprisingly then use it to form league tables. Again, not surprisingly, if someone has paid a large

amount out in that eight-week period, they will go straight to the top of the league table. It will be all over the newspapers that they are "Top of the league table," yet they will have done nothing wrong. In fact, over the whole year their expenses may well come bottom of the table, but people will remember and focus on the fact the Member was top for that period.

We are not comparing like with like if we issue figures for such a short period, so I hope that when the Committee is re-established, it will find time to look at those two matters.

1.42 pm

Hilary Benn (Leeds Central) (Lab): I welcome the opportunity that the hon. Member for Windsor (Adam Afriyie) has given us—I, like others, think he made a very thoughtful speech—to assess what progress has been made in addressing the concerns that were last debated here in December.

Like the hon. Gentleman, I strongly support an independent and a transparent system, because publication is the best safeguard and there can be no going back on that at all. I know that that view is shared across the House, but I do share the feeling of Members that, despite the outcome of the recent review and the progress that we have made, which I want to touch on, dealing with IPSA takes up far too much time. Time, whether of Members or our staff, has an opportunity cost, and that means we have less time to do our job.

First, we ought to recognise that setting up IPSA was a very big task. Parliament asked for it to be done in a very short space of time, and Professor Sir Ian Kennedy and his senior colleagues, who have been unfailingly generous in the time they have given to listen to us, himself acknowledges that IPSA did not get everything right. I agree with the hon. Member for Perth and North Perthshire (Pete Wishart), who said that IPSA staff continue to be unfailingly courteous and as helpful as they possibly can be in trying to assist us, but the concerns that bring us back here today are not about them but the system itself.

I said in December that if we asked Members, "Is IPSA helping you to do your job?", we would find that the answer was overwhelmingly no. That was certainly reflected in the survey of parliamentary Labour party members that we undertook in submitting evidence to the review, and frankly that ought to be the test. We should not be spending any more time than is necessary on discussing the matter, particularly when it ought to be a relatively simple task.

The issue is about making sure that we as Members have the means that we need to do the job. "Expenses" is a terrible misnomer, because it is about the means to do the job. They include staff, loyal and incredibly hard-working, who support us in our work and without whom we could not manage; an office; paying the telephone, electricity and stationery bills; the travel costs between Westminster and our constituencies; and, as the hon. Member for Gainsborough (Mr Leigh) rightly said, the cost of having to live and to work in two places, which is in the nature of the job of being a Member of Parliament.

On the review, we should acknowledge the progress that was made on, for example, support for MPs with family responsibilities—in relation both to travel and to accommodation; a start-up budget for new MPs, learning from the experience that our new colleagues faced a year ago; the definition of London; and the merging of the budgets for constituency office rental and for general office costs.

There has been an increase in the staffing budget, although it still does not take account of the costs of the pension contribution that was passed on to MPs' budgets a year ago, or of the additional work load that dealing with IPSA places on Members and on their staff. That situation will leave a number of MPs having to go back to the contingency fund again this year in order to continue to employ the staff they already have and need, and that really does strike me as unsatisfactory.

There is now greater use of the payment card, but that is not an unalloyed blessing: it is still not available for all costs—as I understand it, it can be used for business rates but not for office rent, and for stationery but not for photocopiers; and reconciliation is still far too time-consuming. I can say from personal experience that accounting for train travel takes much longer than under the old system, when I have to take account of finding the tickets, going on to the IPSA website, typing in destinations repeatedly, copying everything and then posting off the form having made the details available online.

What would really help and, I think, deal with a lot of frustration is either if more details could be obtained from the credit card company to satisfy IPSA, if IPSA could just agree with the House of Commons travel office that buying a ticket through the office would provide the assurance that it was we who bought it, and that it was a ticket between Westminster and our constituency or back. I use that as an example, because it should be a relatively simple thing to do, and I think it would take away a lot of the frustration that has been expressed in today's debate and before.

The second issue I wish to raise is about what is allowed and what will be approved, because IPSA has realised sensibly that there is a balance to be struck in relation to increasingly prescriptive rules. IPSA has come face to face with the way in which we do our job, with Members saying, "What if? This is what I do. Is it okay?", and it has thought about the issue and realised sensibly that we can either have an increasingly long rule book, with an increasingly lengthy "frequently asked questions" page on the website, or let Members exercise their judgment, in the context of the rules as they are laid down and subject to the sunlight of publication.

The review has moved more in the direction of the latter, but may I offer some advice to the Committee that we are going to establish on the work that it is going do? There is still a process in-between through which a Member may choose to exercise their discretion and IPSA may second-guess that when deciding whether to approve a claim. We are betwixt and between a more sensible approach.

Thirdly, we have heard today about how Members feel the system treats them in individual cases and on case work, and I hope that the review will dig into the detail and draw on the experience of the liaison committee, so that the issues which the hon. Member for Gainsborough raised might be looked at.

Fourthly, there is the question of value for money, something that the Speaker's Committee for the Independent Parliamentary Standards Authority is looking at. Indeed, as Members will know, the National Audit Office is carrying out a value-for-money review.

[Hilary Benn]

Finally, I say to the hon. Member for Windsor that I welcome the transformation in the motion before us from that which was on the Order Paper yesterday. If we have learned one lesson, it is that legislating in haste on this matter can create difficulties.

I support the motion because it seems to be a very sensible way forward. We should take the opportunity to review the effectiveness of the system that Parliament established, and we should assess progress as well as identifying what more needs to be done. I, for one, look forward to the result of the Committee's work.

1.49 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I congratulate my hon. Friend the Member for Windsor (Adam Afriyie) on securing the debate and on his revised motion, which the right hon. Member for Leeds Central (Hilary Benn) said he can support, and which the Government can also support. Setting up a Committee to carry out post-legislative reviews to see how legislation actually takes effect is something that we are always being urged to do in the House, and it is welcome. It will provide Members with the opportunity to put forward facts and the Committee with the opportunity to take evidence and then to come back to the House with its recommendations for consideration. I thank my hon. Friend for his thoughtful and measured speech, which was referred to by Members on both sides of the House.

My hon. Friend's motion is very sensible in focusing on the important things—value for money, accountability and public confidence. It also refers to the need to ensure

"that Members are not deterred from submitting legitimate claims."

I want him to clarify one part of his speech because I am not sure that I heard it correctly. I think he said that 92% of Members do not claim for things for which they are legitimately allowed to claim, but I would be grateful if he could confirm that. I have not seen that data published, and I would be grateful if he could provide some detail.

Adam Afriyie: I certainly will. This is based on the evidence that I have received and that the 1922 committee demonstrated some time ago—that is, that 92% of hon. Members are not claiming for all the categories for which they are entitled to claim. That would need to be examined; I make no judgment on it right now.

Mr Harper: I am grateful to my hon. Friend for clarifying that, which is very helpful.

As my hon. Friend and the right hon. Member for Leeds Central said, several things have happened since we last debated IPSA in December. At that time, IPSA had not carried out its review of the scheme, and many Members took the opportunity of that debate to put on record their specific concerns not only about the operation of the scheme but its rules. One or two Members have done that today, but in December the comments were much more focused on individual circumstances. IPSA has listened to some of those concerns. As the right hon. Gentleman said, it recognised when it set up the scheme that it did not get everything right in terms of its rules and how it operated. To be fair, it has acknowledged that and put some of those things right, particularly as regards enabling us to do our jobs properly. The Government, and all Members, are concerned about ensuring that the system helps rather than hinders.

As the right hon. Members for Oxford East (Mr Smith) and for Leeds Central said, it is important that we have an independent body that oversees the expenses system and how it operates. We must also have a transparent system. As the right hon. Member for Leeds Central said, it is the sunlight of transparency that helps to ensure that it works properly.

Adam Afriyie: My hon. Friend is talking about the Brandeis doctrine; Brandeis was a Supreme Court judge in the early 1900s. The review will also need to look at what subsequent academics have said about this. Sunlight is a great disinfectant, but it is conditional on the information that is provided being comparable and on it being disaggregated, so that not only grouped claims or information are published. It is also conditional on the information being standardised, and any review will need to look into those issues.

Mr Harper: I am grateful to my hon. Friend. This is a good opportunity to leap forward to a point I was going to make later, which was mentioned by the hon. Member for Perth and North Perthshire (Pete Wishart) when he talked about the publication of data. I know that it can be uncomfortable for hon. Members when information is published, but we are going to have to get used to it, and there is no going back.

My hon. Friend makes a good point. There is a debate to be had, and these are matters that IPSA can think about. There are ways of publishing information that make it comparable and deal with the league table problem, but also make it very matter of fact and not very interesting to the press. There is an argument that if we publish the information in real time as we go along, and do not save it up and publish it in lumps—the point made by the hon. Member for Perth and North Perthshire—it becomes normal, matter-of-fact, routine business that is not of interest to the media. I think it is fair to say that it has become much less interesting to the national media; we do not tend to see the front page stories any more. I know, however, that individual hon. Members often have to deal with local newspaper stories where their papers drill down into particular claims that, in isolation, take a fair degree of explanation but are perfectly reasonable claims for carrying out their work.

Adam Afriyie: I conducted a review of regional and local newspaper publications. The evidence is pretty conclusive. The bimonthly publication we looked at had about 28 million readers. We found that 97% of local newspaper stories were negative towards MPs, and 63% of the stories made unfair or misleading comparisons about MPs and their claims. A lot of this was generated by the way in which the information was being provided to the media under the current scheme. Again, that is something we will look at.

Mr Harper: I am grateful to my hon. Friend. This is an opportunity to acknowledge that, as other Members have said, he has done a lot of analytical work. Depending on what the House decides about who serves on the Committee, I am sure that his research will be of great help as it carries out its work.

Mr Kevan Jones (North Durham) (Lab): I would add that it is not just about the local media; the BBC in the north-east has taken the approach of doing league tables rather than any analysis of the information. Even though I have tried to FOI the expenses of the journalists on the "Politics Show" in the north-east, the BBC has refused to release them, and I now have an appeal with the Information Commissioner. If this is about public money and transparency, should not other bodies such as the BBC also have their expenses published?

Mr Harper: The hon. Gentleman is trying to draw me into a much wider debate about public transparency, but this is not the right time for that. He will know that there are ongoing discussions between the BBC and the National Audit Office about various issues, and I am sure that they will carry on. I am not going to take his invitation to dwell on those issues today.

I want to return to the annual review that IPSA undertook. I think it is fair to say that it made some changes to the scheme and has made it better and easier for Members to operate. As my hon. Friend the Member for Windsor said, it has effectively given us more discretion about judging what things are relevant to our parliamentary duties and carrying out our responsibilities. That then raises some other questions, which is welcome. My hon. Friend the Member for Gainsborough (Mr Leigh), who chairs the liaison committee, acknowledged the progress that has been made on office costs and on travel, although he acknowledged that there was work to be done in other areas of expenses. It is worth saying that there has been progress, although I know that many Members think that there has not been enough and needs to be more.

Members referred to value for money, which is specifically mentioned in the motion. It is worth setting out a little more detail. The right hon. Member for Leeds Central referred to the NAO report. My right hon. Friend the Leader of the House has received a letter from the Comptroller and Auditor General setting out the details of that. The NAO is going to carry out a study of IPSA, and the report will be produced before the summer recess.

An interesting fact of which Members should be aware is that the NAO is going to survey all serving Members of Parliament asking about their experience of IPSA and the expenses scheme. It is moving quite swiftly on the study. It is going to send out questionnaires this coming Monday—16 May—allowing us a fortnight to respond before the Whit recess, and it has asked for Government support in encouraging Members to participate. I do not think, having listened to the debate, talked to several of my colleagues and heard what the right hon. Member for Leeds Central said about his conversations with the parliamentary Labour party, that Members will need much encouragement to send back their responses. They should take this opportunity to focus on how well the scheme is working, including value for money and ease of use, so that the NAO can take that into account.

Helen Jones: It is encouraging to hear that the NAO will survey Members. Will the NAO's value-for-money audit include the cost of the vast amount of time spent by Members and their staff doing work that was previously done elsewhere?

Mr Harper: The Comptroller and Auditor General makes it clear that all the NAO's work will be independent and evidence based. The answer to the hon. Lady's question is that it is for Members to provide the NAO with that evidence. The NAO has a brief to look at the public sector as a whole; as its masthead says, it is "Helping the nation spend wisely". If Members feel, as a number have said today, that there is a problem not just with the bureaucratic system, but with the time spent administering it by them and their staff, who are employed at public cost, they should take the opportunity to furnish the NAO with that information. I might be going a little beyond my remit here. I do not know how detailed the questionnaire will be. There might not be a specific question about this matter, but I suspect that there will be. If Members provide this information, the NAO will be able to take it into account. It is no good the NAO just looking at the scheme and the direct costs incurred by IPSA. If, because of the way IPSA is operating, it is putting an extra burden on our offices, which are funded by the taxpayer, the NAO should take that into account. The hon. Lady's point is therefore very helpful, and Members should give the NAO as much information as possible, so that it can write a sensible, evidence-based report with recommendations. No doubt those recommendations will then be considered by the Public Accounts Committee, as is the usual process, and the Committee that we are setting up.

The Constitutional Reform and Governance Act 2010, which was passed in the last Parliament, amended the Parliamentary Standards Act 2009 to give IPSA a general duty to behave in a cost-effective, efficient manner, and to support MPs to carry out their work efficiently, cost-effectively and transparently. IPSA therefore has a statutory duty to do what it does transparently and independently, and cost-effectively. The NAO report will help to advise IPSA on whether it is complying with the duties it has to carry out under the law that set it up.

Mr Leigh: Will the Minister assure that House that when all this excellent work has been done and the Committee makes its recommendations, the Government —I know that he cannot give any absolute promises—will seek to give us a fair wind so that we can implement them?

Mr Harper: As with all reports from Committees of this House, the Government will look carefully at the recommendations. I do not think that my hon. Friend would expect me, given that the Committee has not even been set up, let alone started its work, to give assurances that the Government will carry out its every recommendation. The Government will of course study its recommendations. If its recommendations are about process, the scheme and how IPSA operates, they will be for IPSA to consider. Only if they are recommendations for legislative change will they be for the Government to recognise. Every Member who has spoken in this debate has confirmed that they are in favour of an independent and transparent scheme for paying our costs. Clearly, even if Members thought that there were issues, they would not immediately want the Government to rush into legislating. The right hon. Member for Leeds Central said wisely that when this House legislates on such matters in haste, it often comes to repent it.

[Mr Harper]

The Government will look carefully at the considerations that the Committee makes, and I hope that IPSA will look carefully at them. If the review is carried out in that spirit, I think that it will be very productive.

Mr Andrew Smith: I want to underline the importance of the point that the Minister has just made. Will he assure us that the Government's response will scrupulously and absolutely uphold the independence of IPSA?

Mr Harper: Yes; I have said that several times and it is important. Although this House has many new Members, it is important that we remember why we got to this position. We have to ensure that we move things forward, and focus on independence and transparency. We have had debates recently on our pay, and the consideration of our pay will be moved across to IPSA in the not-too-distant future. Its independence is important so that people have confidence. The Committee, when it is set up, will have to remember that the recommendations it makes about the scheme and the operation of the scheme will be made to IPSA.

Mr Charles Walker: Does the Minister accept that when we legislate in haste, as we did in 2009, such legislation sometimes has to be revisited and amended with the benefit of hindsight?

Mr Harper: I made a distinction in my remarks. Clearly, if the Committee, or indeed the National Audit Office, makes recommendations about value for money and cost-effectiveness in the way IPSA operates, IPSA will pay attention to them, as with all its recommendations. It may be that the Committee makes recommendations about legislative change. However, we do not want to go back to a system in which the Government—heaven forbid—or the House start to micro-manage the details of the scheme. We have an independent system with transparency, and it is important that we stick with that. The Committee needs to bear that in mind. There will be two important audiences for what the Committee recommends. In the same way that we should not legislate in haste, we should not re-legislate in haste and change things further. The Committee needs to bear that in mind when it considers this matter, and should not immediately leap to the conclusion that we have to change the entire structure of the system.

Mr Leigh: There is a third audience: the taxpayer. Ultimately, nobody is independent of the House of Commons, because the House of Commons is not for us, but for the people—we represent the people and the taxpayer. If serious recommendations are made and IPSA ignores them, the House of Commons has a right to vote on its estimates and to reduce the amount it spends on administration.

Mr Harper: My hon. Friend makes the position very clear. A structure has been set up with the Speaker's Committee for the Independent Parliamentary Standards Authority, which heard evidence from IPSA this week and questioned it about its estimate. More work is being done to deal with the hon. Gentleman's point about cost-effectiveness and IPSA's budget to ensure that at this difficult time for public expenditure, IPSA is as efficient and cost-effective as possible. However, it would be a mistake if we immediately leapt away from an independent, transparent system, which is what the Government, the Opposition, and every Member who has spoken in this debate supports. We cannot have an independent system and simultaneously give it instructions on how to do its job.

The Government look forward to the Committee's work and give a commitment that we will look at its recommendations with great care. I will obviously not make any commitments about what we will do until we have seen the report. The Committee should do a thorough job and we look forward to its report. We also look forward to seeing what the NAO has to say. I think that that is a sensible way forward. On that basis, the Government are very relaxed about the motion in the name of my hon. Friend the Member for Windsor.

2.8 pm

Adam Afriyie: I am delighted that the Committee is being set up. I expressed an interest in that Committee. It is time for us to have a calm, careful look at the 2009 Act, as amended in 2010. I hope that all hon. Members, in a non-partisan fashion, will support me and the House in establishing this Committee. We must ensure that the review is thorough, that it is consistent with decisions that have been made, and that the recommendations are robust in defence of the taxpayer and in the pursuit of openness and accountability for Members. Above all, we must ensure that this place and parliamentary democracy function correctly, and that the schemes that are put in place for Members support the work that they do and, preferably, are a lot less costly than they are at present. I urge Members to support the motion.

Question put and agreed to.

Ordered,

That it be an instruction to the Committee on Members' Allowances established under Standing Order No. 152G (Committee on Members' Allowances) that it review the operation of the Parliamentary Standards Act 2009 and make recommendations, giving due consideration to ensuring:

(a) value for money for taxpayers;

(b) accountability;

(c) public confidence in Parliament;

(d) the ability of Members to fulfil their duties effectively;

(e) fairness for less well-off Members and those with families; and

(f) that Members are not deterred from submitting legitimate claims.

Fisheries

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call Zac Goldsmith, may I suggest that I am minded to increase the time limit to 10 minutes, or possibly 12 minutes, depending on how long the opening speeches last?

2.10 pm

Zac Goldsmith (Richmond Park) (Con): I beg to move,

That this House welcomes the Fish Fight campaign; and calls on the Government to vote against proposed reforms of the EU Common Fisheries Policy unless they implement an ecosystems-based approach to fisheries management, end discards in relation to all fish and shellfish with derogation only for species proven to have a high survival rate on discarding, require that all fish and shellfish are harvested at sustainable levels by 2015, ensure the involvement of fishers and other stakeholders in decision-making processes and enable the UK to introduce higher standards of management and conservation in respect of all vessels fishing within its territorial waters, taking into particular account vessel size and environmental impact.

The motion has been tabled my hon. Friends the Members for South East Cornwall (Sheryll Murray), for Clacton (Mr Carswell) and for St Ives (Andrew George), the hon. Member for Stoke-on-Trent North (Joan Walley) and myself. I thank the Backbench Business Committee for allowing us an opportunity to have this very important debate.

The motion is about the scandal of fish discards. Up to half the fish caught in the North sea are thrown back into the water either dead or dying, as a direct consequence of perverse EU common fisheries policy rules. Members will know that there was an overwhelming public reaction following Hugh Fearnley-Whittingstall's Fish Fight campaign. More than 600,000 people signed petitions calling for an end to discards, and many of them wrote to their Member of Parliament calling for immediate action. Their concerns are clearly mirrored here in Parliament, where the second most supported early-day motion since the general election calls for a discard ban. In addition, we have a Minister responsible for fisheries and a Prime Minister who have both recognised the absurdity of the current rules.

The time is right for a debate of this type because CFP negotiations are at a crucial stage. The European Commission is to make formal proposals in June or July, and decisions are to be taken some time in October, so now is our chance to give the Government a mandate to take the strongest possible line in those negotiations.

It is difficult to know exactly how many fish are being thrown away, because records are not kept and discards are not monitored. However, the EU estimates that in the North sea, between 40% and 60% of the total catch is discarded. The research of the Department for Environment, Food and Rural Affairs more or less backs up that figure. In other UK fisheries, the total is probably even higher. For instance, in the west of Scotland area, the Scottish Government believe that as much as 90% of the total cod catch is discarded. Partly because of that horrendous and mind-boggling waste, the European Commission's own scientific advisers estimate that 72% of assessed EU species are now overfished.

It is grossly unfair that so often the fishermen get the blame for that madness, because most of the discards are the inevitable and unavoidable consequence of decisions imposed on them by politicians. To add insult to injury, those laws are supposed to be about conservation.

Mr Mike Weir (Angus) (SNP): I am very glad to hear what the hon. Gentleman says about fishermen, because Scottish fishermen in particular have spent a great deal of time and effort to try to have measures introduced to minimise discards. However, the current CFP works against them in many ways.

Zac Goldsmith: I absolutely agree with the hon. Gentleman. Fishermen all around our coast are trying very hard to avoid this appalling waste, and I have yet to meet a fisherman who supports the current rules, so I echo what he says.

As all Members will know, reform of the CFP is complicated and hugely contentious, but whatever reforms are agreed, they must include a discard ban. We know that there are alternatives. For example, we could replace landing quotas with catch quotas so that by-catch that would otherwise be discarded had to be landed. The UK has already been piloting a scheme for cod involving six vessels in England and 17 in Scotland, and results so far suggest that it is working. Discards of cod are down to, I believe, between 1% and 7%. In addition, fishermen are using more selective gear and managing to catch more valuable fish.

Andrew George (St Ives) (LD): I entirely support the hon. Gentleman's point. I do not wish to sound pedantic, but I hope he agrees that when we talk about fish discards, we are primarily talking about the discard of dead fish. There are many fisheries in which the poor fish, although they are no doubt traumatised, can be slipped back into the sea. Many of them are juveniles and capable of further growth.

Zac Goldsmith: I recognise the hon. Gentleman's point, and in fact the motion suggests a

"derogation only for species proven to have a high survival rate on discarding",

so that would include the type of catch that he mentions.

In addition to the pilots in our own waters, a discard ban has been operating since 1987 in Norway, where over-quota or unwanted species are landed for a guaranteed minimum value and sold to the fishmeal industry, with the proceeds used to reinvest in and support the fishing industry. To make a discard ban easier, we will have to do everything we can to help fishermen access and use more selective gear so that they can avoid the unwanted fish in the first place.

Consumers also have a clear role. A significant percentage of fish are discarded because there is no market for them, and the Government can boost that market through their vast procurement programme. We spend £2 billion each year on food for the wider public sector, and that is an obvious tool that the Government can use. However, there are obviously limits to what a Government can do to shape a fashion, and it is worth mentioning non-Government initiatives such as "Hugh's Mackerel Mission", which is intended to help stimulate new markets for less popular species. It is a valuable campaign, and I urge Members to support it.

Discards are the most visible flaw in the CFP regime, but they are only part of the problem. In addition, the motion calls for radical decentralisation, and I wish

[Zac Goldsmith]

briefly to focus on that. One of the key demands from our fishing communities, and in particular from the under-10 metre fleet, is that we assert our control over what are wrongly described as our sovereign waters—the 12 nautical miles surrounding our coastline. I say "wrongly" because whereas the British Government can legally impose whatever rules and regulations they want within those waters, from six to 12 miles out those rules will apply only to British vessels. It is clear that higher standards are a good thing, but only if they are fair and we have an even playing field. That is categorically not the case in our waters.

For example, in 2004 the UK banned pair-trawling for bass within 12 miles of the south-west coast of England, to protect dolphins and porpoises. Although our own fishermen adhered to the law, the ban did absolutely nothing to prevent French and Spanish trawlers from continuing to catch bass in those waters, which was both wrong and unfair. If those rights for foreign vessels are to be retained, it seems to me that they should come with an absolute and non-negotiable obligation to adhere to our own rules. That is why the motion demands, among other things, that any reforms of the CFP must

"enable the UK to introduce higher standards of management and conservation in respect of all vessels fishing within its territorial waters".

That is an absolutely fundamental issue. If we reassert our control over those waters we will not only provide welcome relief for our smaller boats against the onslaught of the factory fishing vessels, but we will be able to establish an intelligent, ecosystem-based management system and ensure the health of our fisheries indefinitely.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Does the hon. Gentleman feel that it was a mistake almost 40 years ago when the fishing grounds were used as a bargaining chip for entering the European Economic Community, as it then was? What will he do to ensure that his Government reverse that and give us 200-mile control rather than 12-mile control?

Zac Goldsmith: The hon. Gentleman has anticipated my concluding remarks, so I will ask him to hold on for a few moments.

If we were able to reassert control over our waters, we would also be able to set the rules on science. With the active involvement of those who depend more than anyone else on the viability and health of our marine environment—the fishermen themselves—we would be able to get the policy right. That would also allow us to do something even more important—to recognise in law and in our regulatory regime, finally, the difference between smaller, traditional fishing vessels and their giant industrial competitors. It is an absolute mystery to me why successive Governments have always chosen to view the latter, the so-called fishing lobby, as the true voice of fishermen.

More than three quarters of the UK fleet is made up of vessels of 10 metres and under, which represent about 65% of full-time employment. Under the previous Administration, the 5,000 or so 10-metre and under vessels were given just 4% of the national quota, compared with the staggering 96% that was given to bigger boats, which number fewer than 1,500. It is staggeringly unfair, and if we were able to organise ourselves in the way that we chose within those 12 miles, we would be able to recognise the madness of that system in law.

It is an obvious observation that the smaller vessels are restricted in where they can go and what damage they can do, simply because of their size. The tools that they use do not compare with those available to the industrial factory fishing vessels, some of which have lines that would stretch from Parliament to Brighton, and purse seine nets that are big enough to swallow two millennium domes—which is a nice thought in some respects.

Whereas the interests of the smaller fishing communities are necessarily aligned with conservationists and consumers, the tools of destruction used by the mega-trawlers are fundamentally incompatible with any kind of sustainable future. That has finally been recognised at EU level, in word if not in deed. The new EU Fisheries Commissioner, Maria Damanaki, has said:

"We...believe, based on scientific information, that small-scale fisheries are more sustainable and have a lower environmental footprint...Small-scale fisheries are also...more friendly to employment, and this is a key issue. We also recognise that small-scale fisheries are very important for the survival of coastal communities, for their identity, culture, history and way of life."

Hear, hear to that, but let us see that finally translated into law. It is time for a clear and forceful policy distinction between the interests of the small-scale, more traditional fisherman, and large-scale operations.

Bob Stewart (Beckenham) (Con): Is it possible for us to have small-scale fishing out to 12 miles, and to ban factory fishing within, or am I being slightly naive in this modern age?

Zac Goldsmith: I can only tell my hon. Friend that I would like to see a system biased in favour of the small-scale, traditional fisherman, but that is an academic discussion until we reassert our control over those 12 miles. When we have done that, we can raise standards. Lobby groups that represent the fishermen who use smaller vessels are very much in support of his message.

Sheryll Murray (South East Cornwall) (Con): Does my hon. Friend agree with me about the current restrictions on the 6 and 12-mile limits? The 0 to 6-mile limit is restricted to UK fishermen only, but in the 6 to 12-mile zone, we share access with vessels from member states that have historical fishing rights.

Zac Goldsmith: My hon. Friend makes an accurate observation. That was exactly my point in my opening remarks. The zone between 6 and 12 miles is described as sovereign or territorial waters, but we are unable to apply our rules to foreign vessels, which is deeply unfair. I know that she will speak on that issue with much greater experience than I could ever hope for.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my hon. Friend on bringing this measure before the House. Like his constituency, my constituency can hardly be described as coastal, but we have both had a large amount of correspondence on this subject. I believe that that is informed not only by concern for the

environment and our fishing industry but by an instinctive dislike of wasting food, which is very deep in the national psyche.

Zac Goldsmith: I absolutely agree with my hon. Friend. In normal circumstances reform of the CFP would be regarded as a nerdy issue, of interest to very few, but fish discards have caught the public's imagination, for all the reasons that he identifies. No one likes the idea of waste, and no one welcomes the obliteration of our marine environment. People also instinctively recognise that this is also about fairness.

I shall conclude shortly, because I know that there is great demand among hon. Members to speak. For all Ted Heath's "pure brilliance"—his words, not mine, as no one will be surprised to hear—he was wrong to surrender our fishing rights as a price worth paying for our entry into the European Economic Community. I absolutely agree with the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) about that. However, we have an opportunity to empower our brilliant fisheries Minister to right some of those historical wrongs. We can end discards, restore control over that key 12-mile zone, and set rules that allow both our fishing communities and our marine environment to survive and flourish. I strongly urge all hon. Members to support the motion.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I should let the House know that the amendments in the name of the hon. Member for Banff and Buchan (Dr Whiteford) have been selected. She may move them later.

Before I call Mr Austin Mitchell, I remind the House that I have extended the limit to 12 minutes.

2.24 pm

Austin Mitchell (Great Grimsby) (Lab): I congratulate the hon. Member for Richmond Park (Zac Goldsmith) both on his record on conservation issues and on securing this important debate. It is marvellous that the grumbles and grievances of Members about the Independent Parliamentary Standards Authority have subsided so much that we have time for a full-length debate on this matter. I hope that all the hon. Members for inland fishing ports who are round about me in the Chamber are gathering to give us their ports' views on the CFP. Fishing rarely gets such an opportunity for a serious debate. We are usually squeezed in at the end of another serious discussion, but today we have time, and I hope all fishing Members use it.

Hugh Fearnley-Whittingstall certainly did a useful and important job, but we should draw attention to the iniquities of the CFP, which causes the problem of discards in the first place. The CFP puts marine wildlife, seaweed and all forms of sea life into the European constitution. It is the first constitution to include seaweed, marine life, algae and all the other things. That is a great achievement in constitution making: "We hold these truths to be self-evident. Marine life has a right to be part of the European constitution, to be dealt with only by European vessels!" That is Stalinism at sea—the last vestige of the Stalinist state—and it is being imposed on the waters around Britain, where it has been most damaging.

It is my contention that it is impossible to deal adequately with the problem of discards as long as the CFP remains, because it is the major cause of discards.

Mr MacNeil: I am sure that the hon. Gentleman is aware of a European consultation paper on the CFP. The paper admitted the failure of the CFP and that the areas where it worked were those under national control. Surely if people want the CFP to continue, they should allow national control to 199 miles, and apply the CFP between 199 and 200 miles—a minimal ribbon. The CFP has failed and will continue to do so, but there are no milestones by which we can correct the CFP in future. We will bumble on for years with the CFP unless European Governments get their acts together and get rid of it.

Austin Mitchell: I hope that that becomes part of Scottish National party policy and that it is implemented by the new SNP Government in Edinburgh—it certainly needs to be. I hereby renew my application to become the SNP fisheries spokesman. My previous applications over the years have been consummately rejected.

The important point is that the CFP allocates catches by quota to fishing vessels in mixed fishing grounds, which waters around the British coast are. As long as we control catches by quotas, there will always be discards, because fisherman who put to sea for haddock or cod will catch species that are not in their quotas.

Mr MacNeil: Does the hon. Gentleman agree that one other main problem with the CFP is the single-species stipulation, which often applies to the species that are most under threat? That causes distortions in the catching of other species and leads to discards. There are better models than the EU model, such as those in Norway, Iceland and the Faroes. The CFP model is the worst of the lot. That is why those countries will have nothing to do with Europe.

Austin Mitchell: I agree, absolutely—this speech is becoming a duet between me and the Scottish National party, which is an interesting state of affairs. The problem that the hon. Gentleman points to is that simplistic solutions will not work. The problem with Hugh Fearnley-Whittingstall's proposals is that they are simplistic. The EU has responded to them with another simplistic solution, which will not work either. It took the Norwegians 20 years to develop their techniques, and they did it in very different fisheries, with an emphasis on conserving the young, immature fish. Norway's job has therefore been much easier, but it has taken it 20 years to eliminate discards. We have had 10 years of working to reduce discards, in which they have been reduced by 50%. That has happened partly, it has to be said, as a result of decommissioning, but also because of other measures, such as square-mesh panels, which were developed by the industry as a means of conservation.

Barry Gardiner (Brent North) (Lab): Does my hon. Friend agree that the Norwegians' use of temporary real-time closures of areas when by-catch becomes excessive has served as an incentive for fishermen to use more selective gear? Does he also agree that selling fish caught illegally, without quota, through fishermen's sales organisations—where the fishermen are entitled to only 20% of the revenue to cover the costs, thereby avoiding

[Barry Gardiner]

wastage and maintaining incentives to use selective gear by channelling profits back into fisheries—has been a key measure in achieving what he describes?

Austin Mitchell: I agree, absolutely. We have a lot to learn from the Norwegians, but the point is that the Norwegians control their own waters in the 200-mile limit around Norway, just as we should control the 200-mile limit—or the median line—around the British coast, but we do not. Therefore, we cannot enforce such measures. That is the problem with all these arguments.

The television programmes that Hugh Fearnley-Whittingstall did were fantastic. The great innovation—the great gimmick—of landing discards at Hastings and throwing them to the crowd on the beach, because landing them would have been illegal, was marvellous, because people took those fish home and cooked them. I wrote to Fearnley-Whittingstall and suggested that he should hire a cruiser and follow the fishing fleet around, picking up the discards and serving them as expensive meals to a wealthy clientele on the North sea coast. That kind of experiment would have been useful. However, his solution is simplistic; therefore, it will not work.

Following Hugh Fearnley-Whittingstall's pressure on fisheries policy—on which I again congratulate him—the EU has put forward another simplistic solution. What it is doing—I suspect rather cynically—is setting out the problem, throwing it back to the nation states and telling them to solve it with a ban on discards, which will not work and cannot work. The Minister cannot solve the problem, so we are in deadlock. The EU proposes measures that will not work and forces them on the nation states, which cannot enforce them because of the common fisheries policy, and nothing happens, which is likely to remain the outcome.

The British reduction of discards by more than 50% over 10 years was achieved through square-mesh panels, video observation of the fishermen, closing grounds in-season and cod recovery plans, which were submitted by the fishermen and approved by Department for Environment, Food and Rural Affairs. They were all painstaking, laborious techniques, but they have worked. That is the only way to do it, not through a simplistic ban, because fishermen will continue to discard.

Jim Shannon (Strangford) (DUP): There have been lots of European ideas to enable the cod recovery plans. However, on many occasions scientists put forward regulations and suggestions when fishermen were saying that there were schools upon schools of cod in the sea. Therefore, there is perhaps a difference between the scientist and the fisherman when it comes to who knows best.

Austin Mitchell: That is certainly true, and again, it illustrates the difficulties that we face. One attempt that Europe has made—the cod ban—has proved disastrous for enforcement and protecting stocks, not to mention avoiding discards. That is control from the centre. What we need in the EU now is a policy to address that, yet power is being taken away from the Council—at least we have an opportunity to put up a fight against any proposals in the Council, and to bargain and improve our position in negotiations—and transferred to the Commission. However, the commissioners have never knowingly handed power down to the nation states—or, in the case of fishing, to the regional advisory councils. The North sea RAC is doing a splendid job. If the power to manage stocks was conceded to it, it could eliminate discards. However, it is not doing that because in the final analysis, the EU will never hand over the necessary powers to allow the RACs or nation states to deal with the problem adequately. In those situations, discarding will continue because, under a discard ban, what is a fisherman who catches fish that are not on his quota supposed to do with them? It is inevitable that he will chuck them overboard, if he can do so unobserved. We cannot monitor every ship by satellite or closed-circuit television; that is just impossible. So this is an impossible plan and it will not work.

That is why I was loth to give my support to the early-day motion. There is a continuous conflict between the conservationists, whose aims I admire, and the needs of commercial fishing. We see this in the marine conservation areas. There is now an argument to make them areas in which there is either no fishing or very restricted fishing, but we must not turn the waters around the British coast into a patchwork quilt, with some areas where fisherman can catch and some where they cannot, or with different quotas for different areas involving limits on species. It is appalling that there is a proposal to ban fishing in the experimental areas that are being set up. We cannot do that.

Barry Gardiner: Does my hon. Friend acknowledge that the 2006 reorganisation of the Manguson Stevens Act in the US required the end of over-fishing by 2010? In fact, the National Marine Fisheries Service has now heralded the fact that that has taken place in US waters. That policy's success was due to the requirement for new annual catch limits in every fishery, and the establishment of strict scientific guidelines on the limits of sustainability, within which annual catch limits could be set.

Austin Mitchell: That is so. We have set up our marine conservation areas, and I support them, but I do not support them as a means of restricting the opportunities for fishing.

I suppose that I had better bring my remarks to a conclusion, enthusiastic as I am to go on for hours, preventing all the other Members who want to raise matters from doing so. I shall simply say that the fishing industry has the greatest and the closest interest in proper conservation, because it has an interest in the sustainability of stocks. It wants the stocks to be there to hand on to the next generation of fishermen. That is why it was always important for us to have 200-mile limits to protect our fishing, in the way that Norway, Iceland, New Zealand, Australia, America, Canada and many other nations have been able to do. We cannot do that now, however, because Ted Heath foolishly handed these powers over, just like that, without argument, to Europe. The fishing industry wants sustainable catching as well as conservation measures, and it is the only body that can enforce them and ensure that they work, because it is in the interests of the fishermen to do so.

Claire Perry (Devizes) (Con): Although the industry might have the desire to be involved in conservation measures, would the hon. Gentleman agree that, as a result of the quotas and the ridiculous policy on discards,

there is no incentive for fishermen to take that long-term view? Anything we can do to align the stewardship incentives with the incentives for the industry would be extremely welcome.

Austin Mitchell: I agree. That is a very important point, and well put—said he, unctuously. This comes back to my point that the only way of enforcing these measures is if the industry enforces them itself, because it is the only one who has such an interest in them. At the moment, the regulations work in a contrary direction, but if they could work with the grain of the industry, and if the industry could be involved in formulating the measures, we could get a proper, effective conservation measure that would work. That is the aim, and we should not look for measures from Europe. We should aim for a handing down of power to the industry, so as to involve it in creating sustainability and pursuing its own interests.

2.39 pm

Sheryll Murray (South East Cornwall) (Con): For the second time today, I declare a special interest as the custodian of an under-10 metre commercial trawler, although she is not fishing at present. May I also thank all hon. Members for the support and kindness they have shown me following Neil's death? It is a great comfort to me and my children that so many people have been thinking of us.

I am very grateful to the Backbench Business Committee and to my hon. Friend the Member for Richmond Park (Zac Goldsmith) for securing this debate. Europe's fish stocks are shared out according to Council regulation 2371/2002, which must be reviewed by 31 December 2012. This is the third review we have seen. I will not dwell on the history, although I will go back over a little of it. In 1972, the UK accession to the European Economic Community agreed equal access to a common resource. In 1976, the UK declared a 200-mile limit or median line, even though we had by then ceded control of fisheries to the EEC. In 1983, the total allowable catch—TAC—and quota system was agreed, along with the principle of relative stability, which is a mechanism of sharing out the European TAC among the member states according to their historical record of fishing. That agreement was reviewed in 1992 and the fishing industry was looking for some change, but it never came. In 2002, we were given a promise of change, but still TACs and quotas continued, with this Minister's Department and, more recently, devolved Administrations responsible for the domestic quota management. So much regulation has been heaped on fishermen over the past 40 years, is it any wonder UK fishermen feel they have been served a very bad deal? I agree with their view.

There are several parts to this motion. An ecosystems-based approach to fisheries management is sensible, and I am pleased the Minister is already looking at marine protected areas. However, I have grave concerns that despite in excess of £4 million being spent since 2009 on consultation, my local fishermen in Looe and Polperro feel that the information that they have supplied has been completely ignored by Finding Sanctuary and Natural England. Scientists, environmentalists and fishermen should work together, but to make this work fishermen must be confident that they are equal partners. I hope that the Minister will confirm that no marine protected area will be imposed upon the south-west unless and until there is buy-in from the fishermen. I attended one of the Finding Sanctuary consultations with my husband, and we were asked to give details of where the fishermen worked so that the marine protected areas would not prevent them from earning. I am shocked to be told by those very same fishermen today that those very areas are now identified for closure or restriction.

Socio-economics must be a major factor when marine environmental measures are introduced. The discarding of fish is a wicked waste of nutrition. I congratulate Hugh Fearnley-Whittingstall on bringing the issue to the attention of the public and to that of the European Commission. In the early 1990s, south-west fishermen covered Royal parade in Plymouth with plaice to illustrate the waste caused by the quota, but 20 years on we are still talking about the problem. There are anomalies to a discard ban. Lobster and crab survive capture. Crab pots are not size-sensitive, yet if all the babies were landed, it would lead to the extinction of the species.

I think that 2015 is a realistic target to ensure we fish sustainably. British fishermen do not intentionally set out to catch baby fish; they continually adapt their nets with square mesh panels and separator grids to avoid catching small fish or the wrong species. I understand that only two days ago discussions at a meeting north of the border centred around introducing a trial of a net to reduce discards in the nephrops fishery. I have been told that it would take only half a day to adapt an existing nephrops net to this design. Fishermen cannot avoid capturing unwanted fish and, in my constituency, they sometimes find their nets full of undersized red gurnards. Those are non-pressure stock and, according to the Marine Conservation Society, the data have shown an indication of their stability in recent years. We need to find a use for these fish, however.

Scientists and environmentalists will often talk about fish without considering the fishermen. Many people forget that a fishing skipper needs expertise in a number of fields: engineering, fish biology, navigation and weather forecasting, as well as the usual requirements for running a small business. Imagine how soul destroying it is to tow gear for hours, haul in a net and find the cod-end full of the wrong species, then throw them back and return to port with a massive fuel bill and no money to pay for it! It angers me when I hear scientists dismiss out of hand the fishermen's assessment of the stocks. The fishermen—and some fisherwomen; we have at least one in Cornwall—are experts and should be treated as equals.

Let me move on to deal with fishing within territorial waters. According to paragraph 2 of article 17 of the basic regulation, fishing activity is restricted in waters up to 12 miles from the baseline under the sovereignty or jurisdiction of member states to local fishermen or those from other member states with historic rights—until the end of 2012 when the limits that have been in place for 30 years could be abolished.

I believe that abolition of this protection would be a move too far. We have a referendum lock in place for new EU treaties, so why not have a referendum if the protection of our sovereign territorial waters is threatened? I believe the 12-mile limit should be reserved for small inshore UK vessels that are unable to migrate to fishing grounds further from their home ports. These vessels support coastal communities. Small vessels—even small trawlers that operate with a single trawl, many fitted

[Sheryll Murray]

with rockhopper foot ropes and vented trawl doors to avoid damaging the sea bed—have a lower impact on the marine environment than more powerful vessels or vessels towing two nets at the same time.

Under 10-metre vessels have been disadvantaged by the UK system. The underestimation of the quota came to light under the last Government, who failed to resolve the problem. We now find that the very vessels that caused the least amount of damage to the stocks are struggling to survive.

Jason McCartney (Colne Valley) (Con): I praise my hon. Friend not just for the knowledge and expertise she brings to this debate, but for the dignified way in which she has spoken. I speak as an MP for a landlocked area, and we are lucky that a number of fresh fish sellers come daily into my local villages in Colne Valley and West Yorkshire. We also have Fairtrade shops, so we know what kind of chocolate or coffee to buy. Will my hon. Friend advise my constituents on what kind of accreditation marks they should look out for if they want to make a knowledgeable purchase of sustainable fish products?

Sheryll Murray: Yes, the Marine Conservation Society accredits species of fish caught in an environmentally friendly way—pole fishing for tuna, for example, or mackerel handlining, which is particularly important in the south-west. I understand from a question put to the Minister earlier that there is cause for concern in Cornwall about the cost of accreditation for mackerel handline fishermen.

Andrew George: I am grateful to my hon. Friend for acknowledging the point I put in a question this morning. For Marine Stewardship Council accreditation, the 200 Cornish fishermen who benefit from this particular fishery have to pay £12,000 plus VAT a year in registration costs. In addition, they see that a number of rather high-impact fishing methods used elsewhere have also received accreditation, which they view as altogether downgrading the significance of MSC accreditation.

Sheryll Murray: I thank my hon. Friend, who has great expertise in that subject. I applaud the way in which the Minister is trying to resolve the matter, but ask him to take a further look at the impact assessment accompanying the present consultation.

Mr Charles Walker (Broxbourne) (Con): Earlier in her speech, my hon. Friend mentioned the marketing of fish. Is it not important for us to seek innovative ways of marketing them? The humble mackerel is really a tuna. Should it not be called the north Atlantic tuna? I know that in my hon. Friend's constituency the pilchard is in reality a Cornish sardine and that the pollack has been renamed a colin, but surely we should consider other innovative ways of putting unpopular fish on the slabs of fishmongers, or at least into some form of fishfinger that people would want to eat.

Sheryll Murray: Marketing necessities in the United Kingdom certainly include the need to attract the British housewife to other species of fish as well as just the traditional cod and haddock.

I assure Members that I have tried a variety of fish in my time. Perhaps at this point I should pay tribute to my local fishermen. When my husband came home with a fish for me, it was usually a damaged fish that he could not put on the market for sale. Since his death I have received carrier bags full of fish, and I now have a huge amount in my freezer. I thank the fishermen in my constituency for considering my family in that way.

Several assumptions have been made on page 13 of the impact assessment that accompanies the recently published consultation document. May I ask my hon. Friend the Minister whether his Department has conducted a sensitivity analysis to test the effect of those assumptions on under-10-metre vessels?

Let me end by thanking my hon. Friend for the way in which he has approached his brief. Having been involved in fisheries for almost 30 years, I have dealt with quite a number of fisheries Ministers, and it is really refreshing to have a Minister who cares about the marine environment, fish stocks, and—most important to me—the fishermen themselves. I wish him well in the negotiations over the coming months, and hope that he can secure a deal in the Council to secure the real change for which the industry has been calling since 1983. I hope that all Members will join me in supporting the motion, and that the Minister will have the backing of the House in seeking the outcome that we all want to see.

2.52 pm

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): It is a pleasure to follow the hon. Member for South East Cornwall (Sheryll Murray), who brings a great deal of expertise and experience to this and other fisheries debates as well as to DEFRA parliamentary questions dealing with fisheries issues. I do not have the same amount of personal experience. Indeed, I believe that I was one of the only three Members who spoke during a fisheries debate in Westminster Hall in December whose constituencies did not contain fishing fleets; the others were the hon. Member for Richmond Park (Zac Goldsmith) and my hon. Friend the Member for Glasgow North East (Mr Bain).

I note that many more such Members are present today. That may demonstrate the power of television in focusing attention on the issue of discards, which those who are involved in fisheries issues have been discussing for many years. My hon. Friend the Member for Great Grimsby (Austin Mitchell) mentioned the action that has been taken by fishing fleets around the United Kingdom. That too has been happening for many years, although it is in danger of being overlooked in the debate. It is assumed that the issue has only just come to public attention and that people are now suddenly caring about it, but that is far from being the case.

I congratulate the hon. Member for Richmond Park on tabling the motion and initiating the debate. He has hit on an issue that many of our constituents have raised. However, we should not see dealing with discards as a panacea for all the problems connected with fisheries, especially as we head towards the period from July onwards when the Minister will be discussing reform of the common fisheries policy.

In the fisheries debate in December, I said that about 10 years had passed since I worked at the former Ministry of Agriculture, Fisheries and Food, and the

same arguments are being made now as were made then about the pressing need for reform of the common fisheries policy.

Kelvin Hopkins (Luton North) (Lab): My hon. Friend says that there were calls for reform many years ago, but nothing has substantively changed. I think we should abolish the CFP and return to having national fisheries, but in any case is it not time that we got rid of the word "reform"? It is used by Front-Bench spokesperson after Front-Bench spokesperson as a get-out for doing nothing in reality.

Tom Greatrex: I share some of my hon. Friend's frustrations about the lack of progress over many years. Often in European discussions, issues get traded off against each other; certain issues that should have been dealt with are not addressed, as other issues are seen as more pressing concerns. Fisheries have suffered as a result. Perhaps because I am slightly younger than my hon. Friend, or perhaps because I am a little naive in this respect, I am more hopeful than he is that the documentation from the Commission and some of the comments from the commissioner may give us cause to think that we have a serious chance of getting decent reform of the CFP on this occasion.

We will certainly have further discussions on this topic, but it is right to offer the Minister who will handle it in Europe our encouragement. We all understand that the negotiations will be very complex, as they will involve various different states and lots of different interests. One of the consequences of the increased interest in discards and other issues is that that has provoked the commissioner into saying some interesting things recently. While just saying things is not necessarily an indication of future action, there is now an opportunity, and we would be foolish not to try to take it.

Mr Andrew Smith (Oxford East) (Lab): Is it not noteworthy that the commissioner has referred to the sheer scale of the public outcry and demand for action in the United Kingdom, and does that not point to the need for us to sustain this admirable campaign—I congratulate all those who have been leading it—and to broaden it to other European countries?

Tom Greatrex: My right hon. Friend makes an important point, which I alluded to when talking about the power of the television documentary and the campaign.

I want to address the wider issue of CFP reform, as well as discards. The hon. Member for Banff and Buchan (Dr Whiteford) must know a lot about the discards issue, as some of the fleets in her constituency have tackled it in innovative ways, such as through employing different nets. As that shows, fishing fleets have taken action, but we must address discards within the context of the CFP as a whole, and there are other important issues that will also need to be taken seriously in the negotiations.

The hon. Member for South East Cornwall and my hon. Friend the Member for Great Grimsby talked about sustainability. That is not solely the preserve of scientists and conservationists; sustainability is also inherently in the interests of the fishing communities, but for far too long they have, effectively, been given perverse incentives not to act in a sustainable way. That is the fault not of the fishing fleets or the communities whose livelihoods depend on fishing, but of the regime. It therefore needs to form part of the changes to that regime.

A move towards multi-year quotas, which the report of the draft I read this morning seemed to suggest the Commission was proposing, is an important part of the changes needed, so I encourage the Minister to keep it on his agenda for the negotiations. It is frustrating that once a year in December people have to sit through the night to set the agenda for the next year, while industries and people—sometimes working in remote parts of the country—whose livelihoods depend on the industry are left not knowing what the position will be a few months hence. That does not help them to make long-term decisions about investment in their vessels or about how to pursue their economic interests. We hope that the July discussions will provide an opportunity to address this situation, because it is not healthy, sensible or sustainable.

Will the Minister bear it in mind that, as I said in Environment, Food and Rural Affairs questions earlier, we cannot have imposed on everybody an inflexible regime that is unable to adapt to local circumstances? There are a number of fisheries around the UK coast in which fleets fish for mixed catches, and a strict regime on them could have unintended adverse consequences. We have to ensure therefore that there is the appropriate flexibility for local management within whatever improvements are made to the CFP. I share others' frustrations with the CFP over recent years. Reform remains necessary, and discards are part of the problem. It is heartening that this issue is getting much more attention than even a few months ago, but it is not the only issue. CFP reform and moving to multi-year quotas and greater sustainability will be in the interests of everybody involved in the industry. They are also in the interests of a number of my constituents who have recently discovered a shared interest in this issue because of the discards campaign. We need to ensure that this is at the forefront of the agenda in the negotiations that the Minister will take part in over the next few months. I sincerely wish him all the best in that, and I hope that many Members will support him in taking this agenda forward.

3.3 pm

Mr Mark Spencer (Sherwood) (Con): I do not intend to take up my full time allocation, as I want to make only a few points. First, however, I pay tribute to my hon. Friend the Member for Richmond Park (Zac Goldsmith), who brought this motion before the House, and to my hon. Friend the Member for South East Cornwall (Sheryll Murray), who spoke eloquently and informatively. She brings to the House the benefit of her and her family's expertise and experience in Cornwall.

As many Members will know, Sherwood is a land-locked constituency in the middle of Nottinghamshire, but my constituents know what is right and what is wrong—and this is clearly wrong. Only the European Union could dream up a policy under which trawlermen can bring back to land only a small proportion of the fish they catch and must throw the rest overboard. It does not make any sense ecologically, economically or morally. We have to consider the reason for these discards, however. They are the result of the quota system introduced by the EU, which measures the fish brought back to

[Mr Mark Spencer]

land. If possible, we should consider a system that measures the fish as they are brought on to the boat, rather than when they are landed back at the port.

I am not an expert in fisheries, but the comparisons with agriculture strike me. Is it possible to consider a system similar to the one that operated in the sugar industry with sugar beet, with an A, B and C quota. The fish would still be taken to market, but their value would be much lower, to encourage them to be brought back to land.

High grading is a system whereby fishermen go out, catch the fish and try to retain those of the highest value. That is causing a problem in that the small-value fish are thrown overboard. In terms of the fish stocks, however, they are quite high value, because they are often the young and small fish that will go on to grow and be the future stocks.

Bob Stewart: This seems nonsensical to me. Surely we cannot design a system whereby any fish are thrown back. Once a fish is landed, it is damaged, and if it is put back it will probably die. Whatever system we design must be sensible, ensure that all fish are landed and aim to preserve fish stocks. We should not just put some back and keep some.

Mr Spencer: I agree entirely with my hon. Friend. We also need to find new technologies, and there are technologies available that sieve fish and pass the smaller ones through the nets so that they are not captured.

Kelvin Hopkins: I broadly support what the hon. Gentleman is saying, but is not the problem not that individual fishing boats are catching too much fish but that too many fishing boats are fishing? Overfishing can be regulated only by a nation managing its own fishing waters and what is landed from the sea. That can be achieved only with a national approach to fishing.

Mr Spencer: The hon. Gentleman is correct. Standing in this place, with history around us, I wonder what such characters as Drake and Nelson would have thought of the way in which this country has given up its territorial rights to our waters. I cannot imagine a circumstance in which Drake would have tolerated French and Spanish ships coming 12 miles off the shore of England and done nothing about it.

We need to take control of our waters. All this happened when I was at primary school—

Daniel Kawczynski (Shrewsbury and Atcham) (Con): With Drake?

Mr Spencer: Of course, I was not at primary school with Sir Francis Drake, but I was at primary school when the European Union came up with the schemes that gave away our territorial rights to our waters. That was a great shame, but we need to consider it in the light of where we find ourselves today. We need to consider how we can take it back and find a system that is morally acceptable and better for our oceans.

Joan Walley (Stoke-on-Trent North) (Lab): As a sponsor of the motion, I am grateful to have the opportunity to put on the record how important I think it is. Surely the important issue is the marine ecosystem and the duty and responsibility we all have to ensure that it can function in an ethically sustainable way. We must put the environment at the heart of all that we do so that we have a sustainable ecosystem for our marine waters.

Mr Spencer: I absolutely agree and I pay tribute to the hon. Lady for her work as Chair of the Environmental Audit Committee. We need to ensure that future generations have access to fish as part of their diet. Fish make up an important part of the diet. Omega 3 is important and people need it as part of a healthy diet. Unless we get this right at this moment, fish stocks will not be available for future generations. That will be a sad indictment of us as politicians and of the decisions that we make.

My final comments are to the general public. Consumers are powerful and retailers listen to consumers. I encourage members of the public to challenge their retailers—supermarkets and fishmongers—to tell them how their fish is caught and harvested and how many discards there are. Several retailers, including Sainsbury's and Marks and Spencer, have done some work on making good progress on this front. I hope that we can find a solution.

Jane Ellison (Battersea) (Con): I would add Waitrose to that list of supermarkets, and I declare an interest because I used to work for it. It sponsored a very good film called "The End of the Line", and I would like to note the brilliant work done by the person who put that film together in kicking off this discussion, ahead of the Fish Fight campaign, several years ago. Will my hon. Friend join me, and other hon. Members I am sure, in encouraging consumers who feel strongly about this issue, many of whom have written to us, to be part of the solution, albeit a small part? If everyone who has sent us an e-mail about this also changes their fish-buying behaviour and attempts to influence their friends and family to change theirs, they can become a small part of the solution just as much as by urging us to be part of it.

Mr Spencer: I wholly agree with my hon. Friend. The Countryside Agency ran a campaign some time ago with the strapline "Eat the View", which encouraged consumers to think about where their food came from because its production directly affects the world around us. What we look at, what we see and how the world produces food is directly affected by how and where we purchase food. I encourage consumers to hold retailers to account—to challenge them and make sure that they are doing the right thing not only for us but for future generations and future food production in general.

3.11 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I am very pleased to be a sponsor of the motion and I congratulate the hon. Member for Richmond Park (Zac Goldsmith) on introducing it. I congratulate him also on drafting a motion that mentions not only discards but what we fundamentally need to do to achieve the aims and objectives that have been mentioned by my hon. Friend the Member for Stoke-on-Trent North (Joan Walley), among others, of putting sustainability and our environment first in our fisheries policy.

Something that has always struck me about fisheries policy is that, whatever concerns one has about the motives and actors involved, it resembles what is sometimes

described in political theory discussions as the tragedy of the commons. If eight farms surround a common and one farmer decides to keep pigs, which eat the beech mast from the common and get very fat, that works very well for that rational farmer who does very well. So then another rational farmer decides to keep pigs too, thinking that those pigs will also get fat from eating the beech mast on the common—and they do. But then another two farmers also decide, quite rationally, to keep pigs, thinking that the beech mast comes every year and is not a finite resource. After three or four more farmers have the same rational idea, all the pigs die because there is not enough beech mast for them all. Whatever the rational concerns of fishermen, fishing fleets and, indeed, policy makers about fish stocks and how fisheries work, unless there are policies that go beyond relying on the rational instincts of people who are involved in these issues, and unless policies regulate the industry so that it is genuinely sustainable overall, tragedy will inevitably result.

It is commonplace to say that the world is extremely overfished, but we also know that about 90% of all the cod that are caught have never had a chance to breed. I do not think that it requires a great deal of analysis to recognise that if 90% of the breeding population is removed before it can even begin to breed, that population will not last long.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Only a fortnight ago, I went across the Clyde to Arran to see at first hand a no-go area, which has already achieved results beyond everyone's expectations. Does my hon. Friend agree that there will be plentiful fish, but only on the basis that we allow breeding grounds where there is no fishing?

Dr Whitehead: My hon. Friend anticipates what I was going to say. Any ecosystem-based fishing policy has to relate to precisely the question of no-fishing areas. I appreciate the difficulties of enforcement and the problems that that represents, but under the Marine and Coastal Access Act 2010 we have developed the potential of no-fishing areas and have already seen results in limited fishing areas, which create a haven where species can start to rebuild breeding stocks and then repopulate other areas. That is an important part of an eco-fishing analysis.

Zac Goldsmith: I want to echo that point. The most successful marine protected areas around the world are protected with the co-operation of fishing communities, and the biggest beneficiaries, beyond the fish, are fishermen themselves. In Costa Rica, Japan, Spain and so on, there are lots of successful stories of marine protected areas, which have boosted fishermen's income and increased biodiversity, which is crucial.

Dr Whitehead: The hon. Gentleman underlines a point that I wish to emphasise. The tragedy of the commons is a good example of regulated assistance for rational activity that benefits people who are trying to make a living and acting rationally in so doing. With the assistance of those no-fishing zones, there are substantial consequences beyond those zones, as there are benefits for all concerned.

Yes, it is true that we should end discards, but if we do so that will not by any means solve the problems. The motion goes much further and proposes that an ecosystem-based fishing regime should be part of a new common fisheries policy. The question of discards is a world issue for fishing. The average estimate of discards from catches across the world is about 8%, but it is certainly far worse in Europe, and that is a result, as we have heard, of aspects of the CFP as it stands. Let us consider the prawns and shrimps that we eat on our table. For every tonne of shrimp that is landed, probably 10 to 15 tonnes of fish have been discarded. That is across the world—it is not just in Europe. It is unlikely that many people would accept a non-sustainably sourced prawn on their plate if they were aware of the overwhelming numbers that died to bring that prawn to their plate.

Discards are an important issue not only in the EU but across the world, not just because the fish could be used but because we are damaging species by changing breeding populations and ecosystems.

The motion asks the UK Government to develop a package of measures beyond which it would be impossible to go in considering whether to endorse a new EU fisheries policy.

Neil Carmichael (Stroud) (Con): The hon. Gentleman is absolutely right. I generally welcome the motion and will be happy to support it, because it is absolutely necessary that we have a different approach to the common fisheries policy. I wish to draw the House's attention to a report produced many years ago by a House of Lords Committee, which highlighted the need to apply science and technology—

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman is making an intervention. If he wishes to draw the House's attention to something, he can make a speech, but he cannot do so in an intervention, so we will leave it at that.

Dr Whitehead: I thank the hon. Gentleman for his intervention. If he wishes to intervene again briefly, I will give way.

Neil Carmichael: That is extremely generous of the hon. Gentleman. Does he agree that the House of Lords report was absolutely right to highlight the need for science and technology and draw our attention to the systems used in Norway?

Dr Whitehead: The answer to that very pithy intervention is yes. As we move towards a new EU fisheries policy, it is absolutely vital that we remove ourselves from all the baggage of previous fisheries policies, which, since the first one was introduced in 1983, have never contained an environmental, conservation or sustainability component. A few things have been added—rather like adding Dolby sound to Philips cassettes to try to make them work better—but basically the policy was designed simply to stop countries squabbling about who should fish where. In relation to what I said about the tragedy of the commons, that merely divides the commons between different people to carry on fishing in the same way, rather than moving the debate forward.

It is essential that we have an EU fisheries policy that is fit for purpose for the world we now live in. That is the bottom line of the debate. That includes ending discards and introducing technology that ensures that what is caught approximates most closely to what is

[Dr Whitehead]

intended to be caught, for example by using different nets. It includes looking at science to secure the best way forward for reducing the collateral consequences of fishing. It includes no-fish zones, which my hon. Friend the Member for Central Ayrshire (Mr Donohoe) referred to.

It is an ambitious package of measures. Nevertheless, it seems to me that it must be our starting point if we are to have fisheries that are fit for the 21st century. If we continue with fisheries that are fit for the 19th century, the fish will have disappeared by the time we are not much further into the 21st century. I wish the Minister good luck in his endeavours, which I hope will be fruitful. It is encouraging to hear the difference in tone from the EU Commission, and if we can build on that tone, on the Fish Fight campaign, which I, too, congratulate Hugh Fearnley-Whittingstall on bringing to the public's attention, and on the head of steam that has built up to recognise that we have to make a step change, not a gradual change in fisheries policy, we will find that these debates have been worthwhile, and that the Minister's success in achieving such changes on behalf of Europe will have been a triumph indeed.

3.25 pm

Andrew George (St Ives) (LD): It is a great pleasure to follow the hon. Member for Southampton, Test (Dr Whitehead), who was absolutely right to conclude by emphasising the importance, if we are to move forward effectively, of reducing the need to discard any dead fish in the sea. We need a more sophisticated package of measures, rather than the same blunt response to the blunt instrument of quotas, which caused the problem in the first place.

I congratulate the hon. Member for Richmond Park (Zac Goldsmith), before he leaves the Chamber for a no doubt well-deserved comfort break, on having brought forward the issue and on his persistence in raising it. I am proud to be a co-sponsor of the motion.

I also pay warm tribute to my hon. Friend the Member for South East Cornwall (Sheryll Murray) for having brought her great knowledge to bear and, in significantly difficult circumstances, raising the issue. She has warm support across the entire House for her contribution, and the House very much appreciates her widely acknowledged knowledge and expertise on the subject.

I was born and brought up in west Cornwall in my constituency. My family had a fishing boat, but my father was primarily a market gardener, so I have some experience of the issue, although far less than my hon. Friend. Many members of my family are engaged in the industry around the coast of my constituency, and I do my best to keep in contact with them in order to understand the pressures of the industry, but that certainly does not compare to my hon. Friend's expertise.

A number of essential elements are required to move the issue forward and to make significant progress in addressing the concerns that have rightly been highlighted as a result not of only the Fish Fight campaign but of the many other campaigns that went before and highlighted precisely the same issues. I hope that the current process of reform, and the debate about the reform, of the common fisheries policy leading to 2013 will be more successful than the last.

We have inched our way forward, but the EU is like the United Nations when it comes to treaties: trying to reach an agreement across states requires tremendous diplomacy as well as the campaigning skill and zeal of many people in order to ensure that messages are properly understood, and that there are constructive proposals as well as attacks on and criticisms of the existing scheme's failures.

In order to make such changes, there are a number of essential elements. First, we need to get right the management framework of the common fisheries policy, and it helps that we have moved the debate on in this Chamber from where it was five or six years ago, when my beloved coalition colleagues used to take the rather different view that we could unilaterally withdraw from the policy. The whole debate became a legal argument, which meant that we never had the right kind of environment—

Kelvin Hopkins: Will the hon. Gentleman give way?

Andrew George: I will in a moment, because I know that the hon. Gentleman is simply going to go back over that debate, and I just want to make this point to him. We did not have the environment that we needed to be able to have the kind of constructive debates that we now have about the management, technical and other measures that are required and can be delivered, although it takes some time. Because we could not legally withdraw from the common fisheries policy while remaining in the EU—it was technically impossible, and no one was proposing that we should withdraw entirely at that stage—we could not make that kind of progress.

Sheryll Murray: Does my hon. Friend accept that six years ago his party's policy was one of regionalisation of the common fisheries policy, and that securing the regional management that his party was promising was probably as extreme and impossible to deliver as national control?

Andrew George: Having given a warm tribute to my hon. Friend, I hate to find myself in significant disagreement with her. She is right that the Liberal Democrats have argued that we should have a more regionalised basis for the common fisheries policy; we have been consistent in that for the past 20 years. We have been not only consistent but right and effective, in that the regional advisory councils have now been established.

The view of the coalition Government—we are in complete agreement between the parties—is that we need to strengthen the regional advisory councils to become regional management committees, in order to give fishermen, along with other stakeholders, significant power. With that power comes responsibility. If the fishermen themselves are making the decisions about the future management of their stocks and the framework within which they operate, they will be the losers if they fail to make any progress. We have succeeded in that fundamental principle. We are making that progress, and the next reform will see us move the agenda forward significantly and positively.

Sheryll Murray: My hon. Friend mentioned the regional advisory councils. That is precisely what they are—advisory, so no attention has to be paid to what they decide. That is not exactly what I remember his party promising six years ago.

Andrew George: This is turning into a more partisan debate than I intended.

Kelvin Hopkins: It's your own fault.

Andrew George: I know; I blame myself. I apologise for having drawn myself into the very cul-de-sac that I was saying was the reason why we failed to make progress before.

As a result of the regional advisory councils, we were able to develop measures such as the Trevose ground closure, around the north coast of my constituency, each spring, which ensures that large numbers of vessels are not going in and plundering the stocks in that area. We have seen a significant improvement in the health of several species following that measure. The proposal was originally made and instigated by local fishermen, but rolling it out required international agreement.

Barry Gardiner: I seek to bolster the hon. Gentleman's position, not to attack it. Does he agree that if we are to have truly ecosystem-based management of stock, it must be based not on regional advisory councils but on regional management?

Andrew George: The hon. Gentleman emphasises my point. We need to move from advice to management. We have a far too centralised common fisheries policy and, as we have been saying for decades, we need to decentralise it.

The fundamental problem, as many hon. Members have said, is the blunt instrument of the quota system. As the hon. Member for Southampton, Test implied, we do not want to replace that overnight with the blunt response of stopping all discards. That could have immediate catastrophic consequences. We need to move to a situation where there is no need for discards of dead fish from trawlers.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I want to reinforce my hon. Friend's point. In the Northumberland coast fishery, where most of the boats are day boats that do not travel far out, an immediate ban on discards would prevent people from catching other species. At the moment, a lot of haddock are being caught because they are plentiful. We could not stop all the boats from fishing completely because of the number of haddock they are catching.

Andrew George: I thank my right hon. Friend, who is assiduous on this issue and helps to emphasise the particular problems for day boats and inshore fisheries.

There is also a problem with the illogicality of throwing back dead fish. No one quite understands the benefit of that. The only possible scientific benefit is that other fish might feed on those fish. As all those involved in fisheries management will understand, the problem is that to apply an effective fisheries management policy, one needs to be able to distinguish between intended and unintended by-catch. Of course, a lot of the by-catch is of a high marketable value. One has to query what would be the ultimate impact if one said, "We'll stop all discards and you can land and market all the fish you catch, regardless, because we feel sorry for you and don't like to think of you throwing back dead fish." We cannot simply adopt, overnight, a ban on discards.

Sheryll Murray: Will my hon. Friend give way?

Andrew George: I am sorry to say no to my hon. Friend, but I will not give way again, because of the time.

I have mentioned decentralisation. My hon. Friend the Member for South East Cornwall rightly emphasised the importance of being able to extend the inshore management limit to 12 miles, so that only those with a historical entitlement from other fishing nations can fish between the 6 and 12-mile limits.

It is important for fishermen and scientists to work together. That is increasingly happening, and it works well in other European countries. In successful fishing nations such as Norway and Sweden, fishermen and scientists work hand in glove all the time. That improves efficiency and effectiveness, and they have developed techniques that have taken them ahead and left us behind. The more we encourage a culture that enables fishermen and scientists to work together, the better it will be, because more trust will be established between the two, and there will be better assessment of stocks. We need to develop more effective methods of assessing stocks, because fishermen often rightly criticise the basis on which quota decisions are taken.

A number of measures have been identified by Government and the fishing industry to help avoid discards in the first place. I have mentioned management methods such as temporary closures, for example in the Trevose ground, which can be very effective. In a question to the Minister this morning, I mentioned the worrying decision of the Cornish mackerel handliners not to pay their annual subscription of £12,000 to the Marine Stewardship Council because they do not believe that the benefits of membership are justified by the cost. They have also identified that another fishing method, the trawling and seining of mackerel in Scotland, is accredited by the MSC. They question that, because theirs is low-impact fishing and other types have a much higher impact.

I look forward to the Minister's response, although I may not be able to stay, because I have a train to catch at 6 o'clock. The hon. Member for Richmond Park has secured a very important debate, and I hope that, whatever basis we do it on, we shall decentralise the management of our fishery stocks.

3.40 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): It is a great pleasure to follow the hon. Member for St Ives (Andrew George). I congratulate the hon. Member for Richmond Park (Zac Goldsmith) not just on bringing the debate before the House but on his wider ongoing efforts to bring attention to the need for sustainability in international fisheries. I know that he has played a key role in the Fish Fight campaign, bringing the scandal of fish discards to public attention, and I commend him for his efforts.

I welcome the hon. Gentleman's recognition that under the current rules, fishermen have no choice but to dump fish, and that the underlying problem is the systemic failure of the common fisheries policy. I have the privilege of representing some of the UK's most fishing-dependent communities, including Peterhead, Europe's largest white fish port, and Fraserburgh, Europe's

[Dr Eilidh Whiteford]

leading shellfish port. Thousands of my constituents work in fishing-related jobs, whether onshore or offshore, in the processing sector and in other related industries.

Fishing is at the heart of the identity of the communities around the Banffshire and Buchan coast, and for years people in those communities have expressed their anger, frustration and exasperation with the CFP and the disgrace of fish discards. Many of them have said to me how glad they are to see the issue finally getting the widespread public attention that it so deserves.

Having tabled my amendments, I wish to make it clear that I am in full sympathy with the spirit behind the motion and that the amendments are intended to strengthen its wording and reflect the fact that discards are a symptom rather than a source of the problems, which rest squarely with the CFP. To end discards, we need to end the practices that encourage discards, and there is no real shortcut to that. In no way do I want to dilute the strong signal that the motion and the debate will send, but I hope that we will foster a more nuanced understanding of why discards occur and the range of measures that are needed to end them. We have had positive signals from the European Commission that it recognises the problem, but we need a lot more than rhetoric. We need practical solutions.

Mr John Redwood (Wokingham) (Con): I am one of those in the House who have campaigned long, and so far unsuccessfully, to ban the atrocious practice of the discard of dead fish, with all the waste involved. From the hon. Lady's experience of her important fishing community, can she tell us how much better it would be for her local fishermen if the practice were banned?

Dr Whiteford: It is very important that the UK Government avoid having the Commission make a knee-jerk response to the problem that could cause damage to certain stocks and jeopardise the livelihoods of fishermen who have already made huge sacrifices to put the industry on a sustainable footing. We only have to go to the ports of the north-east to see that the white fish fleet has basically halved in the past 10 years, and that is a huge sacrifice that the industry has made in order to be sustainable. We need to avoid the same top-down solutions that we have had from the EU hitherto, and we need solutions that come from the industry itself and from the communities that are most directly associated with it.

Mr MacNeil: I understand that in 2009 the value of discards was about £33 million—about a third that of the white fish that was landed. However, since 2008 the efforts that the Scottish National party Government have taken have seen discards decline at a greater rate than in any other country in the EU.

Dr Whiteford: I thank my hon. Friend for making that point, and I hope to address it in my speech.

Today's debate gives us impetus for a different approach to fisheries management. We want to avoid, rather than replicate, the one-size-fits-nobody approach that has characterised the CFP for several decades and had a devastating impact on the communities that I represent and our marine environment.

We need a greater role for regional management, and that is happening in fishing communities not only in Scotland, but in other parts of the UK and Europe. We also need longer-term management plans and meaningful stakeholder involvement. That is the way forward, and I hope the Government press that agenda in the ongoing and forthcoming European negotiations.

It is important to recognise that discarding is a particularly big problem in mixed fisheries, where the rules and regulations simply do not reflect the reality of the eco-system.

Sheryll Murray: The hon. Lady's amendment (a) would insert "practices that encourage", but does she not agree that that would weaken the motion, because a motion for an end to "practices that encourage" discards is weaker than one that calls for an end to discards? If she genuinely wants a strong motion, she should accept that her words do not need to be included.

Dr Whiteford: I do not accept that. I tried to make the point that discards are not the problem, but the symptom of the problem. There is no simple solution to discards and no one reason for them.

Perhaps the best way to explain that is with concrete examples. Fishermen who fish for prawn, megrim or monkfish off the west coast of Scotland are very likely to pick up by-catch of cod, haddock or whiting, which is a protected stock. As the fish mix freely and do not understand the EU CFP, they do not present themselves in the quantities and combinations required by the catch composition rules. That is the nub of the argument.

That is only one reason for discarding, but it is by no means the only reason. There are a range of reasons. The most obvious one, perhaps, is lack of quota and the quota problems that hon. Members have highlighted. Another common problem is that vessels can catch fish below the minimum landing size. There is a real danger in landing juvenile fish that have not yet reproduced. Creating a market for those fish would be detrimental to the long-term sustainability of the stock. That is why a blanket ban on discards is too simplistic a solution, although I do not wish to undermine or diminish the need to end or reduce discards. High grading—when fish of no or low market value are discarded when caught—is another good example of a damaging side effect of the current regulations. I shall not repeat the points that other hon. Members have made on that.

Just as there is no single reason for discards, there is no single solution. Rather, a variety of measures are necessary. As the hon. Member for Rutherglen and Hamilton West (Tom Greatrex) pointed out, Scotland has been at the forefront of bringing to an end practices that encourage discards. The Scottish Government, industry and other stakeholders have worked together to make the Scottish fishing industry the most conservation conscious in the world. Currently, more than 50% of Scottish fisheries by value are now certified, or are in the process of being certified, by the Marine Stewardship Council, including 90% of the pelagic sector.

The hon. Member for St Ives addressed the issue of smaller versus larger boats. There is no doubt that the pelagic vessels in the Scottish fleet are huge, but they catch some of the most sustainable fish stocks in the EU. In addition, those boats are tied up in port for many weeks at a time and fish sustainably. They find a

market for their fish and have a viable business, which is at the heart of a sustainable industry. This cannot be about artisanal fishing only, because communities and thousands of jobs in small businesses in local economies depend on commercially and economically viable fishing.

Zac Goldsmith: I merely wanted to take the opportunity, before the hon. Lady's speech comes to an end, of acknowledging her amendments and recognising why she wants to include those words in the motion. I hope she agrees that the inclusion in the motion of the derogation, which was a last-minute inclusion, goes some way to assuring her that we are calling not for a blanket ban on discards, but for a qualified ban.

Dr Whiteford: I am extremely grateful to the hon. Gentleman for clarifying that. I appreciate the efforts that he has made to accommodate the practical issues that face our fishermen, who are currently in difficult economic times.

Andrew George: I am sure that there is nothing to be gained from generating a dispute when fishermen share the same objective of achieving a sustainable industry. The amount of fish that Cornish mackerel handliners catch is equivalent to what one purse seine can catch in just one week. There may be issues with by-catch or other things, but the hon. Lady will surely understand people's concerns about the impact of fishing on that scale compared with the low impact of the handlining method.

Dr Whiteford: Clearly that is fishing on a very different scale. The fishermen whom I represent are providing an important food source. This is not an either/or issue; rather, there is room for everybody, small producers and large producers alike. There is enough to go round—enough fish in the sea, shall we say?

I want to take this opportunity to pay tribute to Mike Park, the chief executive of the Scottish White Fish Producers Association, who just last week was awarded the WWF's 2011 global award for conservation merit in recognition of his efforts to promote sustainable fisheries. I am sure that Members across the House will want to join me in congratulating Mr Park on receiving such a prestigious international award. It is a well-deserved recognition of his leadership and a testament to the efforts of everyone in the Scottish fleet who has worked so hard to put the industry on a different and more sustainable course. The award is also a tribute to the work of WWF Scotland, which, in confounding the stereotypes of conservationists being pitted against the interests of fishing communities, has engaged with the industry constructively, recognising that sustainable fisheries must be about sustainable livelihoods for fishermen and sustainable, thriving fishing communities. I commend WWF Scotland for that.

Some of the innovative and pioneering measures that have had such a dramatic and demonstrable effect in reducing discards in Scotland offer practical ways forward in the wider European context. The use of selective fishing gear is perhaps the most obvious way to reduce unwanted by-catch, and is a key way to prevent discards. Since 2007, a voluntary system of real-time closures has been in operation in Scottish waters as a means of protecting concentrations of cod. Scotland was the first country in Europe to introduce such a scheme. When skippers encounter a high abundance of cod, they are encouraged to notify the Marine Directorate and the Scottish Fisheries Protection Agency, and the relevant area is closed for three weeks at a time. That not only helps to protect the stocks, but helps to improve the accuracy of the science, which is often called into question.

Other important initiatives have included banning high grading in the North sea and the pelagic sector, and the use of jigging machines in the pelagic sector to enable catches to be sampled before the nets are lowered. The catch quota has been mentioned. It was not without controversy when it was first introduced, and many people were sceptical about it. However, although nobody would claim that it is a full solution to the problem in itself, applications to take part in the scheme are now exceeding the places available. It is clear that its success is starting to win over those who doubted its efficacy in the early stages.

The common fisheries policy is well past its sell-by date. Minor tinkering is no longer an option. We badly need a well-managed industry working on a regional basis with long-term planning, and with fishermen—the key stakeholders in the industry—fully brought into the heart of the process. If Ministers can deliver such a system in the European Union, they will be performing a great service to those who have for a long time called not just for an end to discards, but for an end to the system that causes them in the first place. I commend the motion to the House.

3.54 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I congratulate the Backbench Business Committee on selecting the motion and my hon. Friends the Members for Richmond Park (Zac Goldsmith) and for South East Cornwall (Sheryll Murray) on convincing the Committee to discuss it. This has been a useful and helpful debate. I also welcome the decision to hold the debate in the main Chamber. Many of us were concerned that the main fishing debate was not held here last December, and I hope that that can be put right later this year. I also hope that the Government will support the motion, so that we can send a clear, unanimous message on discards back to the European Commission. That would strengthen the hand of the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Newbury (Richard Benyon) when he negotiates with what I perceive to be our European competitors.

I have campaigned on the issue of bringing our fishing waters back under UK national control, and on the issue of discards, in my constituency for the past 10 years as part of my campaign to sit on these green Benches. During the past decade, I have spoken to the academics at Plymouth university, the local fishing industry and the many experts who work in those agencies that make Plymouth one of the major marine scientific research global players. They say that, by bringing UK waters back under national control, we can conserve fishing stocks and potentially discourage the large Russian and other foreign factory ships and industrial trawlers that come into our waters and do so much damage to our fish stocks and our fishing industry.

I want at this stage to pay a real tribute to those people who, as the nursery rhyme goes, "put the little fishies on our little dishies". Fishing is one of the most

[Oliver Colvile]

dangerous industries in our country. Our fishermen go to sea each day, in all kinds of weather, day and night, in winter and summer, to put Britain's No. 1 traditional signature dish on our plates. It is ironic that, only recently, the House has been served a very real reminder of just how dangerous fishing is. I want to express my own personal tribute to my hon. Friend the Member for South East Cornwall, whose husband died in such tragic circumstances a few weeks ago. I also want to thank my hon. Friend the Minister for coming to a packed funeral, where the local fishing communities on both sides of the Tamar river came together to pay tribute to one of our top fishermen. The Minister's attendance made a real impact, and may I take this opportunity to thank him for buying me a drink afterwards as well?

However, I do not need to be reminded that sacrifices such as Neil Murray's are a regular occurrence among the peninsula's fishing communities. Anyone who walks down the Barbican in my constituency will see a large wall covered in memorials to Plymouth fishermen who were killed trying to feed us on a regular basis. The last time I went out on a boat, it was shortly after a force 7 gale and I have to admit that I was a little bit ill on several occasions. I learned that anyone who is able to get their boots off in time once they have fallen overboard will probably survive for about three minutes before almost certainly dying either by drowning or of the cold. I hope that my hon. Friend the Minister will speak to our hon. Friends in the Department for Transport to ensure that no more lives will be lost because of policy changes relating to our coastguards.

I am not going to pretend that I am as well informed on this issue as others, including my very good and hon. Friend the Member for South East Cornwall, who has demonstrated her excellent understanding of the issues that face the industry. I am aware, however, that fishing is a totemic issue in the south-west, and that it focuses attitudes towards our membership of the EU. One of the biggest mistakes that Britain made in joining the European common market in the first place was to sign up to the common fisheries policy. It was designed to make European fishing grounds a common resource by giving access to all member states.

Mr MacNeil: I hear what the hon. Gentleman is saying about the initial mistake, but surely that mistake has been compounded, decade after decade, by successive Conservative, Labour and coalition Governments who have done absolutely nothing to correct the error that was made almost 40 years ago.

Oliver Colvile: I do not disagree, but I hope that we now have an opportunity to turn the tide as far as that matter is concerned.

The stated aim of the common fisheries policy is to help to conserve fish stocks, but I believe that in the current form it is a wasteful policy which damages the environment and our fishing industry. It determines the amount of fish that each national fleet can catch. Employment in the industry has declined dramatically, especially here in the United Kingdom, and, despite reforms, fish stocks have continued to fall. I have always understood that the requirement for Britain to sign up to the CFP was a last-minute act; the six countries of France, Germany, Belgium, Holland, Luxembourg and Italy put it in at the last moment. This country was so keen to join the European Common Market, as it was then, that Geoffrey Rippon, who was leading the whole debate and our negotiations with our European competitors, agreed that we would sign up, much to their surprise. At the time, few envisaged that Austria, which I remind hon. Members has no coast, would also have the opportunity to vote on the CFP when it joined the European Union in 1994.

Mr MacNeil: The hon. Gentleman makes a classic, tremendous point: Austria has a say but Scotland does not. Does he understand why I might be a Scottish nationalist?

Oliver Colvile: I do not, as it happens. What I will say to the hon. Gentleman is that this situation becomes a bargaining tool for other bits of policy which can be played around with.

Over the last few days, I have been inundated with e-mails and letters from people calling on me to support this motion and Channel 4's Fish Fight campaign, and I suspect that a large number of other hon. Members have too. I give my support very enthusiastically. The idea that fishermen, who do such a dangerous job and are not particularly well paid, are fined for landing fish which do not fit a specific regulation and are thrown back into the water, is a total scandal. I welcome the Government's commitment to fight for changes to the size of nets, but I hope that the Minister will press our European competitors to reform the CFP further, to allow us to decide which fish are taken out of our seas and who takes them out, and to stop this discarding policy.

4.2 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in the House on this issue, and I commend and thank the hon. Member for Richmond Park (Zac Goldsmith) for securing the debate. Fishing is a very important factor to my constituency and although I extended this invitation to the Minister last year, I again invite him to visit the fishermen in Portavogie to get a better idea of what that means. I am sure that he will be anxious to take up that invitation and I look forward to his visit.

As we know, the fishing industry might not be a big contributor to the gross national product, but it has a big effect on some villages. Back in 1985, 260,000 fishermen in the European Union caught some 8 million tonnes of fish, and at that time, more fish were imported than exported. Things had changed by 2007, in that the catch was down and the number of people involved in the fishing industry had reduced—that was a concern. The EU fleet has 97,000 vessels of varying sizes. Fish farming produced a further 1 million tonnes of fish and shellfish and it employed another 85,000 people. So fishing is clearly an important sector in parts of the United Kingdom—it certainly is in the area that I represent.

I commend the hon. Member for South East Cornwall (Sheryll Murray), who is no longer in her place, on making a valuable contribution to the debate. She has many friends in Northern Ireland and she is oft in our thoughts and oft in our prayers. Fishing represents no

more than 10% of local employment in any region of the EU, but in some areas, including the one I represent, it is a very important factor. Fishing features highly in the employment available in my area and in the village of Portavogie, so it is important that Community funds have been made available to fishing as a means of encouraging regional development.

I also commend the hon. Member for Banff and Buchan (Dr Whiteford) on the amendments she tabled and I am glad that they have been selected, because they would add to the motion and they make a valuable contribution.

Fresh fish sales have fallen, while demand for processed fish and prepared meals is growing. There has also been a shift towards more supermarket sales rather than restaurant sales. Employment has fallen over this period, mainly due, in my opinion, to European policy. That is why I am particularly pleased to speak in the debate. Rather than there being a fall in availability or demand, it is quite clear that the demand remains.

The EU is the world's second largest fishing power after China. I put a question about China to a DEFRA Minister this morning. China seems to be batting up fish all over the world, putting pressure on our own industry. More than 2 million tonnes of fish products were exported in 2006, but more than 6 million tonnes have to be imported to meet EU needs. The competitiveness of the EU fish industry has also been affected by our own bureaucracy and the fact that our fishermen are simply not allowed to fish, so cannot provide the fish needed for the supermarkets.

With fuel costs so high, the end price is higher than for countries not within the EU, which also compounds the problem. We are constrained by red tape yet we have to compete with those who are able to fish as much as they want. It is hard to be competitive with people who have freedom to expand their business as they desire and as the need dictates, as opposed to being so restricted.

I recall that a Member spoke earlier about the Spanish armada. Well, the Spanish come regularly to plunder the Irish seas and other coasts around Great Britain. It sticks in the craw of many of us when we see that happening.

It is clear that something must change—and that something is the common fisheries policy. However, Europe does not see that the regulations need to be relaxed—indeed, it sees quite the opposite. It is so concerned with the so-called "scientific" reports that say there are no fish reserves that they will curb fishing completely, which will undoubtedly kill off any chance of fishermen in Northern Ireland or elsewhere in the United Kingdom being able to make a living. The EU wants to cut the size of fleets and the time fishermen spend at sea. It is important to try to get a balance.

The Commission says there are still too many vessels chasing too few fish, and that ecological sustainability must take precedence over economic or social factors. In other words, just because a community has traditionally depended on fishing, it does not mean that it can continue to do so. That is a key issue for me as the elected representative for Strangford. It is particularly hard to take when I am consistently assured by fishermen that they can see schools upon schools of fish in the sea, yet they are not allowed to touch them.

I have spoken on this policy before, wearing other hats. I am a member of Ards borough council and a member of the Northern Ireland Assembly, so this issue is close to my heart. It is a pleasure to be here today to speak and co-operate with my English, Scots and Welsh counterparts to ensure that this unfair practice, which does not allow our fishermen to catch our fish in our sea, is brought to a close. This is a United Kingdom notice of motion, representing all the regions of the UK. In my opinion, the Irish sea has fish enough for our boats—an opinion backed up by the Fish Producers Organisation as well by as the Trawlermen's Association.

The Minister will, I know, take this matter on board, put the work in and stand up tall to ensure that the fishing industry within the Province will not be subjected to a process that will mean no fishing industry at all in five years' time as a result of European regulations. Something bred into people in our fishing villages will no longer be an option due to EU interference. That is what some of the fishermen are telling me.

We need a sustainable fishing industry. When I contacted one fish producer organisation, its representative reiterated to me that quayside prices, increasing overheads—especially fuel costs, to which a new "green" tax has recently contributed another 2p a litre—as well as the plethora of fishing regulations all challenge fishing vessel operators and are leading fishermen at least to consider throwing in the towel.

One of the main problems faced in places like Portavogie in my constituency is that most of the men worked on the boats and the women worked in one or two fish factories, but those factories have recently closed. Things are changing on the sea and on the land as well. Jobs are hard to find. Young people who relied on fishing in the past are now going into the civil service—which is also facing cuts. If the fishing industry has to bear any more pressure, there is every chance that more fishermen will leave their boats. There comes a point at which the sustainability of the industry comes into question.

In 2010, we in Northern Ireland ensured that we were at the forefront of innovation. That has been seen in the delivery of state-of-the-art new pelagic trawlers that represent the pinnacle of Europe's fishing industry, in the significant investments in the onshore processing sector, and in investment in several more modern prawn trawlers. All that represents a vote of confidence in the future of this home-grown, privately owned industry.

I am informed by local industry organisations that UK fisheries Ministers tell the industry that fisheries management decisions must be based on the best available science, and so they should. Although we continue to have certain issues with the science, especially with regard to the abundance of cod in the Irish sea, it is not so much the science that presents us with a problem as the European Commission's interpretation of it. Many of the Commission's TAC proposals have less to do with negative science than with the delivery of a political aspiration. In the Irish sea, the science states that stock has increased by 8% in the past two years.

There are many other issues with which time does not permit me to deal, such as cod recovery. What is clear, however, is that the opinions of fishermen and fish producers must be listened to and acted upon. I hope that the motion will bring that about. The actions of the Faroe Islands and Iceland of late have shown that the EU is not in control of fisheries. It must adopt a sensible approach and take account of the views of those who are on the seas every day and whose livelihood depends on stock replenishment. They know the seas better than any flown-in scientist ever could.

[Jim Shannon]

The long-term cod recovery regulation that was agreed in November 2008 contained a commitment to reviewing the plan after three years. I ask the Minister to ensure that that review now begins. The industry was encouraged to hear recently from DEFRA officials that the review should be "fundamental" in nature and should not, as the Commission has previously suggested, examine the implementation of the 2008 regulation. Such a fundamental review should be delivered as a matter of urgency, and I hope that the Minister will respond to that point when he sums up the debate.

Recent media coverage has highlighted concern about the level of discards among European fishing fleets. Let me stress that that concern is shared by locally based commercial fishermen. As other Members have pointed out, they are not ignoring the problem by any means. They want to sort it out: they want a balance as well. It should be borne in mind that much discarding is a result of EU regulation. I have received numerous e-mails from environmentalists and concerned constituents asking me to ensure that there is an end to the senseless waste of fish and the ignoring of fishermen's voices. As every Member has said today, it is a scandal, a shame and immoral for fish to be thrown back into the sea when they could be used.

While fishermen in other areas continue to explore ways of reducing discards of cod and to monitor their positive results through, for instance, the CCTV and catch quota trials in the North Sea, Northern Ireland fishermen working with fisheries scientists have delivered their own results, and, as other Members have mentioned, the results are similar in Scotland. However, the work will not stop there. A project aimed at a further reduction of discards of whiting and haddock is already being planned. Fishermen are clearly leading the charge, but the fear persists that the European Commission will interpret their results—together with the year-on-year reductions in landings of cod that are due to reductions in the amount of cod that fishermen are permitted to land by Europe—as evidence that fewer and fewer cod are left in the Irish sea. Let us ensure that the evidence base is in favour of fishermen and what they do.

The current policy is not good for fishermen or for the sea. It is long past time that the House and its Members took decisive action to deal with the situation and to secure the right of fishing folk to fish the sea, make their living and raise their families without the unnecessary interference of the EU. I firmly support the motion, and heartily congratulate the Members who have enabled us to debate it. I look forward to the Minister's response, and to supporting him in Europe when he does his best for the fishing industry and the United Kingdom.

4.14 pm

Mr Alan Reid (Argyll and Bute) (LD): I congratulate the hon. Member for Richmond Park (Zac Goldsmith) on tabling the motion, and congratulate the Backbench Business Committee on allowing it to be debated on the Floor of the House. Fishing is an important subject, and it is important for us to debate it on the Floor of the House rather than, as happened last December, in Westminster Hall.

It is clear that discarding must stop. We must end the practice of returning to the sea fish that will not survive. Discarding fish is not only a moral and environmental issue; it is a needless waste of valuable economic and food resources. It also results in considerable amounts of data being lost to scientists, who are trying to calculate fish stocks accurately in order to inform fisheries management.

As has been emphasised throughout our debate, discarding is not caused by bad behaviour by fishermen. It has been forced upon them by a series of unworkable EU regulations. When calculating annual quotas, the European Commission assumes that a very large percentage of the catch will be discarded back into the sea, but it has no idea of the actual proportion. Various estimates have been made, but they have always had a wide margin of error. Because the discards are not measured, we have no idea how much dead fish is thrown back into the sea. European fisheries are currently regulated by total allowable catches or TACs, but they do not in any way put a cap on catches. They measure and place a cap on landings of fish at port; what is measured is not the amount of fish that are killed, but the amount of fish landed at the port. The system therefore serves to obscure the scandal of discards.

The vast majority of discarding occurs in mixed fisheries. That is because the current regulations are unable to cope with mixed fisheries. The main control of activity is single-species TACs, but that is overlaid with other, complicated regulations, such as catch compositions, days at sea and effort control. These complicated regulations do not mirror the contents of the ecosystem. Fish do not swim around in shoals neatly made up of exactly the same proportions of the different species as laid down by the Commission. The fish are not co-operative; they are caught in very different abundances and combinations from day to day. As a result, the requirement to discard to meet the rules is created.

In pursuit of solutions, there has been a great deal of innovation and experiment. The Scottish fishing industry has led the way, such as through the development of selective nets to let unwanted fish go and "real time closures" to avoid catching such fish in the first place. Although a lot of good work has been done at the local level in many parts of Europe, what has been lacking are Commission initiatives to address the regulatory faults underlying the mixed fishery problem.

There is widespread agreement that regional control is the way forward. Central control from Brussels has failed. The regional advisory councils or RACs are a significant step in the right direction, but they are only a first step. They must develop into decision-making bodies, and common fisheries policy reforms must include allowing the current list of initiatives to be developed and translated into local regulations that best fit local circumstances. All the stakeholders in European fisheries must strive for that.

We must have science-based, long-term management plans that provide a secure and sustainable future for fishing communities throughout Europe and for the environment. The current regulations that force fishermen working in a mixed fishery to discard must be changed, such as by allowing fishermen to match quotas with catches through an improved, transparent system of quota transfers.

If we have better regulation that is determined at a more local level and science-based, long-term management plans, we can make our fishing industry sustainable for both fish and fishermen. If I may conclude by amending a quote by a former eminent Member of this House, we must be tough on discards, and tough on the causes of discards.

4.19 pm

Kelvin Hopkins (Luton North) (Lab): It is a pleasure to speak in this debate. Luton is land-locked and nowhere near a fishery, but I have a passionate interest in and concern about fishing and fish stocks. Indeed, the first question I asked of the Prime Minister at Prime Minister's Question Time concerned the common fisheries policy—he said that he had expected the question to come from his side of the House, rather than mine. However, I have been pursuing unashamedly the abolition of the CFP, and if not that, we should at least give notice that we plan to seek a derogation for Britain, because the fact is that our seas have been overfished. We have had possibly millions of tonnes of discards—certainly hundreds of thousands.

It is impossible to monitor what is done by fishing vessels from other countries. The only way to overcome that problem is to get back Britain's historic fishing waters within the 200-mile limit—the median line. British vessels could then fish in those areas, French vessels could fish in French areas and Spanish vessels could fish in Spanish areas. They could have their own fishing grounds the same as we do. The contrast, of course, is with Norway, where there are no discards and no overfishing, all vessels and landings are monitored and there is no problem. It manages its fish stocks properly.

Sheryll Murray: Does the hon. Gentleman not agree that Norway does not have such mixed fisheries as we do in UK waters, so the conservation measures that the Norwegians pursue often would not work in the mixed fisheries in UK waters.

Kelvin Hopkins: I defer to the hon. Lady, who obviously has an advantage over me in having knowledge of the detail of fishing. However, I am confident that if there was less fishing in British waters, there would not be a problem with shortages and overfishing, and that the need to disaggregate fishing would not be so great if there were plenty of fish, no overfishing and no diminution of fishing stocks.

The general point, however, is that member states ought to be able to manage their own fishing waters and protect them from the depredations of other nations. I have been reading in the Library that there is a multibillion pound industry in pirate fishing across the world. I am sure that we are a law-abiding country and fishermen know that their catches are monitored, but can we trust other nations to do the same even within the EU? There is the suspicion that other nations do not monitor their landings and their catches like we do, and it would take a long time for me to be persuaded that some of those nations do it as well as we do.

Oliver Colvile: Is one of the problems not that although we are very good at imposing and policing regulation, places such as Spain are not as good because the regulators are some way away from the ports?

Kelvin Hopkins: Indeed. I was going to say that I agreed with every word of the hon. Gentleman's speech. It was a very good speech. I should also compliment the hon. Member for Richmond Park (Zac Goldsmith), who moved the motion, which I hope we can all support, and the hon. Member for South East Cornwall (Sheryll Murray), who made a brave and wonderfully informative speech. I felt that I was being educated about the fishing industry while listening to her. It is a rare privilege for us to have someone with her expertise in the Chamber.

I believe that we are considering reform—we have tried it before, and no doubt incremental changes will continue to be made—but we will not win the battle against overfishing until the CFP is history. As I have said before in the Chamber, I think that the Government should give notice that at some point Britain will seek a derogation from the CFP if it is not abandoned altogether. Our nation has possibly the largest coastline and fisheries in the EU, and decisions are being made about our fishing industry and livelihoods by land-locked nations such as Hungary, the Czech Republic and Austria that have no particular interest and can be easily bought off in any European Commission vote.

Mr William Cash (Stone) (Con): As a member of the European Scrutiny Committee, does the hon. Gentleman not agree that as well as this having splendid motion it is equally important, whatever the consequences of the vote, that we ensure we apply our own sovereignty if the Government, the European Commission, the European Union and the European Court of Justice are not prepared to heed the message that the House sends out? We must assert our sovereignty and override the European legislation where necessary.

Kelvin Hopkins: I personally agree very strongly with the hon. Gentleman, but we might have some difficulty persuading a majority of the House to agree with us. I believe that the European Commission and the European Union will not shift until they have the sense that Britain is serious about wanting to abandon the common fisheries policy or seek a derogation.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): My hon. Friend will know that I am quite a strong pro-European, but fishing gets me nearer to his camp than I might normally be. My constituency is right in the middle of England, nowhere near the sea, but my constituents care about this issue. They certainly care about discards and about the quality of the sea and of the fish in it. Why can we not get an agreement that works for this country within the European Union? Let me remind my hon. Friend that before the European Union existed, it was a total dog-eat-dog mess. It might not have been dogfish, but it was dog eat dog and it was worse than it is now.

Kelvin Hopkins: Going back to what happened before the common fisheries policy might not be the best idea. We are now living in an age in which we are more sensible about these things and I would like to think that we would have an industry that was properly regulated by our Government on behalf of our consumers and our fishermen.

Mr MacNeil: Is the hon. Gentleman aware of the latest device from Europe to get their hands on the fish from our seas—I am speaking particularly of Scotland? The internationally tradeable individual transferable quotas will mean the slow buying off of fishing rights for future generations by big industry fishing, which would mean that future generations on the Scottish coast might see fishing happening around the coast but would have no right to go near it. This is one of the most dangerous aspects of the approach, which is new today from the European Union, and it must be resisted by all quarters of this House at all costs.

Kelvin Hopkins: I agree absolutely with the hon. Gentleman. I have the BBC news sheet in my hand, which is headlined, "EU fisheries reform would 'privatise oceans'." Things will be handed over, no doubt, to Spanish and French fishermen who will have long-term quotas and who can do what they like outside our control.

This is not about nationalism. It is about every nation being responsible for managing its fisheries. The only way to guarantee that they will be managed properly will be for each nation to know that it has to look after and husband its own stocks and fishing industry. If people know that they can cheat by stealing fish from other countries, possibly not even doing discards, doing secret landings and cheating the system, I have no doubt that they will do it.

Just recently, the British public have shown themselves to be strongly incensed by any kind of cheating. Members of the House, some of whom have suffered the penalties of the law, have known the anger of the British people. I think that the British people can be just as angry about cheating on fishing, and the only way to overcome that is to re-establish national fishing waters for all nations in the European Union and for each nation to manage its own fishing stocks, its own fishing industries and the fishing boats that fish within those waters.

Billions of pounds of fish have been lost to Britain. Being in the common fisheries policy has not only had an economic cost to Britain but has been an environmentally damaging experience. One does not necessarily want to push for a nationalistic view, but the reality is that we have been ripped off by the common fisheries policy and we have a massive balance of trade deficit with the rest of the European Union. I would like to think that the motion could go someway towards helping to redress that balance.

I am doing this not because I am a little Englander, or even a big Englander or a big Britisher. I care about fish stocks, and I care about the fishing industry and about making sure that the marine environment is protected for the long term. The only way to do that is by having countries manage their own fisheries.

4.29 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): Thank you for your patience with me, Madam Deputy Speaker. I was contributing to the debate on education in Westminster Hall, which I helped to secure, and being in two places at once is not an ability that I can establish. I have enjoyed the debate that I have listened to so far and I intend to read the report of it as soon as it is available later tonight.

I congratulate my hon. Friend the Member for Richmond Park (Zac Goldsmith) on securing the debate along with other hon. Members. I admit that I was not one of those who signed the early-day motion because I do not sign early-day motions. There was a clause in it about using enforced temporary closures to manage fisheries of which I could not have approved because such practices have led to problems in my constituency, with the under-10 metre fleet lurching from crisis to crisis because of temporary closures here and there. I am delighted that this wonderful motion does not contain that clause, so I can give my full support to the intentions behind it.

It is fair to say that discards are a disgrace. My hon. Friend the Member for Totnes (Dr Wollaston) has previously related to the House the success of Project 50% and I will not steal her thunder because I am sure she will speak about it again, but I wanted to say that we can learn from some really good examples around the British isles of how to do something about discards. As the hon. Member for Argyll and Bute (Mr Reid) has said, this is about addressing local regulations. Fishermen in my part of the world often catch far more than the quota they are allowed but will land only what they are legally allowed to land. Sadly, the discards—the smaller fish—end up going back into the sea. Fishermen need to secure the maximum price for their fish, so they pick only the best and the rest sadly go to waste. We need to get around that problem. I do not blame them for doing that because that is their business and that is all they are allowed to do. Unlike during world war two when fish was the only major foodstuff that was not rationed, our total allowable catch is going down nowadays.

I said I would keep my comments short, but I want to talk about the common fisheries policy. The hon. Member for Luton North (Kelvin Hopkins) was right to suggest that we should have control of our fisheries. Constituents find it very difficult to understand that countries with no sea or fishing whatever should have an equal voice to that of the United Kingdom on the common fisheries policy. I wonder whether the Minister would consider afresh working with colleagues in the European Union and saying that the CFP does not work at all so we need to start again. What matters is not the politics of fish but the fish, fishermen and constituents. To that end, I suggest that we should scrap the current Fisheries Council and reconstitute it to include only countries with fishing fleets in the European Union. Frankly, if countries such as Austria can use their place on the Council as a bargaining chip for other European negotiations, that short changes our country.

Mr Sheerman: Is the hon. Lady seriously suggesting that we should take all international agreements, whether they are European or international—at a time of threat from global warming, when we need sustainable solutions for our oceans and seas, which must be reached through co-operation—and say that everyone can do as they like? Is she suggesting that we should say that Iceland can hunt whales and everyone else can catch what they like?

Dr Coffey: That is not what I am suggesting at all. I am suggesting that the artificial Fisheries Council is making policy, but that some of the member states on it have no interest in fishing whatever and therefore simply trade their votes for influence over other arrangements. I appreciate that my suggestions are radical, but is this

not a debate for ideas? Of course, I am not the Minister—I am not the person who has to go to Brussels to do the negotiations—but if someone keeps walking down a street and falling into a hole and does not change their route they will for ever be trying to get out of the hole. Speaking for myself and other hon. Members present, I think that something we can do as new politicians is say that if fisheries policy has not worked and stocks are not recovering we should try something new.

I say to the hon. Member for Huddersfield (Mr Sheerman) that rather than limiting ourselves to working only with the European Union we should work with non-European Union countries—Iceland, Norway or other neighbouring countries—to tackle the wider challenges.

Mr Sheerman *rose—*

Dr Coffey: I appreciate that other hon. Members wish to speak, so I am afraid that I will not cede the floor to the hon. Gentleman.

Let us develop the debate by considering what we can do locally. The creation of inshore fisheries and conservation authorities is a useful step in the right direction, but they must take fishermen with them. I did a PhD in chemistry, so I accept that evidence is available. Science shows that if there is evidence, one can propose a theory around it. Often, people have an argument about whether that theory is right, and one must continually build evidence. An important part of that evidence should be the knowledge and understanding of the fishermen who fish those waters every day. It is frustrating when fishermen say that there are plenty of fish out there, or they are told that they can fish for cod, when the cod were there three or four months ago but it is now too late.

Fishermen have to be involved, and science has to be involved. Sadly, fish have become subject to politics. Regrettably, every year we seem to have a crisis about quotas, and I am pleased that my hon. Friend the Minister fought the fight to get more fish for our fishermen, so that our ever diminishing industry manages to stay alive for another season. I hope that we can end this ridiculous quota swap and give fishermen a guarantee of a sustainable future.

I was a little surprised by reports that fishermen are going to be paid to fish for plastic, rather than fish—that is one of the ideas coming from the European Union—which would be rather disheartening for our inshore fleet. I will not give another analogy, but I imagine that the fishermen with whom I am in touch would say that if all that they have to do is fish for plastic, they might as well put their boats aside.

I shall bring my comments to a halt, because I believe that there are plenty of people who have great experience of fishing. I do not pretend to do so—I speak only for a small number of fishermen in my constituency, but they are culturally and socially important. If the United Kingdom loses the battle for fish, it will be a sad loss for our country.

4.37 pm

Barry Gardiner (Brent North) (Lab): One hundred and fifty years ago, in 1861, using wooden boats and primitive technology, UK fishermen caught 12 to 15 times more cod in the North sea than they do today with sophisticated sonar to track the fish and extraordinarily advanced gear and nets to catch those fish. That is why this debate is important.

At the heart of the motion is the demand that CFP reforms adopt

"an ecosystems-based approach to fisheries management".

Some people may misinterpret that as putting the benefit of the fish before the benefit of the fishers, but without sustainable fish stocks there is no sustainable fishing industry. The history of our coastline, sadly, bears witness to that, as fishing communities from Stonehaven to Newcastle, from Grimsby to Cornwall, have declined over the past century.

I want to pay tribute to the hon. Member for Richmond Park (Zac Goldsmith) for pressing the issue both inside and outside the House, and to the GLOBE secretariat, whose work on a global oceans recovery strategy has been under way for the past two years as part of the International Commission on Land Use Change and Ecosystems, which I chair. I refer to my entry in the Register of Members' Financial Interests in that regard. The Minister has co-operated with the GLOBE commission, and I am delighted that he will respond to the debate. I am sure that he will wish to be constructive, as always.

Last night I attended the launch of Project Ocean at Selfridges. The Prince of Wales opened proceedings, followed by a private party attended by Elle Macpherson, the folk rock band Noah and the Whales—[Hon. Members: "Whale!"] It is not my normal Wednesday evening activity, and I have no doubt that I was invited only to add a bit of glamour to the event. How extraordinary that fish discards have now become so sexy. I pay tribute to Selfridges and to the work of the Zoological Society of London. I pay particular tribute to the work of Professor Jonathan Baillie and Professor Alex Rogers of Oxford university, not only for the sound science that they have brought to Project Ocean and their work on CFP reform, but for helping to popularise it in this way.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I am terribly disappointed that I was unable to see my hon. Friend adding glamour at the event he referred to. Would he give some message to my constituents, who are particularly concerned about discards, on how Project Ocean will deal with that problem and what it can add?

Barry Gardiner: I am very pleased to do so. There are three key areas of discards, which are often not well understood: over-quota discards, which are calculated to be about 22%; undersized discards, which are calculated to be about 24%; and non-commercial discards, which are calculated to be about 54% of discards. I will deal with each of these in turn, but first I want to talk about the importance of the ecosystems-based approach.

The ecosystems-based approach is fundamental to sustainable environmental management. It establishes a strategy for the management and sustainable use of natural resources by considering them in the context of their role in the entire ecosystem. The current EU common fisheries policy and the EU marine strategy framework directive already commit the EU, in principle, to this ecosystems-based approach. The tragedy is that that has not been reflected in practice.

[Barry Gardiner]

True ecosystems-based fisheries management would require systemic reform through the introduction of a regionalised management framework. A regionalised management system within Europe would divide the EU fisheries into management regions according to ecosystems, rather than nations, as my hon. Friend the Member for Southampton, Test (Dr Whitehead) suggested. Unfortunately, fish do not carry passports about their person. They do not know when they are travelling from one nation's waters into another's. Therefore, one must look at the ecosystem and not simply the national boundaries.

Kelvin Hopkins: My simple point is that nothing will happen in terms of the proper management of fisheries without self-interest—the self-interest of the member states and of their fishing industries. If a simple regional and scientific basis is used, that essential self-interest will not be built into the system.

Barry Gardiner: I am glad that my hon. Friend makes that point, because that is exactly what I wish to challenge. It seems to me that we can assure the fishing industry and fishers that there is real self-interest in promoting this approach.

Neil Parish (Tiverton and Honiton) (Con): Will the hon. Gentleman give way?

Barry Gardiner: No, I am already pressed enough for time.

Certain decision-making powers would be devolved to regional management bodies, in consultation with local stakeholders, in order to tailor the application of central policy objectives for EU fisheries to the specifics of each ecosystem. A fully regionalised management system would include the following features: quotas allocated on the basis of ecosystem regions in order to manage fishing pressure according to the necessities of the different ecosystems; regular scientific assessment of all marine species, not just fish stocks, within a given eco-region to establish the impact of fishing on the ecosystem as a whole; quota allocation on the basis of eco-regions with different licences used in different ecosystem regions and no transfers between the regions.

The discards in the North sea are between 40% and 60% of total catch, while in other European fisheries, such as that for west of Scotland cod, they can total as much as 90%. The vast majority of fish discarded overboard of course die. In an effort to limit fishing to sustainable levels, EU regulations under the common fisheries policy prohibit the landing of commercial species above a given annual quota. However, in practice this often results in the discarding of thousands of tonnes of saleable fish—the over-quota discards—as fishers are forced to cast overboard their excess or non-target catch before landing, so as not to contravene EU law.

The result is a policy that fails to prevent fish mortality above levels deemed biologically sustainable. That is a particular problem in mixed fisheries—the majority of EU fisheries—where fishers will catch more than their landing quota for one species as they continue fishing for others that swim with it, in order to maintain fishing throughout the year. The Government estimate that over-quota species account for about 22% of English and Welsh discards.

The introduction of catch quotas in place of the current landing quotas would make fishers accountable for their total catch, rather than for what they land, thereby eliminating the legal catch and discard of over-quota fish. The current CFP also prohibits the landing of quota species below a certain minimum landing size—MLS—to ensure that they are not caught before reaching maturity, thus preserving the reproductive capacity of the stock. In practice, however, many under-sized fish are still caught and simply discarded at sea. An estimated 24% of discards are quota species below legal MLS, so too small to land. The introduction of minimum catch sizes in place of minimum landing sizes has been successful in Norway in incentivising the use of selective gear in fisheries and minimising the catch and mortality of under-sized fish.

An estimated 54% of English and Welsh discards are of non-commercial species caught as by-catch. Stimulating the creation of new or stronger markets for under-utilised sustainable species such as dab and coley in UK fisheries could result in the elimination of unnecessary waste, greater profits for fishers and a reduction in fishing pressure on other more popular and over-exploited species. We need to be careful, however, that that policy does not encourage the creation of markets for species whose population could not support a sudden increase in harvesting.

There is currently no obligation to conduct regular stock assessments for most non-commercial species in EU waters, as they are not subject to quota restrictions, so there is little understanding of the impact that increased fishing of them would have on their stocks and on the wider ecosystem. The first priority of any policy that aims to eliminate discards and improve demand for under-utilised species, therefore, should be to mandate regular stock assessments for all species, with a view to introducing management plans, including catch quotas, for all species caught in EU fisheries.

At the Johannesburg world summit on sustainable development in 2002, the EU committed to achieving a maximum sustainable yield for all fish stocks by 2015 at the latest, but in 2010 it estimated that 72% of its fisheries remained overfished, with 20% fished beyond safe biological limits, risking the wholesale collapse of those fisheries.

The EU marine strategy framework directive requires that all EU fisheries achieve good environmental status by 2020, which includes the attainment of sustainable fishing levels for all stocks. The European Commission requests scientific advice for the establishment of fisheries management plans on the basis of sustainability, but the European Council is under no obligation to adhere to that advice when agreeing total annual quotas for stocks. The result is that the European Council sets total allowable catch limits that are on average 34% higher than the scientifically recommended sustainable limits.

Ensuring that all fish and shellfish are harvested at sustainable levels is an absolute prerequisite of the future profitability and survival of EU fisheries. By requiring the delivery of that target by 2015, we will ensure that the EU fulfils its international and domestic commitments to achieve sustainable fisheries and end overfishing.

A legal requirement to end overfishing of all fish and shellfish by 2015 will necessitate the following key measures: first, rendering scientific advice binding, thus preventing quotas from exceeding biologically sustainable limits; and secondly, introducing stock assessments and management plans for all fish and shellfish, including non-commercial species that are currently unmanaged, in order to establish sustainable limits for harvesting.

Co-management is an approach whereby Government authorities involve local communities and other stakeholders in management decision making, monitoring and surveillance. The approach aims to encourage co-operation and a shared sense of responsibility, and it has been shown to improve compliance with regulations as well as to improve the effectiveness of management measures, because it draws upon community knowledge to address local socio-economic and ecological issues.

The establishment of regional advisory councils is cited as a key success of the 2002 CFP reform, because they have served as forums for stakeholders to inform policy implementation at the regional level, but they have no decision-making powers.

Small-scale and artisanal fishing represents a vital link between the industry and historical coastal fishing communities, and often utilises lower-impact methods—more environmentally sustainable methods of fishing that draw on local traditional knowledge. A future common fisheries policy must reverse the balance of incentives by allocating access rights to fisheries on the basis of environmental sustainability, so giving priority to vessels that utilise selective gear and low-impact methods of fishing. By enabling the UK to introduce higher standards of management and conservation for UK and foreign fishing vessels within its inshore fisheries, without recourse to the European Commission, we would regain powers to determine and manage our coastal marine ecosystems and the livelihoods that depend on them.

The hon. Member for Na h-Eileanan an Iar (Mr MacNeil) spoke of the importance of ITQs—individual transferable quotas—and the problems that will arise from them. Under this proposal, which is probably the most dramatic in impact of any EU proposal, skippers would be guaranteed shares of national quotas for periods of at least 15 years, which they could trade among themselves—even, if the relevant national Government agree, with fleets from other countries. This is already practised on a smaller scale in several EU member states, including the UK, but it has been taken much further in other countries.

A global survey published three years ago showed that fisheries managed using ITQs were half as likely to collapse as others, which is one of the reasons why the Commission is so enthusiastic about them. However, the blanket nature of its proposals gives rise to serious concerns, and I echo those that the hon. Gentleman expressed. Ecologically, ITQs diminish overfishing and seek to protect the sustainability of fishing in the area concerned, but experience shows that they can give rise to the privatisation of fisheries. That is a very serious point, which the Minister has to take on board.

Mr MacNeil *rose—*

Barry Gardiner: I have no more time left, so I cannot give way to the hon. Gentleman.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. The wind-ups are going to start at half-past 5. Seven people wish to catch my eye, so if they speak for a shade under six minutes, that means that everybody will get in. I will rely on your generosity for that. I call Eric Ollerenshaw.

4.52 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): Thank you, Mr Deputy Speaker. I will try to keep to my limit.

I add my congratulations to my hon. Friend the Member for Richmond Park (Zac Goldsmith) on securing this debate, particularly for the way in which it has been conducted and the experience that has been brought to it. Like my hon. Friend the Member for Suffolk Coastal (Dr Coffey), I do not claim to be an expert in this field, but I do represent the town of Fleetwood. This year marks 175 years since its foundation, and for all those years it has been synonymous with the fishing industry. Indeed, in the 19th century Fleetwood was at the end of the west coast main line, principally to enable fish landed there to get to Billingsgate as fresh as possible. Being new to the fish world, as I call it, I have had to learn at first hand the stories and legends from fishermen. Believe me, some of those are long and involved, but I sat there listening patiently. As other hon. Members have said, the hurt that they feel at the tragedy that they have endured through the devastation of their once-proud industry is very apparent.

Fleetwood, more than most, has seen its fishing industry destroyed in the 20th century. The port is now down to a few dozen registered boats with perhaps two or three boats landing fish, mainly shellfish. The crazy irony of the history of fishing in this country is illustrated by the fact that Fleetwood's success still lies in fish processing. Hundreds of tonnes of fish now arrive in Fleetwood by truck from every port in England because of the large scale of Fleetwood's fish processors, which are still on the docks, but the docks do not land any more fresh fish. That is what we have come to. It is difficult to explain the impact that this decline in fishing has had over the years on the morale of a town where most people claim descent from the original dozen fishing families around whom it developed. These intricacies go back years. Indeed, with the good advice of the hon. Member for Great Grimsby (Austin Mitchell), for which I am very grateful, I am still dealing with compensation claims that go back to the Icelandic cod wars.

Like other Members, I thank my hon. Friend the Member for South East Cornwall (Sheryll Murray) on the record for her advice. She has been unstinting in her help, and in sharing her knowledge and passion for the subject. She has taught me a great deal.

This debate is rightly focused on discards, an issue that has united fishermen and the public like no other issue in recent years. It is incredible that from primary school children through to politicians, everybody sees the sense of the argument about the scale of the discarding, the moral condemnation of it, and the economic wrongs it has created. As an ex-history teacher, I compare it to prohibition, because it is a policy that has been so counter-productive in terms of its original aims that it will go down in the history books. I fully support the

[Eric Ollerenshaw]

motion, given that discards in the North sea alone equate to some 500,000 to 800,000 tonnes a year. That is waste on an incredible scale.

Discarding is also wrong because there appear to be solutions, and I am pleased that the Government have supported some of those. My hon. Friend the Member for Richmond Park mentioned the pilots for cod quotas, which have prevented discards. My hon. Friend the Member for South East Cornwall mentioned the intricacies of net size, which again have prevented discards. I have looked at the 50% scheme in Brixham, which has received widespread praise. All those solutions have presented incentives to fishermen, as conservation is in their interests.

I believe that this campaign has demonstrated, once and for all, that fishermen and the public understand the need for managed conservation. I hope that the success of the pilots and the public support will provide the Minister with backing when he goes to Brussels. He might not achieve the scrapping of the common fisheries policy, which many of us want, but he will now go armed with the support of this House and of a country united in a demand for real reform.

As hon. Members have said, discards are just the tip of the iceberg of things that have wrecked the fishing industry. Fishermen in my constituency are fighting for realistic compensation for the increasing areas of Morecambe bay being filled with wind turbines, with the support of the Department of Energy and Climate Change. It has amazed me that there is no statutory compensation, and that every fisherman has to fight individually for compensation. At the same time, as the hon. Member for Great Grimsby reminded us, marine conservation zones are spreading, the Department for Environment, Food and Rural Affairs is on the fishermen's backs, fishermen are involved in consultation, and they are fighting for compensation and quotas. One sometimes wonders what time fishermen have left actually to go fishing, in between all the demands placed on them.

We are getting to the point where so many Departments have a slice of our seas that perhaps we need a Secretary of State for the seas. Perhaps I would not be as radical as my hon. Friend the Member for Suffolk Coastal, but something major needs to happen if we are to alter the decline that we have seen, and the casual treatment, by previous Governments of all parties, of the great seas around us. My hon. Friend the Member for Sherwood (Mr Spencer) talked about farmers. I have always wondered how we can manage to protect the environment in national parks successfully, and to sustain real business in which farmers are a fundamental part of saving that environment, when we cannot manage to do that out at sea.

The Fish Fight has brought together fishermen, processors, retailers, consumers and—dare I say it?—politicians of all parties, as we have seen today. Its success may well be the signal that we can finally start on the long road back to protecting one of our greatest resources: the seas that make these islands to which we all belong.

4.58 pm

George Eustice (Camborne and Redruth) (Con): I add my congratulations to my hon. Friend the Member for Richmond Park (Zac Goldsmith) on securing this debate on the important issue of fish discards. I rarely sign early-day motions, but I felt compelled to support his recent motion on fish discards, because the way in which we kill unnecessarily and throw back fish on an industrial scale is an absolute scandal that, as many Members have said, has continued for far too long.

We should recognise that this is not a new problem. The environmental consequences of the common fisheries policy have been recognised and argued over for more than 20 years, as my hon. Friend the Member for South East Cornwall (Sheryll Murray) said. I remember speaking about the scandal of fish discards as long ago as 1999 when I was a candidate for another party.

We should note, though, that some modest progress has been made over the past decade. The volume of fish discarded was actually reduced from 2002 to 2008. However, with some estimates suggesting that we are still throwing away more than half of all the fish caught, it is clear that we are still only scratching the surface and that significant changes are required.

Three key factors are driving the practice of discards: the lack of a market, the quota system and the problem of undersized fish. On the first of those, DEFRA estimates that more than half of all the fish that are discarded are those for which there is currently no market. That is not the fault of the CFP, but it is the largest single area in which we could make a difference.

One of the most important outcomes of Hugh Fearnley-Whittingstall's "Hugh's Fish Fight" series was the call for, and the beginning of, the creation of demand for other fish species. When I recently visited Falfish, a fish processor in my constituency, it reported a significant increase, for instance, in demand for pouting. Although far smaller than cod, it has a similar texture and can be used as a substitute. We all have a role to play in creating a market for currently unfashionable fish—consumers by being more adventurous, the industry and processors by doing more to market less popular fish and the Government through projects such as their Fishing for the Markets scheme.

The other causes of fish discards relate to the CFP. DEFRA figures estimate that 22% of all discards are fish for which there is no quota, and that 24% are undersized. I have to say that I think that last figure understates the problem, because it is calculated on weight rather than the number of fish. Addressing those two problems is where we need meaningful change.

As I have said, the problem with the CFP is that we have talked about it for a long time but nothing has changed. If one thing has really been clear over the past 20 years, it is that the most successful policy innovation has taken place when national Governments have been free to experiment with new ideas and approaches. We have a bit of a problem with the structure and culture of the EU, because it does not lend itself to an evidence-based policy approach. All too often, policy development becomes a mere negotiation and the outcome is a policy based on the lowest common denominator rather than one informed by the power of ideas. The EU is currently considering another round of CFP reform, and we will soon find out whether it is now fit for purpose or whether important issues such as fisheries policy require a quality of thinking and reasoning that is simply beyond institutions such as the EU.

Another problem is that a one-size-fits-all policy cannot cover such a wide area. The hon. Member for Brent North (Barry Gardiner) said that fish do not

carry national passports or recognise national borders, but they do not carry EU passports or recognise EU waters either.

Mr MacNeil: It is also misleading to talk as though fish all behave in the same way. Iceland talks about migratory fish, straddling stocks and non-migratory fish, so the idea that all fish are the same is highly misleading. I am glad that the hon. Gentleman has given me the opportunity to make that point, because I did not have a chance when the hon. Member for Brent North (Barry Gardiner) was speaking.

George Eustice: I thank the hon. Gentleman, and I could not agree more. It is true that fish do not recognise national waters, but it is important that we have a tailored local solution to protect our ecosystems. We should not get bogged down in whether waters are national or European. That is why, like the hon. Member for Brent North, I am attracted to the idea of breaking up the current structure of the CFP and putting in place a regionalised management system. It could retain the common objectives of protecting the ecosystem, having sustainable fishing and minimising discards, but the delivery of those common objectives would vary in response to local realities.

I wish to say a little about some of the conclusions that we can draw from successful experiments that other countries have come up with. First, Norway has found a way of dealing with the discards caused by fish caught over quota by allowing fishermen to land those fish but paying them only a fraction of the market price. Let us consider that. Secondly, Norway and Scotland have both had success with real-time closures, with areas being closed to fishing when there is a problem with excessive by-catch. That creates an incentive for the industry to use netting gear that reduces by-catch, so let us consider that, too.

Thirdly, our fishermen in the south-west are involved in a really successful project, Project 50%, which has brought together fishermen and scientists to develop new fishing practices that have dramatically cut fish discards. Let us consider that, too. Finally, Cornish fisherman led the way by having the first no-take zone within European waters, so that there is a sanctuary for spawning fish. We should also consider that.

If we are serious about developing a sustainable approach to fishing, we need to change the basis on which quota is allocated. Rather than simply basing it on some historical formula or rights, we should reward good fishing practices by giving the most sustainable fishermen the most quota. That could act as a powerful incentive. Those who adopt good fishing practices that substantially reduce by-catch will be allocated more quota, as will producer organisations that are the most successful at creating markets for unfashionable fish species, whereas producers who turn a blind eye to the need to reduce discards and continue as if nothing has changed will face losing some of their quota.

If we adopt such solutions, we can improve the CFP and dramatically reduce our fish discards.

5.6 pm

Dr Sarah Wollaston (Totnes) (Con): I congratulate my hon. Friend the Member for Richmond Park (Zac Goldsmith) on his tireless efforts to reduce fish discards. All hon. Members understand the importance of fishing to our local economies, but I represent Brixham, which lands the highest-value catch in England. That represents more than £17 million for our local and national economy. That is real jobs, not just at sea but on land, and a very valuable export market.

I thank the fisheries Minister for his recent visit. He is now aware of Project 50%, which is being carried out in Brixham, to which many hon. Members have paid tribute. I should like to recognise the work of Darren Edwards, the net designer, and scientists at the Centre for Environment, Fisheries and Aquaculture Science. Shaun Gibbs, who presented the results of Project 50% to Maria Damanaki, and other trawlermen, have fitted cameras to their trawlers to monitor catches, so that we can get away from the existing quota system. They are taking part in the International Council for the Exploration of the Sea area 7e sole catch quota trial.

I also recognise the work of south-west fish producers, who are working with the Government through the Fishing for the Markets project to look at how to achieve better sales for unusual fish, such as pout, whiting, gurnard and dragonet. I hesitate to give anyone cooking advice—my family certainly do not miss my cooking back at home—but all one has to do with gurnard is stick it in the oven with a bit of butter and rosemary. Nothing else is required, and it is absolutely delicious. I commend gurnard to the House!

Fisherman in Brixham and surrounding areas have made extensive efforts to reduce discards—all hon. Members will recognise that—but we can imagine their frustration. They have reduced their fishing effort and taken part in a series of trials to reduce discards, at great personal cost, and improved the sustainability of the mixed fishery in the English channel, only to find that Dutch fly-draggers that have fished more than their quotas and destroyed their fishing grounds in the North sea are coming over and having the same impact in our waters. That is extremely demoralising for our fishermen.

The CFP is undoubtedly outdated and unsustainable, but we must be careful how we implement measures on discards. I was reassured that the wording of the motion was altered so that we recognise that not all species that are thrown back into the sea die. My hon. Friend the Member for South East Cornwall (Sheryll Murray), who is very experienced, drew attention to the fact that if we landed all the crab that we catch, crab would become extinct, which is an important point. We must also recognise the efforts made in the lobster fisheries, which now notch rather than land buried, egg-bearing lobsters, which has greatly increased fish stocks locally. Therefore, we need to be careful how we talk about discarding, and look at all the alternative measures that have been outlined, which I hope the Minister will consider.

I know that the Minister works tirelessly on behalf of our fishing industry, but we would also like to see some fairness. I am in the difficult position of representing both the under-10 and the over-10 metre fleets, which clearly have different needs, as we all recognise. However, if we are to have fairness, their efforts must not be undermined by foreign vessels. I am sure that all Members would ask the Minister to press home the point in Europe that this is the only way forward. However, I know that many other Members wish to speak, so with that I will take my seat.

5.10 pm

Sarah Newton (Truro and Falmouth) (Con): I, too, congratulate my hon. Friends the Members for Richmond Park (Zac Goldsmith) and for South East Cornwall (Sheryll Murray) on securing this debate. May I also associate myself with the comments of my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) about our hon. Friend the Member for South East Cornwall?

In the limited time available I would like to support the part of the motion that talks about necessary reforms to the policy affecting small-scale fishermen. I would like to share with the House the example of a group of fishermen in my constituency which I hope will underline all the valuable contributions that we have heard from across the House—something that, in itself, underlines the fact that we need to make more decisions here in the UK about our fishing fleet.

I represent a maritime constituency. Ensuring that we manage our marine environment and support sustainable fishing is vital to me and my constituents. We have perhaps the most sustainable fishery in Cornwall, at the Fal river oyster fishery, which is officially known as the Port of Truro oyster fishery. It is the last oyster fishery in Europe harvested under sail, by Europe's last commercial sailing fleet. We have native oysters in the River Fal, which have been harvested in more or less the same, highly sustainable fashion, without the use of mechanical power, for more than 500 years.

Byelaws introduced by the Truro Corporation back in the 19th century protect the Fal's beds from over-exploitation by limiting harvesting to non-mechanical means. That means relying on wind and tide, with sail-powered working boats towing the dredges across the beds in a fashion known as "drift". Many of the historic vessels used have been on and off the water for more than 150 years, and are used for fishing in the winter and racing in the summer. Further up the river, hand-rowed punts are used with the same dredges. Any oyster that is smaller than the statutory two and five-eighths of an inch in diameter is discarded and returned to the river bed to grow on. After the oysters have been harvested, they are purified and sold all over the world. They are very popular in France, although more than 10,000 oysters are consumed during the immensely popular annual Falmouth oyster festival, which is held each autumn.

The number of licences issued by the Port of Truro harbour authority fluctuates each year, but in the 2010-11 season, 45 licences were applied for by 32 separate people. There were 12 sailing boats and six punts fishing over the past winter. A licence is needed for each dredge. The season runs from October to March, with fishing strictly limited to between 9 am and 3 pm each weekday, and 9 am and 1 pm on Saturdays. The most recent statistics show that during the 2009-10 season, some 750,000 million oysters were caught.

Typically, oysters are sold by fishermen to buyers at 25p an oyster. Buyers sell them on to shops, which sell them for about £1 an oyster. Despite the cost to hon. Members who enjoy eating oysters, the fishermen make a modest income. I hope that hon. Members can see that, through the measures taken in Cornwall, we have managed to keep this sustainable fishery. There is a proactive relationship between the harbour authority and the oyster fishery to manage and improve the nursery beds for future years.

Members with a lot of experience will recall that marine fisheries licences are required by all UK vessels fishing for profit. They were introduced in 1992 as a method of enforcing EU regulations for sustainable fisheries management. Captain Brigden and Carrick council made representations to the Government of the day in 1993, and secured an exemption for boats under 10 metres fishing under sail or oar. This meant that such boats would not require a marine fishing licence to fish, and the exemption covered the boats of the Truro oyster fishery. Now, the EU is reviewing the exemptions that have been granted to the fishery, and possibly others.

What would be the impact of ending the licence exemption for the Truro oyster fishery? Fishermen would have to meet the substantial one-off costs of applying for a marine fisheries licence. The cost depends on the size of the vessel, and for the average 28-foot oyster fishing boat, it would be about £4,500. This would be in addition to annual fees and local fees. This overhead would put many oyster fishermen out of business, so this EU measure would have the perverse outcome of putting out of business some of the most highly skilled and sustainable fishermen in Europe.

Learning to fish for oysters by hand and under sail takes many years to master. The fishermen work very hard in the winter and most have other seasonal work during the rest of the year. In a good year, the fishery can provide a reasonable living for the experienced men who are prepared to put in the time and effort in all weathers in order to make a sustainable living. The extra licence fees will put an end to centuries of oyster fishing on the Fal.

The renaissance of locally produced and traditional foods has been a great source of satisfaction for many people around the country. Locally grown food is also healthier food. In October, Falmouth hosts the oyster festival, which helps the whole community to celebrate our heritage and sense of place, as well as attracting tourists from all over the world. Just last year, Rick Stein opened an oyster bar in Falmouth, so the oyster fishery makes a wider, significant contribution to the local economy of Falmouth and Cornwall, and contributes to the reputation of Cornwall as a producer of high-quality food. I urge the Government to ensure that decisions about the licensing of our small vessels are taken in this country, to ensure the highest levels of environmental protection and sustainable food production for our country.

5.17 pm

David Morris (Morecambe and Lunesdale) (Con): I should like to thank my hon. Friend the Member for Richmond Park (Zac Goldsmith) for highlighting this important issue. For many years now, the common fisheries policy has blighted coastal towns such as those in my constituency around Morecambe. It might surprise hon. Members to know that, although I represent a seaside resort and coastal town, I have learned from recent discussions with the Department for Environment, Food and Rural Affairs that I represent very few fishermen. But let us be clear: my predecessors would have been able to say that they represented hundreds, perhaps even thousands, of them. This illustrates the economic decimation of fishing that this policy has created, and, even in communities like mine, it has been accepted. For years we complained, in my view rightly, but our complaints

fell on deaf ears in Brussels and we lost this important form of employment. We have now accepted this and moved on.

However, my hon. Friend raises the important environmental issue that remains outstanding. It would be quite wrong to empty our coastal waters of fish because of these quotas. It is so sad to see fishermen throwing tonnes of fish into the sea because it is illegal to land them under EU rules. I do not blame the fishermen themselves; they are trying to make a living against a difficult backdrop. I blame the common fisheries policy and the European Commission. It is hard for me to believe that the Commission is ignorant of the environmental vandalism that it has unleashed on our waters. The fact is that it does not even care.

Given that the EU does not want to make the situation better, it must fall to us in this country to do something about it. We must demand a significant reform or, better still, the scrapping of the common fisheries policy. Call me old fashioned, but I would like to go back to the time when only British and Irish vessels could fish in the Irish box. When that rule was abolished, Spanish industrial trawlers mounted their ruinous campaign against our fishing stocks—a campaign that has arguably moved to the coast of Africa and ruined the livelihoods of fishermen in places such as Somalia. Many believe that that has turned Somali sailors to piracy.

In summary, my view remains that the British fishing fleet has been treated badly. My community has lost an important industry, but we must not allow fish stocks to be destroyed for future generations. I was proud to sign the early-day motion tabled by my hon. Friend the Member for Richmond Park, and I am delighted that this has become a debate for the whole House to participate in. My sincere hope is that we stop this great environmental crime before its effect cannot be undone.

5.20 pm

Peter Aldous (Waveney) (Con): I am grateful to my hon. Friend the Member for Richmond Park (Zac Goldsmith) for seeking this debate and to the Backbench Business Committee for granting it. It is important for me to speak in it because the future of the fishing industry is of crucial importance to Lowestoft in my constituency, where fishing has a long and proud record.

Last October, I secured an Adjournment debate on the future of the inshore fishing fleet on these coasts. The crisis facing the industry at that time and the solutions remain the same, so I will not repeat them, as they are on the record. There have, however, been four significant developments since last October.

First, Hugh Fearnley-Whittingstall's Fish Fight campaign has brought into the nation's living rooms the scandal and obscenity of discards. As a result, our inboxes have been full. The nation has spoken; it will no longer put up with this practice.

Secondly, it is clear from her speech on 1 March that Commissioner Maria Damanaki understands the problem and appreciates that drastic action is required. She said:

> "Let's be honest, if we continue this it is like treating a serious illness with aspirin".

There will be vested interests opposed to the commissioner as she seeks to reform the common fisheries policy next year. Our Members of the European Parliament need to give her the support she needs and deserves.

Thirdly, my hon. Friend the fisheries Minister has launched his own consultation on the future management of the domestic fisheries in England. This contains some positive proposals. It is encouraging that DEFRA appears to accept that fishing stocks are a national resource and that no third parties have acquired any proprietorial rights.

The final development since last autumn is that the Lowestoft industry continues to decline. The fishermen are allowed to catch fewer fish; they have extra costs to bear; and it is an increasingly difficult struggle for them to carry on. Only last month, the Europa café in the fish market, which has served breakfasts to fishermen for decades, was forced to close due to a continuing decline in business.

It feels as if an ambulance is now on the way, but I worry about whether the patient will be alive when it reaches the scene of the accident. The sands of time are running out for Lowestoft fishermen. I support the motion. It is important that none of us sits back and rests until a fishing regime that has almost destroyed the British fishing industry is itself discarded and thrown overboard.

Neil Parish (Tiverton and Honiton) (Con) *rose—*

Mr Deputy Speaker (Mr Nigel Evans): The hon. Gentleman will have to finish his speech at half-past 5.

5.22 pm

Neil Parish (Tiverton and Honiton) (Con): Thank you, Mr Deputy Speaker. I am delighted to speak in this debate; I could not get out of the Finance (No. 3) Bill Committee until 4 o'clock. I congratulate my hon. Friend the Member for Richmond Park (Zac Goldsmith) on securing the debate and I also pay tribute to a great friend, my hon. Friend the Member for South East Cornwall (Sheryll Murray), who has huge experience of the fishing industry. She has been able to return to the House in hugely difficult circumstances; our hearts very much go out to her.

My hon. Friend the Member for Camborne and Redruth (George Eustice) said that he had talked about this issue back in 1999. I was then fighting for the Conservative party, while he was fighting for another party. I recall saying to him afterwards, "Do see the light; come over to the Conservative party." I do not know whether it was all due to me, but he obviously did see the light and came over to the true cause.

I was elected to the European Parliament and sat on its Fisheries Committee for some 10 years. In all that time, I opposed the common fisheries policy. Let me explain why. The CFP is a little bit like communism: it is a wonderful idea in principle, but in practice it just does not work, as I shall explain. If we have a common resource in Europe, every country thinks that some animals are more equal than others and are entitled to a greater proportion of the fish.

I will name some of those countries. Spain is one of them; it goes all around the world looking for fish, fishing off Africa and goodness knows where, causing an awful lot of problems. We must face up to the reality. We need our fishermen to be able to sign up to a policy to get rid of discards and to manage fisheries. If they believe that managing their fisheries sustainably will provide the fish for them to catch, they will sign up to it.

[Neil Parish]

I am sure that that is very much what the Minister will be aiming for. However, if a common fisheries policy means that we sustain our fish stocks but some other nation then comes in and steals them, will we be inclined to adopt such conservation measures?

Fishermen have to go out to sea and deal with the vagaries of the weather, and then they have to deal with the vagaries of the common fisheries policy. There is, for instance, the nonsense of "quota species", which means that those who catch too many of a particular species must throw healthy fish overboard. When big boats throw discards into the sea, they often putrefy on the sea bed, which can have huge consequences.

We must take a sensible attitude, and I am delighted that the Government are doing so. Now is the time to say to fishermen, "Let us have a look at the way in which you fish. Let us ensure that when you bring your fish back, you are able to sell it." Many Members have made the point that we need to eat more species of fish in this country, but there is another point to be made, and I have made it in the House before. During the period of the common fisheries policy, much money has been wasted when boats have been decommissioned and new boats have been built with larger engines that may enable more fish to be caught. When fish are landed that are not fit for human consumption, they can be made into fishmeal and fed to farmed fish. That may not save a vast amount of money, but it will give fishermen some incentive to land those fish.

Another point that has been made today is that until we stop discarding fish, the scientists will not know what is actually being caught, so we will not know what the stocks are. That is a central part of the argument for the banning of discards.

I also think that the argument between large and small boats must be settled. We cannot allow big companies to buy up huge amounts of quota and then force out many small fishermen. Those fishermen must have a livelihood. We must face up to the reality: it is a case of the haves and have nots, when what we want are sustainable fisheries.

Mr MacNeil: Will the hon. Gentleman give way?

Neil Parish: No, I will not, because I have not much time left.

I have had 10 years' experience in Europe, where many warm words have been spoken by commissioners in the past about discards. There have been improvements such as the provision of better fishing tackle and Project 50% in Devon, but the Commission and Europe must be driven hard to make absolutely certain that we secure change—that we stop discarding fish, and all the fish that are landed are either eaten by humans or made into fishmeal to feed farmed fish.

There is a limited resource of fish in the world—there are no two ways about it—and we are consuming more fish than are being bred in the seas. If we do not act, we will destroy our own resource and our own ecosystem. I wish the Minister great success in Brussels. He must take not only his briefcase but a handbag and a concrete block, because he will need them when he is negotiating. It is necessary to negotiate very hard in Europe in order to get anywhere. I look forward to the Minister's coming back with everything that we want.

5.28 pm

Mr William Bain (Glasgow North East) (Lab): I congratulate the hon. Member for Richmond Park (Zac Goldsmith) on his great efforts and the fine words with which he opened the debate, and I congratulate the Backbench Business Committee on its wisdom in granting such an important debate. It has reflected the huge interest shown by the more than 674,000 people who have already signed the Fish Fight petition, and the others in our country who want to see a radical change to the EU common fisheries policy.

Labour Members recognise the strong consensus, both in today's debate and in the wider Fish Fight campaign, that now is the time for EU fisheries Ministers to turn fine declarations of intent into a clear programme for change. The common fisheries policy must be made fit to meet the challenges of protecting the biodiversity of our seas and oceans, placing the sustainability of the fishing industry on a long-term footing, and securing greater regional management of EU fisheries waters, and we must introduce an ecosystem-based approach to fisheries, to tackle the root causes of the immoral waste of fish currently discarded at sea.

Mr MacNeil: As I am sure the hon. Gentleman recognises, one of the problems with the CFP is that nobody is in charge, so there is horse trading between competing interests. Unless that changes and somebody is put in charge—as is the case in Norway, Iceland and the Faroes—the problem will not go away. Unless the introduction of regional management leads to such problems being addressed, we will be in exactly the same mess as we have been under the CFP.

Mr Bain: I thank the hon. Gentleman for his intervention. The UK and other states that are in favour of reform must build alliances—such as with the southern European countries, who have in the past been resistant to change—so that there is genuine momentum and a sense that reform is being, and will continue to be, pursued by all 27 member states. In 2009, Scottish fishing vessels discarded almost 28,000 tonnes of fish, representing a quarter of the entire whitefish catch in Scotland. That demonstrates the seriousness of the need for reform.

I commend the contributions to the debate of my hon. Friends the Members for Great Grimsby (Austin Mitchell) and for Luton North (Kelvin Hopkins), who have over the years been consistent in their trenchant critiques of the CFP. My hon. Friend the Member for Great Grimsby has also been a huge champion of the fishing industry in his years as a Member of this House. I also commend the contributions of my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex), who referred to the need for the introduction of long-term quotas, my hon. Friend the Member for Southampton, Test (Dr Whitehead), who talked about the need for fish stock sustainability, and my hon. Friend the Member for Brent North (Barry Gardiner), who talked passionately about the need for an ecosystem approach to fisheries.

It was particularly good to see the hon. Member for South East Cornwall (Sheryll Murray) in the Chamber, and to hear her speaking with such passion and authority about this subject, to which her community and family have contributed so much. I also commend the remarks of the hon. Member for Sherwood (Mr Spencer), who

talked about the need for catch quotas, the hon. Member for St Ives (Andrew George), who referred to the need for a package of reforms and a framework of change, and the hon. Members for Banff and Buchan (Dr Whiteford), for Plymouth, Sutton and Devonport (Oliver Colvile), for Strangford (Jim Shannon), for Suffolk Coastal (Dr Coffey), for Lancaster and Fleetwood (Eric Ollerenshaw), for Camborne and Redruth (George Eustice), for Totnes (Dr Wollaston), for Truro and Falmouth (Sarah Newton), for Morecambe and Lunesdale (David Morris), for Waveney (Peter Aldous), for Tiverton and Honiton (Neil Parish) and for Argyll and Bute (Mr Reid). They referred to the social and economic importance of the fisheries in their communities, and the moral imperative for action that this time will result in reform. They put their arguments with great vigour and force.

Global fish and seafood consumption is increasing. The US consumes almost five times more fish than a century ago, and China is consuming almost five times more seafood than in the 1960s. It has been estimated that capture fisheries contribute up to $240 billion per year to global output in direct and indirect economic benefits. The United Nations Food and Agriculture Organisation found in its report, "The State of World Fisheries and Aquaculture 2010", that the fishing industry supports the livelihoods of about 540 million people, or 8% of the world population. Yet concerns about biodiversity and the condition of our marine environment have grown. OCEAN2012 has estimated that half of the fish consumed in the EU comes from waters outside the EU, through distant-water fleets and a growing reliance on imports.

In 2004 the Food and Agriculture Organisation estimated that discards amounted to 7.3 million tonnes or 8% of total global fish catches, although on another definition of by-catch, it might involve in excess of 20 million tonnes per year. At last June's EU Fisheries Council, Commissioner Damanaki set out the case for the most sweeping changes to the CFP since its inception. Those changes were based on an assessment that the current system, as last reformed in 2002, was top-down, short-termist in its effects on the fishing industry and weak in its protection of at-risk species. In particular, the system of total allowable catches, which was introduced in 1983 for each commercial species of fish and which was subdivided into quotas for individual member states, has proven grossly inadequate. It led in 2008 to the permitted TACs being on average 48% higher than scientifically assessed sustainable levels.

The CFP is also unresponsive to changes in fisheries practice, because it is linked to the relative proportions of species fished as long ago as the 1970s. In mixed fisheries it is hugely wasteful and leads to the discarding of unacceptable levels of whitefish in order to comply with the quota rules after one species quota has already been exhausted. Across the EU, nearly half the whitefish and up to 70% of flatfish are discarded. Recently, and particularly in her statement this March, Commissioner Damanaki has pursued a new settlement that will build upon catch-quota trials that have proven successful in substantially reducing discard levels in Scotland and Denmark among pelagic fisheries. There is also the prospect of an extension to other fisheries, including demersal mixed fisheries, in the second year of any new CFP.

The Opposition welcome the lead that successive Governments and devolved Administrations have provided in extending the use of longer-term catch quotas and supporting the stronger involvement of fishing communities in the management of quotas and fisheries waters. However, we believe that a stronger impetus is required to deal with the root cause of the scandal of discarded fish and by-catch: the delay in the introduction of an EU-wide ecosystem approach to fisheries management. The Commission has established that 88% of EU fisheries stocks are being fished beyond sustainable levels, and that 30% are near to collapse. The introduction of ecosystem management in this cycle of CFP reform is obligatory under the EU's integrated maritime policy and is strongly linked to the marine strategy framework directive's overarching commitment to the achievement of good environmental status. It is strongly supported by the Commission's green paper on CFP reform, and has proven successful elsewhere in restoring fishing stocks in large-scale fisheries in California, the north-east of the United States and parts of Australia.

The introduction of ecosystem management would balance environmental, social and economic concerns and involve a range of policy changes, including the introduction of financial incentives to reduce the pressure on stocks of species nearing over-exploitation; further action on ocean acidification, which particularly threatens shellfish stocks; the regional management of fisheries waters; fishing area closures; the incentivisation of new technology to monitor what is being taken from the sea and landed on fishing boats; and the use of more selective nets and fishing gear to reduce levels of by-catch of younger fish and other species. The multiple small trawl nets now used to catch prawns in the North Sea, for instance, have led to a 50% reduction in discarded fish.

As my hon. Friend the Member for Brent North pointed out, in Norway the use of minimum catch sizes has proven successful in reducing levels of discards and fishing of undersized or juvenile fish. However, OCEAN2012 has recommended an alternative approach: the introduction of a minimum marketing size that would still constitute a strong disincentive for the sale of juvenile fish. It also raises the significance of applying new bans on discards and by-catch to EU fishing fleets operating in third countries or distant-water fisheries.

Key to the success of such a system of fisheries management would be the greater involvement of the fishing industry in devising such schemes at a regional level and reporting on their effectiveness and compliance, together with improved monitoring of ports. As well as a prohibition on discards at EU level, however, over-fishing must be addressed. Simply permitting all caught fish to be landed and sold without proper enforcement may lead to the catching of undersized fish, with the further depletion of fish species that could thereby emerge. In the past, however, with cod, fisheries closures have led to displacement of fishing to adjacent areas, so any successful package of fisheries closures this time would require the active involvement of the fishing industry. There is support across many member states for the principle of introducing rights-based management of fisheries as a means of tackling overcapacity, although there is understandable hesitation about introducing a scheme of individually transferable quota rights that could see large-scale companies exert excessive dominance over the market.

Dr Whiteford: Does the shadow spokesperson share my concern that the privatisation of our seas through individual transferable quotas would inevitably over

[Dr Whiteford]

time lead to concentration and consolidation in the industry in such a way as to undermine these efforts in the longer term and hugely damage fishing communities?

Mr Bain: There is a real danger of that occurring, which is why I would refer the hon. Lady to the speech given by Commissioner Damanaki in Berlin in March. She reflected on and took on board the concerns that the hon. Lady has expressed and we wait to see how they will be phased into the reform proposals that are to be discussed in July.

The EU needs a common fisheries policy and it requires one that meets that challenges that the present policy has failed so abjectly to address. With a strong motion passed by this House today, concerted action by the European Commission and member state Governments, we can turn intentions into deeds worthy of the cause raised in the Fish Fight campaign. Let us work for an ecosystem approach to fisheries, let us introduce a regionalised structure to the common fisheries policy, let us establish long-term catch quotas, and let us provide incentives for new nets and new technologies. By those means, we will tackle the root causes and end the scandal of discarded fish that has so appalled so many people in this country.

5.42 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I thank the hon. Member for Glasgow North East (Mr Bain), who speaks for the Opposition, for continuing the bipartisan approach on these matters. The relationship is challenging but it is vital that we continue what happened under the last Government and recognise that we are dealing with an industry in crisis and a marine environment that desperately needs the smack of firm decision making. It is great to have his support.

I welcome the debate and I believe that it firmly places the Backbench Business Committee in touch with issues that are of concern to our constituents. I welcome the contributions and hope to respond to many of the points later. I particularly pay tribute to my hon. Friend the Member for Richmond Park (Zac Goldsmith) for the way in which he introduced the debate and I hope that we can all support the motion tonight.

The debate comes at a crucial time. The conscience of the nation has been moved by the sight of perfectly edible, quality fish being thrown into the sea, dead. That is an abomination in a hungry world, I am sure everyone agrees. That is the power of television. Most of us knew that it was happening, but few of us had seen it—it was happening over the horizon—but it has now been brought into people's homes and they are outraged. What if half the lambs we slaughter in this country had been dumped on the side of the road? There would have been riots on the street. Now people know what is happening and that is a tribute to those who brought the matter of discards to the public consciousness.

The debate also comes at a crucial time because there is a window of opportunity to reform the common fisheries policy. I have been a Minister for only a year, but my assessment of the art of government is that one needs to know the difference between what one wants to change but cannot and what one wants to change and can, and to focus one's energies on the latter. If I focused my energies on the former I might satisfy some of the hon. Gentlemen who have contributed today, but I would not deal with the problem that faces our marine environment, our fishermen and the coastal communities they support.

I might not be a rabid Eurosceptic, but I am no friend of the common fisheries policy. However, it is not the fact that it is common that is the problem—it is the policy that is wrong. As we have heard—the hon. Member for Brent North (Barry Gardiner) made this point very well—fish do not respect lines on maps. Many of the stocks that our fishermen exploit spend part of their lives in other countries' waters. Our fishermen have always fished in other countries' waters in the same way as other countries' fishermen had historic rights to fish in our waters before our accession to the European Economic Community in 1972. I could spend a lot of time discussing that, but I was 11 when it happened and I prefer to deal with the here and now—with what I can do and what we can achieve.

A point that has been made by several hon. Members on both sides of the House is that we have to look at this issue in terms of an ecosystem approach. Whether we were in the EU or not and whether we were in the CFP or not, we would need a shared legal framework to manage our fish stocks. Our focus should be on getting the common framework right, which means getting rid of unnecessary and over-detailed regulation and managing stocks on a regional or sea-basin basis. It means giving fishermen clear entitlements to fish stocks and giving them a stake in the long-term health of those stocks.

Mr MacNeil: Will the Minister give way?

Richard Benyon: I am quite pressed for time and the hon. Gentleman has had quite a lot of air time, but if there is time later I am sure that the House would be delighted to hear him make his point again.

Getting the common framework right means integrating fisheries management with other marine environmental policies and applying the same principles of the sustainable use of marine resources both within and outside EU waters. Of course, it also means making sure that we have a reformed CFP that does all it can to eradicate discards. I welcome the fact that the EU Fisheries Commissioner sees this issue as a top priority, as I think she does. I make that point to my hon. Friend the Member for Morecambe and Lunesdale (David Morris). At the meeting I attended on 1 March, the commissioner said that her predecessor had had a similar meeting five years previously at which everyone around the table had said how outraged they were with the process and nothing happened. I am not prepared to allow my successor to be here saying that something needs to be done in five years' time. Something does need to be done and I am committed to working with the Commission and other member states to achieve discard-free fisheries.

Let me make a few things clear. The outrage that people feel about discards is shared by the Government and Members on both sides of the House. Our actions are not prompted by the Fish Fight campaign, but they are enhanced by it and we welcome it wholeheartedly. We are tackling this issue through the reform of the

CFP, but we are not waiting for that reform. As has been said, important progress has been made with catch quotas, and the trials that were instigated by the previous Government have been extended by us. The hostility of fishermen to having cameras on their boats has been largely negated and they are now queuing up to get into these schemes. Hostility from other member states for that method of fishing management has largely disappeared and we have signed a declaration with the Governments of France, Germany and Denmark to see that that is introduced. Project 50% has also brought huge benefits in reducing discards.

I want to see a high-level objective of working towards discard-free fisheries in the new CFP with member states accountable and responsible for working to achieve that, managing what is caught rather than what is landed. There is a lot of focus on imposing a ban on fishermen discarding at sea. I can support a ban and I will be pushing for one—it is semantics whether we talk about an end to discards or a ban—but only if it is backed by genuinely effective, enforceable and affordable measures that encourage fishermen to be more selective about what they catch. That is crucial, and that point has been made by many hon. Members today. The last thing we want is to transfer a waste problem at sea so that it becomes a waste issue on land. How horrendous it would be to bury fish because there was no market for them, or simply to ban the symptom of the problem, rather than the cause, criminalising fishermen in the process. We must remember that a ban would be wrong for some species that can be returned to the sea alive. I pay tribute to the Members who tabled the motion for being willing to change it, and I make the point that sharks, skate and rays, many of which are critically endangered in EU waters, can often survive after being caught, as can many species of shellfish.

As well as providing fishermen with mechanisms to reduce discards we are tackling the problem in the UK through our Fishing for the Markets project, and several Members, including my hon. Friend the Member for Camborne and Redruth (George Eustice), spoke about the 54% of discards for which there is no market. The project seeks to find markets, which is extremely important.

In the few minutes remaining, I shall turn to some of the points that have been made this afternoon. My hon. Friend the Member for Richmond Park made a very good speech in introducing the debate, and he mentioned the importance of a regionalised approach, which is absolutely key. In discussing ecosystems, we are talking about a sea basin approach—in some cases it is more local—in which we can manage fish. People talk about an abundance of fish at certain times of the year, but they may not be abundant if there is not co-ordinated action, which is why an ecosystem-based approach is important.

The hon. Member for Great Grimsby (Austin Mitchell) made a familiar speech, and the points that he made were eloquently countered by the hon. Member for Brent North (Barry Gardiner) and by my hon. Friends. I pay particular tribute, as I did this morning, to my hon. Friend the Member for South East Cornwall (Sheryll Murray), who made a courageous and powerful speech. I give her this absolute, determined pledge. I want the Marine and Coastal Access Act 2009 to be a beacon of how to do marine conservation. I want people around the world to come and see how we do things in this country. I am grateful for the commitment that fishers, all users of the marine environment and everyone who cares about it have shown in operating through that bottom-up approach.

I am not saying that everyone is going to be happy, but I will work night and day to make sure that what we achieve recognises the importance of socio-economic activities—there could be unintended consequences if we do not do so—and the fact that if fishing is displaced to other areas it could be damaging. I am therefore determined to make this work. I want to make absolutely certain that we do not lose our derogation, and my understanding from the Commission is that that will not happen.

I place huge weight on our under-10 metre consultation. I am passionate about the fact that the inshore fleet does a great deal for coastal communities and social life in coastal Britain, and I want it to have a sustainable future. Sustainability is as important for fish stocks as it is for jobs onshore, and I will work hard to make sure that our proposals are workable.

I pay tribute to the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), who made a thoughtful contribution. I shall grasp his thread of optimism, as I like what he said about multi-annual plans. I want to be the last Minister who has to go through that ridiculous charade every December in which we sit through the night negotiating. I am delighted that we achieved a relatively good result last December and that the Government, working with the devolved Governments, argued on the basis of sustainability on every occasion. However, it is an absurd system. Multi-annual plans take power away from politicians, which is why some countries do not want to lose the present system—they like the patronage it gives them. I want to work on multi-annual plans and end the horse trading that we have to go through.

I am conscious of time, so I shall pay tribute to the contribution of my hon. Friend the Member for Sherwood (Mr Spencer), whom I refer to the WWF/Industry Alliance, which builds on the Fish Fight campaign by taking the fight to my fellow Ministers in Europe, knocking on their door and saying that it wants change.

The hon. Member for Southampton, Test (Dr Whitehead) also made a good speech. I refer him to the work of the Princes international sustainability fund, which currently values the north Atlantic tuna fishery at $70 million. If it was fished sustainably, it would be valued at $310 million, a massive increase. It is only by understanding that kind of difference in valuing our fish, rather than valuing them dead as we do at the moment, and valuing the potential social and economic impact that we will bring about that huge benefit. I pay tribute to my hon. Friend the Member for St Ives (Andrew George) for mentioning the Trevose box. He is right to point out that fishermen do so much to address sustainability themselves.

I want to give my hon. Friend the Member for Richmond Park a few minutes to respond to the debate and so will conclude my remarks. The Government share the priorities expressed by the motion. I can reassure the House that those will remain at the heart of our thinking as we press strongly for a reformed CFP and continue to address discarding in the UK fleet. I am fully behind the intentions of the motion, although I am not sure that it reflects the full scope of the

[Richard Benyon]

Government's ambitions for CFP reform. We have an intensive diplomatic effort ahead to negotiate the reform we need, and we must get the detailed measures right, including those on discards. We can do that only by working with our fishing industry to develop effective measures. I welcome the tabling of the motion and the spotlight that the Fish Fight campaign has shone on the current CFP's failings at a time when we have a once-in-a-decade opportunity to overcome them.

5.56 pm

Zac Goldsmith: I start by again thanking the Backbench Business Committee for making this debate possible. We have heard some superb contributions from Members across the House, and every speech added something unique, which was very important. I also want to thank the shadow Minister and the Minister for their supportive comments and for staying throughout the entire debate, taking notes furiously and responding to the various points that were made. That is not always the case in such debates, so I appreciate it.

I wish to offer particular thanks to the Fish Fight campaign, which was mentioned again and again throughout the debate. There is a direct link between its campaign outside Parliament and this motion in Parliament. It is a perfect example of hundreds of thousands of people mobilising their representatives in Parliament and moving an issue that not many people find interesting to the top of the political agenda, for now at least. I pay tribute to those campaigners, who have done a superb job. The debate probably would not be happening, and certainly not with such a motion, without their involvement.

The motion is ambitious. I will not repeat all the arguments used at the beginning of the debate because I will run out of time, and kill the motion myself in doing so. If it is passed with the support of the House, which I think it will be, we will see an absolute commitment to ending discards and a new regulatory regime that recognises the difference between small, traditional fishermen and their industrial competitors. Crucially, we will see the beginning of a process in which we will regain control over those crucial 12 sovereign miles. In my view, nothing is possible without that. It is a central part of the motion. I once again thank the House and the Backbench Business Committee.

Mr Deputy Speaker (Mr Nigel Evans): Does the hon. Member for Banff and Buchan (Dr Whiteford) wish to move her amendments? No? We shall therefore decide on the motion before the House.

Question put and agreed to.

Resolved,

That this House welcomes the Fish Fight campaign; and calls on the Government to vote against proposed reforms of the EU Common Fisheries Policy unless they implement an ecosystems-based approach to fisheries management, end discards in relation to all fish and shellfish with derogation only for species proven to have a high survival rate on discarding, require that all fish and shellfish are harvested at sustainable levels by 2015, ensure the involvement of fishers and other stakeholders in decision-making processes and enable the UK to introduce higher standards of management and conservation in respect of all vessels fishing within its territorial waters, taking into particular account vessel size and environmental impact.

Business Support (Lancaster and Fleetwood)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

5.58 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I am grateful for the opportunity to talk about my constituency. It is always a pleasure and an opportunity to give Ministers more information about the needs of the area, as I am sure it is a pleasure for them to hear it. I want to focus on the experiences and needs of businesses there, and say a little about the economic development that is also needed.

By way of background, Fleetwood is an old fishing port that is celebrating its 175th anniversary this year; I am almost repeating what I said in the previous debate. The fishing fleet has seriously declined over the past few decades, to the point that, although a few dozen fishing boats are registered at Fleetwood, only three boats actually now fish from the site. Until recently, Stena Lines ran a ferry route from Fleetwood to Larne in Northern Ireland; it withdrew the route back in December.

Fish processing is the main industry, and the internationally famous Fisherman's Friend is also a large employer. Transport links are poor, however. According to the Association of Train Operators, Fleetwood is part of one of the largest urban areas in the country without a direct rail link, something that I raised—

6 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

Eric Ollerenshaw: I raised the issue of a direct rail link in a Westminster Hall debate a couple of weeks ago, and the only other transport link is a single-lane road, the A585, from the motorway. The overriding story, as everyone in Fleetwood will say, is that the town has suffered significantly in recent years, largely as the use of the port has declined.

Lancaster, at the other extreme of the constituency, is also an old port city, and it has a great heritage. Its medieval castle includes the only example left in England of anything that was built by John of Gaunt, and its tourist potential is strong. Lancaster university is ranked in the top 10 by *The Times*, it has a large campus and its research is driving many business developments in the area. What Lancaster lacks is a large modern department store, meaning that its retail business pales in comparison with places such as Preston, which is increasingly taking business away. I hope that a proposed development, known as Centros, will resolve that in the next few years, so long as English Heritage can overcome some points of detail which have held up the project.

We also have a large rural area, with small hill farms and various other businesses established around the city boundaries, but again there is a problem with a lack of rural broadband, particularly in the hills surrounding Lancaster, so the question is: how do we help business and the private sector in Lancaster and Fleetwood to grow?

Much of what is needed is the same as what businesses need all over the country, and I will start with the generic, throw in some local examples and then move on to some more constituency concerns. The outcome of Project Merlin, to get the banks to lend more—an extra £11 billion this year compared with 2010—is obviously welcome, but perhaps one of the biggest complaints that I still receive, from small businesses especially, is that they continue to struggle to secure finance from the banks, whether new capital or just an overdraft extension. In many cases there is simply a lack of good customer service, with bank managers and decision makers not being available.

For example, Mr Iain Bailey, a small businessman based in Lancaster, says that he still struggles to engage productively with his bank when he needs to; that

"many businesses feel banks have left us all adrift";

and that it is simply

"up to the businesses themselves to sort things out!"

My local chamber of commerce, Lancaster chamber of commerce, in its most recent members survey on finance and banking, received a number of disconcerting comments. Here are just a few examples from individual businesses in Lancaster. One said:

"Our bank is very unhelpful at the moment and have no leeway and appear to be too inflexible."

Another business person said:

"I was refused a formal overdraft increase but allowed excess at punitive cost."

A further business noted:

"Even though we had a business account with our bank for over 25 years they refused to even give us an answer when we applied for a loan."

And finally, one more business explained:

"I asked to increase my overdraft to help ease cash flow but our bank forced us to reduce it by £10,000 instead!"

It is clear that in some cases the banks are still not living up to their end of the bargain, so perhaps the Minister will let me know where we are on bank lending, and whether there is any mechanism that will allow businesses, or perhaps MPs acting on their behalf, to report ongoing problems for his Department to follow up.

I welcome the end of the Northwest Regional Development Agency, and the new local enterprise partnership structure should lead to more targeted, specific and relevant assistance for places such as Lancaster and Fleetwood. One problem with the Northwest Regional Development Agency involved the fact that, for many of us in the region, the view rapidly developed that the north-west began and ended in Manchester and on Merseyside. Sadly, I will have to return to that theme later, but if I do nothing else today I hope to make it clear to the Minister that that is definitely not the case.

I also think that the new local enterprise partnership—LEP—structures can lead to more direct input from local businesses, and that can only be good for ensuring that schemes are of real practical value. In Lancashire we have taken slightly longer than some other places to get our LEP agreed, but I thank the Minister's Department for its help in finally enabling us to bring the various parts of Lancashire together. I put on record my personal thanks to the right hon. Member for Blackburn (Mr Straw) for his efforts in trying to ensure that Lancashire finally got a Lancashire-wide LEP.

However, in the interim period local businesses are very uncertain about how the new regime will work. The Lancaster chamber of commerce—and it is not alone—says that it needs more clarification on what support there will be, who will deliver it, and how to access it. Once Business Link regional services close, people wonder what vehicle will be used to keep businesses informed of what support is available. They need to know more about the mechanisms that will be available to support and encourage new businesses, to assist potential high-growth businesses and to encourage business development in areas of deprivation, and about how the interrelations between the various councils, regenerations and Government bodies is to develop. There is still work to be done, especially as our LEP has only just started to be set up. I urge the Minister to ensure that there is as much communication as possible with local businesses, and particularly local chambers of commerce, over the next few months so that the various communities can begin to plan properly for the future.

According to the Library, 42.2% of the population of Lancaster and Fleetwood is employed in the public sector—the 37th highest proportion in the UK. As cuts are made to public spending, the Government's agenda for growth in the private sector will be disproportionately important in constituencies such as mine, and I want to ensure that we get our fair share of resources and that all that can be done to encourage private sector growth in my area is done.

The regional growth fund is a big opportunity for businesses, an opportunity for individual companies, and a help in regenerating the whole area. In the north-west we have welcomed the Government's recognition of the distinction between the south-east and the east and the rest of the country, and the fact that the regional growth fund's priority is our kind of area. The first round of successful regional growth fund bids lists an impressive number of jobs that the supported first round schemes will help to create or maintain in the wider north-west.

However, my concern about the first-round process is that a lot of the criteria are determined by European subsidy rules, which in effect means that support for large companies can be offered only to particularly low-employment or deprived parts of the country. Assisted areas in the north-west include Liverpool, St Helens and parts of Manchester. The other parts of the north-west are missing. For example, a major manufacturer based in Lancaster that employs 150 people wanted to expand, and was looking into the possibility of bidding for regional growth fund money to do so. It was determined that it could provide 50% more jobs through its expansion. However, its turnover was above the threshold for assistance outside the special assisted areas, and it was effectively hamstrung in terms of accessing regional growth fund money. I remind the Minister that this is about the possibility of new jobs.

Those rules have thus resulted in most of the resources of the first round regional growth fund bids going to big city areas such as Manchester and Liverpool—precisely the situation that I had hoped the break up of the RDAs was going to help to avoid. We accept that this will help my constituents, many of whom either already commute to Manchester each day or would be prepared to do so. However, I hope that phase 2 of the bidding process will include more support for north-west companies

[Eric Ollerenshaw]

outside Manchester and Liverpool—companies that can show that they can provide the extra jobs and growth that I understood were this Government's priority.

Perhaps that would be more likely to happen if more bids were accepted from small and medium-sized enterprises, but the return on investment required for a successful regional growth fund bid has in some ways limited applications from that sector. SMEs often do not have the resources to compile the data required for entering into the bidding process—at least not on their own—and so we come back to support for businesses in terms of information and guidance to help them through the bidding process.

That brings me on to the related subject of enterprise zones. I broadly welcome the Government's creation of enterprise zones. They have the potential to bring much-needed investment into areas that need jobs and regeneration. They also have a key role to play in closing the north-south divide and rebalancing the economy, which is a major aim of the Government. Of the 11 zones that have been announced, the two in the north-west are in—you've guessed it—Manchester and Liverpool. Although I welcome those zones because they will drag business northwards and create hubs of industry that neighbouring areas can feed off, I am concerned that, yet again, it is the big cities of the north-west that will get the immediate benefit. I hope that more original locations will emerge when the remaining 10 enterprise zones are allocated, possibly helping areas further north than Manchester. An enterprise zone on the Fylde coast, for example, would be welcome, because it would help to provide jobs not only for my constituents in Fleetwood, but in the wider areas of Blackpool and Fylde, as well as providing new business orders for local businesses.

Transport infrastructure is also necessary for businesses to thrive. The coalition has done well in that area so far. After years of underinvestment in our transport network under Labour, in just one year there has been a lot of good news for the north-west, and for my constituents in particular. The renewal of the west coast franchise offers extra capacity for the overcrowded rail services on that route. In the longer term, High Speed 2 offers more capacity, speed and choice for journeys to London and, ultimately, Scotland. It might also open a direct link to Heathrow and the channel tunnel.

Iain Stewart (Milton Keynes South) (Con): As usual, my hon. Friend is making a passionate case for his business community. He makes an important point about high-speed rail. Is he aware that evidence from other countries shows that the success of a high-speed line often depends on the degree of connectivity to the termini of those lines from areas such as his? We should do all we can to encourage businesses to make their voices heard in the current high-speed rail consultation.

Eric Ollerenshaw: My hon. Friend makes a significant point. High Speed 2 is critical to the north-west and to Yorkshire. We should talk about it as a line that will go from London to Manchester and from London to Leeds, and eventually from London to Glasgow and from London to Edinburgh. As hon. Members may know, I have said in other places that I do not see why we do not start building south from Glasgow and Edinburgh now, while the areas around London argue about where their terminus will be. The point is clear: High Speed 2 is vital in the long term for business in my area, and in my constituency in particular.

The other helpful development is the proposed northern hub, which will allow faster and more frequent services between the cities of the north and bring an estimated £4 billion of benefits to the region. That will be good for business and for job creation. In particular, the electrification of the line from Preston to Blackpool will be a major help to the growth of business in my area.

I am also pleased that the Department for Transport has finally agreed that the M6 to Heysham link road should go ahead. It has been on the drawing board for 50-odd years. When it is finally built, it should lead to better communication to the port of Heysham, which will help businesses and attract new businesses on both the Morecambe and Lancaster sides of the River Lune, and along the M6 corridor.

David Morris (Morecambe and Lunesdale) (Con): Does my hon. Friend agree that the new link road will create pockets of investment in my constituency and in his constituency next door?

Eric Ollerenshaw: Absolutely. I thank my hon. Friend for his support in working with the chamber of commerce, the county council and Ministers to help them see the importance of that scheme, which promises much for business.

The transport links to Fleetwood remain poor. I have raised with Ministers the fact that although there is about four and a half or five miles of railway line in Fleetwood, unfortunately there are no trains on it. There is a plan, with the support of the council, to get that development, which needs capital of about £6 million. I will come back to those figures in a minute.

My last general point is that I fully support the plans to reduce the amount of red tape that businesses have to fight through. We need economic growth, and it is only right that we should make it as easy as possible for businesses and entrepreneurs to start up companies and create the jobs that are so badly needed. That is the greatest area in which businesses have asked me for support and talked about their hopes from the coalition.

The Government's war on red tape—the red tape challenge, I think it has been branded—is welcomed by all businesses. I know that many previous Governments have talked the talk, but I hope this Administration will finally walk the walk. I am particularly hopeful of that because I know that the Minister has that type of background and has personal experience. I am sure that he will put his full weight behind the deregulation drive.

Those are the general issues, but I also wish to mention one or two specific local examples to demonstrate the problems. The first is that of a company called Nitratec, which is based in Fleetwood and supplies trucks and trailers both new and used for the UK and export markets. It asked me to visit last year. It was having a particular problem in getting help to access export markets, particularly in some less usual export destinations. For instance, it was keen to grow into Africa and Kurdistan. As it happened, I was able to put it on to the British embassy in Iraq via a couple of contacts, and I understand that that side of things is

now going well. The lesson is that perhaps we could still be doing more to help companies understand where they can go to get assistance if they want to export goods or services. In that instance, it was just a fluke that I had contacts in the particular area where the company wanted to develop, but why should a business that has such potential have to rely on the chance nature of its MP's contacts?

Increasing exports is, of course, a major policy plank for the UK. I note that only yesterday, the Foreign Secretary told the House that if we could increase the number of small and medium-sized enterprise exporters in this country from one in five to the EU average of one in four, the extra exports from Britain would more than cancel out the trade deficits that we have experienced in recent years. I hope that more can be done to help companies get on the right track.

I shall give another example. Paul Banks is a constituent of mine who has a start-up business in Lancaster called Image Alchemy. It is highly innovative, as I saw when I visited him a couple of months ago. His potential for further growth is extremely high, and Lancaster university's environment centre has recently "adopted" him, marking his business out as worthy of support. His new prototype system was an immediate hit at a recent German trade fair and a fair at the national exhibition centre in Birmingham, and order inquiries came pouring in. To get the system to production he needs to get finance, which could mean the immediate creation of five new jobs in the community.

Mr Banks has funded the new product with his own money, but he has struggled to access local and EU funding designed to help expand small start-ups such as his. The bureaucracy that he has encountered in seeking a small five-figure sum has bogged him down with repetitive form-filling, but the rewards if his expansion can be aided are potentially huge. The key point that I wish to underline is the small sum needed to get the company launched. We need to make it easier for such businesses to find funding, especially when the sums needed are so small.

Another example is a scheme called the fish park in Fleetwood. One of the plans for the regeneration of Fleetwood was to develop a sea and shellfish processing park, providing a new unit for the already resident company AM Seafoods and various other units for some 20 SMEs. The industry is already worth some £135 million and 660 jobs to the local economy, but the enhancement and modern premises could mean the addition of 150 new jobs in a town that needs private sector growth.

A partnership between Wyre borough council, Lancashire county council and AM Seafoods is in place, and the plan is to split the costs 50:50 between the private and public sector. The public sector amount required is £6 million. The point that I am trying to make is that the sums needed in areas outside the major areas of deprivation are quite small, but the resulting employment would be quite large. In my postbag and my surgeries, virtually every fortnight I hear of a new business, whether small or large—although the businesses in my area are not huge—that has the same problem. Through innovation or expanding on existing orders, they could provide the extra jobs that the economy needs, but at the moment there seems no way for them to get assistance with that growth, and certainly not from the banks.

I need to give the Minister time to reply. I should like him to reconsider regional stock exchanges, and I should like him to consider enterprise zones being part and parcel of every university campus, to enable universities to develop innovation. Most of all, I look for some assistance from the Government, or for them to put pressure on banks to provide that much-needed assistance, so that we get the growth we need.

6.19 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I am extremely grateful for the chance to respond to this debate, and I congratulate my hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) on securing it. My last dealings with Fleetwood directly were around a decade ago, when, as shadow fisheries Minister, I visited that splendid town and stayed at the North Euston hotel, which is, of course, part of the Mount, which is perhaps the jewel in the crown—if I might put it that way—of Fleetwood.

How appropriate that we should today have this Adjournment debate following a debate on fishing, which forms such an important part of Fleetwood's history. As I recall from my time as shadow fisheries Minister and from information I have gained somewhat later, 1,000 people are still employed in that industry, mostly in fish processing. As my hon. Friend said in his excellent speech, many more people are, I suspect, employed producing Fishermen's Friends, which I understand are particularly popular in Japan.

John Ruskin said that the first test of a truly great man is his humility. I do not aspire to be a truly great man, but I do aspire to humility, and I should say at the outset that I could never know as much as my hon. Friend about his constituency, nor speak with the passion about it that he has demonstrated today. He comes to the House with a long and proud history in local government, and already, he has brought an energy, enthusiasm, commitment and, if I may say, an expertise to his dealings in this place as the representative of his splendid constituency.

I shall try to respond to as many of the points that my hon. Friend raised as I can, although he will appreciate that time is short. He knows how deeply the Government are committed to encouraging renewed economic growth and the new jobs and businesses that will spring from that, and I draw his attention to the work done leading up to today and the announcement on youth employment made this afternoon by the Prime Minister and Deputy Prime Minister, with which I was pleased to be involved. They announced new policies for encouraging more apprenticeships, which is a subject dear to my heart, and for work placements and experience as a means of moving people from economic disengagement to engagement.

That will resonate in Fleetwood, as my hon. Friend suggests, but ensuring that we take advantage of the capital that lies, sometimes unused, among those who are currently disengaged, is a challenge for the whole country. The investment infrastructure to which he drew attention also means investing in human infrastructure. That is a central pillar of the Government's macro-economic plans. It would be impossible to recalibrate the economy to make it more sustainable if we did not make that kind of investment, as he properly said.

[Mr John Hayes]

Just as the Government have been honest with the British people about the scale of the deficit and its implications, we must now accept that the struggle for growth will not be without its setbacks. For example, I was particularly saddened to hear from my hon. Friend of Stena Line's recent decision to close its service between Fleetwood and Larne, although I understand that the service operated at a loss for some time.

Having said that, just as we accept bad news, we should celebrate good news—better tidings, if I can put it that way. Only the other day, I was heartened to read in the *Blackpool Gazette*, which is always on my bedside table, as one might imagine, that my hon. Friend had formally opened the delightfully named Strawberry Gardens pub in Fleetwood. I gather that that is the first pub to be opened by the new and even more inventively titled Fuzzy Duck brewery, which has been set up in his constituency. I can assure him of my best wishes for their success.

The creation of a small business such as that one illustrates a fundamentally important point, as my hon. Friend said, for small businesses are the bedrock of our economy. Businesses in Lancaster and Fleetwood are primarily small and medium-sized enterprises, and the issues they face are typical of those experienced by companies across the country over the past few years. SMEs account for more than 99% of private businesses, and about half of all jobs. I do not need to tell you that, Mr Deputy Speaker, given your background and your commitment to that sector based on personal and family experience.

As my hon. Friend suggested, I, too, have a background in business, having been a businessman in the IT industry before coming to this place. I fully appreciate his points about regulation and tax, and in particular about the need to invest in small businesses—and, for that reason, the importance of banks getting behind those businesses, to allow them to form and to grow.

What, he might ask, are we doing to help with all that? Well, we will enable better access to both debt and equity finance. We will ensure that we have a predictable tax system that rewards endeavour. We will also reduce red tape and ensure that the support that we provide SMEs is delivered in the most effective and efficient way possible. I hope to return to one or two of those points in more detail, but I want to emphasise access to finance in particular, as that was a central part of my hon. Friend's speech. As he said, the flow of credit to viable SMEs is essential for supporting growth; and indeed, that is the core priority for this Government. We recognise the problems faced by small firms that do not have adequate security to obtain finance. That is why we have decided to continue the enterprise finance guarantee until 2015, to unlock up to £2 billion of additional lending to SMEs. The latest figures show that 18 businesses in my hon. Friend's constituency have so far been offered and have drawn down EFG-backed loans worth over £2 million.

The EFG scheme is of course intended to complement rather than replace mainstream bank lending. This Government have made considerable efforts to get the banks to meet the demand for credit from viable SMEs. Under the Project Merlin agreement, the banks have committed to make available £190 billion of new credit in 2011, of which £76 billion will be for SMEs—a 15% increase on the £66 billion lent in 2010. Clearly Banks still need to make commercial decisions, and it is not for the Government to intervene in these. In view of that, I would encourage any businesses having difficulties with their bank to continue to engage with the bank to try to resolve the issue.

My hon. Friend also made the important point that we need an independent review of such matters when things do not go right; and indeed, an independent reviewer has been appointed to monitor the banks' appeal processes. He will publish an annual report on the effectiveness of those processes. The appeal process that we have set up is sensitive to the very sound points that my hon. Friend made. He can feel absolutely assured that this Minister, in this Department, along with my hon. Friends, will ensure that small businesses get the backing that they need and deserve.

My hon. Friend also talked about business mentors and advice. It is critical that we establish a network of experienced business mentors offering practical advice to existing businesses and people who want to start a business. We are setting up a new business coaching for growth programme to enable new small businesses with high growth potential to realise that potential. We are also refocusing the Solutions for Business range of products, so that they are better focused on helping firms grow.

We are also establishing local enterprise partnerships. We expect the new LEPs to be able to provide help to small firms, both with advice and by bringing together useful partnerships that will allow the sharing of good practice across the private and public sectors. That increased coherence will help my hon. Friend's constituency, as it will others, in the ways that he requested. As set out in the White Paper, local enterprise partnerships will play diverse roles, reflecting the differing local priorities in different areas. These will include ensuring that both planning and infrastructure investment support business needs, and working with Government to support enterprise, innovation, global trade and inward investment. He will also know that we announced 11 enterprise zones in the Budget. They will be hosted by LEPs and will bring together a wide range of tools and incentives in an unashamedly pro-growth way, giving power back to local communities and businesses.

My hon. Friend has done a service to this House in highlighting the important issues facing his constituency. They reflect those facing constituencies up and down this country. He can be assured that this is a Government who are pro-business, pro-enterprise, pro-growth, pro his constituency and pro-him.

Question put and agreed to.

6.29 pm

House adjourned.

House of Commons

Friday 13 May 2011

The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163), and negatived.

Regulatory Authorities (Level of Charges) Bill

Second Reading

9.34 am

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the Bill be now read a Second time.

This is a short Bill but an important one because it raises an issue that affects everyone in the country: the level of regulatory charges imposed on them. I think it was the Minister for the Cabinet Office and Paymaster General who coined the phrase "stealth taxes". He did so more than 10 years ago, but it is still a highly relevant term, because when public sector organisations increase their fees and charges, they are essentially imposing additional taxes on the populace.

While I was looking into possible subjects on which to introduce Bills during this Session, I had some very unsatisfactory correspondence with the Care Quality Commission about the price it was charging for the registration of a children's hospice in Dorset called Julia's House. At that stage, Julia's House had three residents rooms but it wanted to add a further room, and the CQC said it would have to pay a substantial additional fee of thousands of pounds. The hospice chairman wrote to me saying he thought that was unsatisfactory as the hospice is, after all, a charity and all its costs are covered by charitable donations, which in this instance were, effectively, going into the proxy coffers of the Government by way of a regulatory burden.

Following that, the CQC conducted a consultation on its level of charges in general. I will refer later to some of the conclusions to be drawn from that, but it is clear that the CQC is intent on increasing the burden of charges well above the rate of inflation from year to year, partly to meet the Treasury requirement that it should cover its costs by raising charges. We know, however, that it is possible for organisations to reduce their costs, although that option is very often not taken by regulatory authorities. Fortunately, the BBC is now being forced to reduce its costs because the Government have said the licence fee cannot be increased.

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I wonder whether my hon. Friend might dwell a little further on this point and give us a little more detail because, contrary to what he has said, there are cases in which the introduction of a moderate and measured regulation may allow for other regulations to be lifted. That balance lies at the heart of the Bill and our consideration of it.

Mr Chope: I note what my hon. Friend says, and he will, no doubt, be able to give us some examples of where he thinks the overall burden of regulation has been reduced as a result of introducing new regulations. I look forward to hearing some of those examples.

Mr Hayes *rose—*

Mr Chope: Perhaps my hon. Friend will give an example now.

Mr Hayes: Yes I will, as I want to inform my hon. Friend's contribution as well as I possibly can. There is a strong argument that the introduction of professional standards, and therefore some measure of quality, into certain parts of the economy may allow for the reduction of other regulations that are currently in place precisely because those professional standards are absent.

Mr Chope: That is a rather general example, if I may say so. Perhaps when my hon. Friend comes to respond to the debate he will address a specific profession, such as dentistry. Dentists are already regulated by their professional body. They are also regulated under health and safety legislation and so forth, but the CQC is now insisting that it too should regulate them. It is going to cost dentists a minimum of £800 a year, I think, to register with the CQC. I hope that the Minister will in due course explain what added value will come from that, as there is an enormous amount of scepticism about whether it will lead to any improvement in the quality of dentistry in this country. When one looks at the CQC report, one finds that the income from the regulatory fees for dentists will far exceed the amount that will be spent on regulating dentists. That is a good example of what I am describing as a "stealth tax" or an "additional regulatory burden".

Mr Greg Knight (East Yorkshire) (Con): May I gently chide my hon. Friend? It is open to someone who has a Bill before this House to provide explanatory notes to assist the House in considering the Bill. I understand from the Vote Office that he has not done so and perhaps he could tell the House why. It would have been helpful had he gone to the extra effort of providing those notes. Because he has not done so and because he has gone on about the Care Quality Commission, may I ask whether he intends the definition of "regulatory authority" in his Bill to encompass local authorities?

Mr Chope: The short answer is that I do not intend that definition to cover local authorities. On the lack of explanatory notes, my right hon. Friend is a lawyer of considerable repute and he is capable of reading a two-clause Bill just as well as anybody else. This is not a complicated 100-page, six or 10 schedule Bill. We know that you, Mr Speaker, are saying that we must ensure we get good value for money, and we want to reduce our costs, so I thought it would be an unnecessary burden and an additional cost to have explanatory notes for something that is self-explanatory. I hope, in due course,

[Mr Chope]

to take my right hon. Friend through the terms of this short Bill, so that if he has any doubts, he can ask questions in interventions and so on. Perhaps I shall do so now, as I am being prompted.

Clause 1 refers to:

"No regulatory authority carrying out functions in England",

so the Bill extends only to England. Although we have to say that it applies to England and Wales, it will apply only to England.

Mr Knight: Clause 1(1) begins:

"No regulatory authority carrying out functions in England on behalf of a Minister of the Crown".

My hon. Friend says that that is what the Bill is to cover and that he does not intend it to cover local authorities, yet I understand that the analysis of whether a property which is not connected to the water mains is receiving water of an adequate quality is carried out by the local authority, which is undertaking that duty on behalf of a Minister of the Crown, so surely his definition might include local authorities in some circumstances.

Mr Chope: My right hon. Friend may well be right. It may well be that there are certain circumstances in which local authorities are undertaking a responsibility given to them by the Crown and so this Bill would apply to them, but it is not intended to cut across the discretion of local authorities to set their own fees and charges for the services they provide. That would be contrary to the principles of localism, which are supported so widely across the House now.

Clause 1 states:

"No regulatory authority carrying out functions in England on behalf of a Minister of the Crown may increase, over any given period of time, the fees charged in respect of any of its services by more than the rate of inflation, measured by the Consumer Prices Index, over that given period of time."

Recently, these charges have been increasing very much above the rate of inflation, and I shall give the House some examples.

Anyone who wishes to travel abroad must have a passport, so one can hardly describe this as an optional extra for most citizens. In 1997, a 10-year renewal for an adult passport cost £17.50 but in 2009 the cost had increased to £77.50, which is almost a fourfold increase in real terms in 12 years. Why? Is such an increase not rather unfair, given that everybody needs a passport and especially given that children now have to have their own passports and cannot travel on their parents' passports? How can such an increase be justified? Clause 1 would make it impossible for the Passport and Records Agency to increase its fees above the rate of inflation over a given period of time without getting specific authority so to do.

Stephen McPartland (Stevenage) (Con): I had the great pleasure of working for the passport office to fund my way through university. While I was there, just pre-1997, it was outsourced to Siemens Business Services, and this was one of the reasons why the costs became so large so quickly. A failed IT project from a previous Government was involved.

Mr Chope: My hon. Friend makes a very important point. Why should the users of passports be paying for this manifest failure of Siemens Business Services? That really does make the cost a stealth tax. Who knows, when applying for a passport renewal, that a significant part of the cost is actually to pay Siemens Business Services for an inadequate IT system? Having said all that, in 1997 the cost was £17.50, by 2002 it had increased to £33—by then the Siemens issue should probably have been sorted out—and it then increased to £77.50 in 2009, so I am not sure that my hon. Friend has the complete answer. However, what he says is interesting because it shows how these bodies are tempted to pass costs on to the users of their services, no matter how unreasonably those costs may have been incurred.

Another example involves the Driver and Vehicle Licensing Agency and the Driving Standards Agency. In 2006, the application fee for the UK driving test was £21, but by 2011 it had risen to £31. The fee for a UK driving test practical on a week day increased from £48.50 in 2008 to £62 in 2011. My right hon. Friend the Member for East Yorkshire (Mr Knight) has a great interest in this subject, but I wonder whether he knows the answer to the following quiz question: who was the first person to pass his driving test? If he does not know, I can tell him and the House. The first person to do so was Mr J Beene in 1935, and he had to pay 7/6d in old money, which is the equivalent of 37.5p now. These examples just show how these regulatory costs have risen over the years and how they continue to rise.

Other examples include the significant costs imposed for immigration settlement fees. A lot of cross-subsidy takes place within those and so in the current year the cost faced by a parent or grandparent of someone who has already settled in this country is £1,814, which is a significant fee for that application. You may recall, Mr Speaker, that there was a lively exchange of views a couple of years ago when the issue of fishing licences from the Environment Agency came before the House. Those licences produce a yield of £23 million for the Environment Agency, and my hon. Friend the Member for North Herefordshire (Bill Wiggin) raised his concern, and that of others, that the EA had arbitrarily increased by 37% the cost of concessionary rod licences for pensioners and disabled anglers. Why was that done? It was done to help the Environment Agency make a larger profit at the expense of the users of those licences. That is another example of a case that would be covered by the Bill, because if the Environment Agency wanted to increase its charges above the rate of inflation, it would have to get specific authority so to do.

At the moment, there is a proposal from the Police Federation that the cost of a shotgun licence should be increased by some 400%. Again, what could be the justification for that? Surely it is an abuse of the system.

Mr David Nuttall (Bury North) (Con): Does my hon. Friend agree that such extortionate increases are in fact likely to lead many people to give up licensing their shotguns altogether, which will mean that the police will have to deal with many people holding unlicensed shotguns?

Mr Chope: I think that that would be a danger were the increase in fees to go ahead. A similar danger arises in the case of 17-year-olds seeking their first provisional driving licence. Is it reasonable that they should have

to pay a very large fee for that? That fee might be a deterrent to their getting a licence and they might choose—unlawfully, obviously—to drive without a licence. That was a challenge I faced when I was the Minister for Roads and Traffic because in order to keep down the cost of entry into driving for someone obtaining a provisional licence and in order to make ends meet, it was necessary to introduce a modest charge for people who wanted to renew their licence at the age of 70.

There was a big debate in the Government at the time, egged on by a false leader in *The Sunday Telegraph*, and the proposal to charge a modest fee for 70-year-olds when they renewed their licences was regarded as a tax on pensioners. Nobody really understood the point that my hon. Friend the Member for Bury North (Mr Nuttall) is making, which is that to increase the costs for the person seeking to get his first provisional licence would be a potential deterrent for that person. I have raised a similar issue in the context of the very high rates of insurance costs and the Government's policy of having increases in insurance premium tax that bear directly and disproportionately on the costs for young drivers who want insurance. My hon. Friend therefore makes some very good points.

A constant problem is: if we have regulators, who will regulate them? That is essentially what the Bill is about. It challenges the Government in a time when money is tight and when we are told that family incomes will fall over the next two or three years. The Government are imposing quite tight targets on many Government Departments, but would it be fair if those Departments responded by increasing the fees and charges they impose on the tax-paying public by more than the rate of inflation? I do not think it would.

Mr Hayes: I am interested in that assertion. Of course my hon. Friend will know that the Government are sympathetic to the thrust of what he is saying. We understand that regulation is a significant issue for businesses of all types, but I wonder whether the debate about regulation is too often seen in quantitative rather than qualitative terms. My hon. Friend has made a case about the volume of legislation in respect of regulation and I wonder whether he could expand on the quality issue. When regulation is justified, how should it be devised and implemented?

Mr Chope: My Bill deals with the cost of regulation rather than the wider issues of regulation that have been raised in, for example, Lord Young's report. I have a number of other Bills before the House that cover various aspects of Lord Young's recommendations.

My concern is that it is too easy for the regulatory authorities to say that they have to increase their charges because they have to carry out more activities. That is what they do. My hon. Friend will know this better than anybody, because he probably has the coalition's programme for government on his bedside table, but that document talks about reducing the burden of regulation:

> "We will cut red tape by introducing a 'one-in, one-out' rule whereby no new regulation is brought in without other regulation being cut by a greater amount"

and:

> "We will end the culture of 'tick-box' regulation, and instead target inspections on high-risk organisations through co-regulation and improving professional standards."

I am unsure how what the Care Quality Commission has done to dentists fits in with the second paragraph on business in "The Coalition: our programme for government". Perhaps all will be revealed when my hon. Friend the Minister responds to the debate.

Mr Hayes: For the record, because it is important to be accurate about these things, I do not have that document on my bedside table. I have the collected works of Ezra Pound and a selected number of my own speeches.

Mr Speaker: Order. I am grateful. No debate would be complete without the legendary literary references of the hon. Member for South Holland and The Deepings (Mr Hayes), but I know that the hon. Member for Christchurch (Mr Chope) will not be tempted away from the path of virtue, whatever the enticements of the Minister.

Mr Chope: We now know where my hon. Friend the Minister gets all these references from, but that is another story.

Let me give an example of a good regulator. Some of us had the privilege of listening to Colette Bowe from Ofcom earlier in the week. She said that Ofcom had been asked by the Government to reduce its costs by some 25%. It has already reduced its costs by more than 20% and it has not increased the costs of regulation but reduced the size of the organisation so that it acts more proportionately. There is a message there for many other regulators whose minds are not concentrated sufficiently because they have the option of always being able to increase their charges. That is why I have these provisions in the Bill.

The Bill does not say that regulators can never increase their charges, but clause 1(2) states:

> "No regulatory authority shall introduce a charge in respect of a service currently provided free of charge in England unless a report has been laid before Parliament setting out the reasons for the introduction of the charge and that report has been approved by a resolution of each House of Parliament."

Other colleagues will have different examples, but at the moment the Department for Transport is actively considering charging owners of vehicles a registration fee just for having a vehicle in their ownership. The statutory off road notification, which is a means whereby an owner can keep a car off the main road without incurring a fee, will be changed and the owner will have to pay the fee that is being introduced, even if they are keeping the car off the main road and not using it on the highway. That would be an additional new charge. Would it be reasonable? I do not think it would, but if it were introduced under the Bill, it would be necessary for a report to be laid before Parliament setting out the reasons and justification for it. If that were to happen, my right hon. Friend the Member for East Yorkshire would no doubt ask questions about the impact on those who have older cars that they do not use very often.

Mr Knight: Does my hon. Friend agree that the introduction of such a charge would be outrageous? In effect, it would be a tax on ownership, which would be unique in this country. Does he share my shock about the reading matter on the Minister's bedside table?

[Mr Knight]

Would the Minister not be better advised to have a copy of the Jensen Interceptor Mark III workshop manual by his bed?

Mr Chope: I am sure the Minister will respond to that in his wind-up.

Mr Nuttall: And if not, why not?

Mr Chope: Indeed.

One of the problems we face is moths—I can even see them flying around the Chamber—so I have a very heavy volume by my bedside to deal with them, particularly when I go home after a long sitting in the Chamber. They are eating every woollen thing in my house, so it is a real problem. The way to deal with them is to have a big tome on the bedside table.

Mr Nuttall: "Erskine May"?

Mr Chope: Definitely not.

I could give many examples of charges, but the significance of the Bill is that it imposes no additional charge on the taxpayer. There is no money resolution because there is no need for one. Clause 1(3) states:

"No Minister of the Crown may increase the level of any grant payable to a regulatory authority as a consequence of the provisions in this Act."

Without that provision, it would be possible to argue that if we did not allow regulatory authorities to increase their charges, the Government, through the taxpayer, would have to give additional grant aid. That is specifically excluded under clause 1.

Subsection (4) gives a definition of "regulatory authority" that is inclusive rather than exclusive. It includes

"any authority or body which regulates the carrying on of any business or activity, or the practice of any profession."

There is flexibility for the Government, as subsection (5) gives the Secretary of State power to make

"consequential, saving, transitional or transitory provision"

as he or she deems fit. Clause 2 sets out the title and commencement date and states that the Bill applies only to England and Wales.

I hope the Minister will commend the Bill for being short and to the point, and that he will use the opportunity presented by this debate to give some assurances to members of the public that we shall not see increases in the burden of regulatory fees and charges similar to those that took place under the previous Government. Will he assure us that the Government really are committed to ensuring that those stealth taxes are kept under control?

It is in the nature of Ministers not to like the idea that a Bill could not be improved by the Government. There may be problems with my Bill, but even if the Minister cannot accept it in its current form, I hope that the Government will suggest ways it could be improved or modified and that they will not block its Second Reading.

I commend the Bill to the House.

10.4 am

Mr David Nuttall (Bury North) (Con): I am grateful for the opportunity to speak briefly in support of a most laudable Bill. I congratulate my hon. Friend the Member for Christchurch (Mr Chope) on bringing the measure before the House this morning. The Regulatory Authorities (Level of Charges) Bill might be referred to more colloquially as the control of stealth taxes Bill, and when it reaches the statute book, as I hope it will, perhaps that is what it will be called.

Most people would see the Bill as right for the times in which we live—often described as an age of austerity. I am grateful to my hon. Friend for raising some of the problems that regulatory authorities cause. Whenever I have conversations with a professional, be it an accountant, a solicitor or an architect, it is not long before we reach the subject of the imposition of fees by regulatory authorities. From my time in practice, I know that a common source of concern was that bodies such as the Law Society or the Solicitors Regulation Authority seemed able to charge what they liked, without any real control over how they arrived at their fees.

For an organisation that is not in the competitive world, it is all too easy to increase the charges they make on those they have under their control, instead of cutting costs. In many cases, people have no choice about where they have to apply for the licence or certificate they need to conduct their business. That is why some measure of control over regulatory bodies is appropriate.

Many people see those bodies as above the law; they seem to operate in a parallel universe, immune from the pressures of the real world where there is a need to control costs and ensure that the prices charged to customers and clients are kept as low as possible. Those pressures do not exist when there is a captive market and people have nowhere else to go.

The problem with regulatory authorities is that in many ways they are a law unto themselves. Their activities rarely attract much attention. People may have to return to professional bodies every year, but in the case of many other bodies it is only every few years. My hon. Friend mentioned passports. Over 10 years, the cost of a passport increased from £17.50 to £77.50, which far exceeded the rate of inflation over that period, but nobody sat down with a calculator to work out whether the fee went up in line with inflation, or massively more than that. Businesses have to cope not only with the regulatory burden imposed by such bodies, but with the financial burden.

I fully accept that the Bill is not the ideal solution. I would prefer the abolition of the regulatory burden in the first place, and although I accept that in many cases regulation is essential, I am pleased that the coalition Government have been making excellent progress in culling the numerous public bodies and quangos. No doubt the Minister will refer to that later. However, despite the Government's activities in culling quangos, hundreds will still exist, so the Bill is relevant and essential to protect both the public and businesses from excessive fee increases.

We might think that the onset of new technology, and the possibility for individuals and companies to file things online—in some cases, they have no alternative—would have the effect of driving down prices. Of course, we know from the licence fee freeze that has been

imposed on the BBC that, when an organisation is told to cut costs rather than increase its licence fee, it can be done. A few years ago, when Companies House was given freedom from the Government, its filing fees actually decreased. I remember how pleased companies were that the filing fee for an annual return, for example, stopped increasing and started decreasing, so it can be done.

Gordon Henderson (Sittingbourne and Sheppey) (Con): My hon. Friend mentions that Companies House almost went into private mode and was able to drive down its costs. Will he consider the fact that some licence fees have increased because they are no longer heavily subsidised by general taxation and because Governments have tried to ensure that licences should be paid for by the people to whom they are issued? That is why prices have gone up.

Mr Nuttall: My hon. Friend makes a good point, and I agree with the general thrust of his comments: service users should contribute to the cost of the service that they use. It is right that, for example, solicitors and accountants pay for the costs of their regulatory bodies. People have no difficulty with that, but the problem comes when regulatory bodies, which are answerable to no one other than their own membership, feel that they can impose excessive increases way beyond the inflation rate, rather than considering ways to control their costs. That is particularly important when organisations across the public sector are being asked to live within their means, and that is the Bill's thrust.

I certainly hope that the Bill receives the overwhelming support of the House this morning. I wish it well in its progress through the House and in another place. I look forward to hearing the Minister's comments and to seeing the Bill on the statute book in the months to come. I am sure that it will be widely welcomed, not just in the House, but across the country.

10.13 am

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I commend the hon. Member for Christchurch (Mr Chope) not only for his customary skill in securing such an optimal slot for his private Member's Bill, but for his interest in this very important area. Not enough Members are sufficiently excited by regulation, but when growth is flatlining and businesses continue to struggle with the effects of a challenging economy, it is important that we discuss the role of regulators and particularly their impact on businesses.

As somebody who formerly worked for the telecoms regulator, Ofcom, which the hon. Gentleman was good enough to praise, I am familiar with the effect that regulation has on businesses of all sizes. I understand his deep frustration with the Government's broken promises on regulation. Regulation protects consumers and employees' rights; it ensures that our industries play their part in moving towards a green, sustainable future; and it keeps citizens safe. It has no doubt saved many lives. It is therefore important that it is effective and enforceable, but challenges arise when ill-thought-through regulation has unforeseen consequences or is interpreted bureaucratically and inflexibly.

Stephen McPartland: Police forces have recently suggested that inflexible health and safety regulations have prevented them from doing their job and from going to help people in dangerous situations. Does the hon. Lady agree with them?

Chi Onwurah: I thank the hon. Gentleman for that intervention. We can all agree that the work of the police needs to be supported by effective regulation and by ensuring that our police have the rights needed to pursue their necessary duties in the best way possible.

Regulation can certainly represent an unacceptable burden on businesses, particularly small and medium enterprises, which may not have the legal advice to interpret regulation accurately or the resources to implement it fully. Like many hon. Members, I am a passionate advocate of effective measures to free businesses from red tape, but I do not believe that the answer is to impose arbitrary restrictions on authorities that could hinder their enforcement capabilities. I am afraid that I am not entirely convinced by the Bill. It would introduce restrictions on a wide range of different regulators, and it would therefore need considerable examination in detail in Committee.

When in power, Labour sought to reduce regulation, by introducing the Better Regulation Commission and the ongoing better regulation programme, and made a number of legislative changes to reduce the costs of regulation. I am sure that the hon. Gentleman would not be promoting the Bill if the Government had managed to keep their headline-grabbing promises on reducing regulation. As the director general of the Institute of Directors is quoted as saying in yesterday's *Financial Times*, the Government's rhetoric on red tape and planning has yet to be matched by action.

Mr Chope: I am disappointed that the hon. Lady is not supporting my Bill. She compares this Government with the previous Government, but what does she say about the fact that, under the previous Government, some fees and charges, particularly those of the then Passport Agency, shot up by four times the rate of inflation?

Chi Onwurah: I am expressing considerable doubts about the Bill, but I have not said whether or not we will support it—it is too early to say.

It is regrettable that charges have risen in regulatory authorities, not only for passports but in a number of other areas that hon. Members have mentioned. It is the duty of those to whom the regulators are accountable to ensure that those charges provide value for money for our citizens. I am not convinced that an arbitrary imposition of centralised regulation can effect the right kind of change in regulators' behaviour.

Answers to parliamentary questions asked by my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) revealed that, by February this year, this Government had introduced 424 new regulations while removing just 172. That is hardly one-in, one-out. It was reported at the time that the Secretary of State for Business, Innovation and Skills read the riot act to Cabinet colleagues about their lack of progress, while neglecting to mention that his own Department, which is responsible for regulation, had in 10 months of government removed precisely no significant regulations, while introducing 53 new ones. So I understand why the hon. Member for Christchurch expresses frustration.

[Chi Onwurah]

The Opposition believe that it is essential to take a fresh look at existing regulation, how it is implemented and particularly how it is translated from European directives. However, I am concerned that this arbitrary blanket ban is, like too much of the Government's current legislative programme, lacking in detail in many key areas. For example, some regulators' charges are a percentage of their stakeholders' turnover. Will the Bill limit the absolute amount or the percentage?

Regulators may at times be able to reduce charges. Would not the Bill create a perverse disincentive to reducing charges, given that regulators would know they have to come to Parliament to increase them? For example, in 2006 Ofcom raised the application fees for radio licences while reducing the ongoing fees in order to meet the important criterion of reflecting cost. Under the Bill it would not have been able to do that.

At the heart of the Bill there appears to be a principle of centralisation. Regulators operate in a wide range of industries and areas. Is it appropriate that one regulation should apply to all? In response to the question, "Who regulates the regulators?" the hon. Member for Christchurch answered, "This Bill," but in most cases, regulators are answerable to Select Committees and Departments of Government, which are answerable to the people. Does not the Bill imply that these Select Committees and Departments are failing in their duty? Do not the many criticisms expressed by hon. Members who have spoken imply that the issue should be addressed directly, rather than obscured by a blanket ban?

We understand the hon. Gentleman's deep frustration with the Government's false promises on regulatory reform and we strongly support reductions in and improvements to regulation, but we fear that the Bill could have significant negative consequences for regulators and for industry. We need smart regulation, not blanket bans.

10.21 am

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is a pleasure to speak about the Bill promoted by my hon. Friend the Member for Christchurch (Mr Chope), who spoke with his usual clarity and consistency about the burden on business. He takes the view, which the Government broadly share, that it is crucial that business is free from all regulation but that which is necessary for it to go about its purpose. In a free economy, businesses must be allowed to do what is in their commercial interest and the wider public interest without unnecessary interference from Government. That is a fundamental aspect of what my hon. Friend advocated. It is at the heart of the Bill, and he will be pleased and perhaps even relieved to know that it is also at the heart of the Government's thinking.

The Bill highlights some important ways in which regulation is enforced in this country. I made the point when I intervened on my hon. Friend that our attitude and approach to regulation need to be qualified by considerations of both quantity and quality. It is true that the Bill deals with cost, but cost has a direct relationship with both of those. It is certainly true that we should measure the volume of regulation quantitatively, and I shall speak at length—but not at undue length—about some of the ways in which that is already done by Government and others. However, it is also true that we should assess regulation qualitatively, because the quality of regulation has a direct bearing on its cost to Government and to the organisations that it affects. The Bill is both a quantitative and a qualitative assessment of regulation measured by cost.

For reasons that will become clearer later in my speech, I cannot support the specific approach that the Bill takes to regulatory change, notwithstanding the warm welcome that I have given to my hon. Friend's commitment and the opportunity that the Bill gives to consider these matters in greater detail. I shall speak about the matters that it raises in considerable detail as we engage in this interesting debate.

The Bill provides an important reminder of the many ways in which regulation can impact on business and the best means of ensuring that adverse consequences are minimised. It would be helpful to consider some of the principal aims of the Bill. In a rather abbreviated contribution by his usual standards, my hon. Friend took us through the Bill, but I shall do so in more detail. First, the Bill seeks to limit the ability of regulators to recover the costs of the regulatory services they provide. Specifically, the Bill seeks to limit increases in charges to no more than the rate of inflation as measured against the consumer prices index.

My hon. Friend may feel that this is a rather technical point, but these are, after all, technical matters: many examples given in his speech would probably not be covered by the Bill as drafted. He said with typical humility when he was coming to the end of his peroration that he understood that, if the Government supported the broad thrust of the measure, it might be necessary to perfect its drafting, so I acknowledge that he anticipated that some of these technical problems might arise, as they often do when Bills are introduced through the method of a private Member elevating a matter for the consideration of the House and asking for the Government to respond.

I make that technical point because in existing regulatory law the definition is largely restricted to business regulation. Therefore, some of the matters with which my hon. Friend dealt—passports, for example, drivers licences and vehicle licensing—would not necessarily be covered, because those are matters affecting the private citizen. They are subject to the usual rules on public expenditure, managing public money and the normal oversight of spending. That is probably the most appropriate set of frameworks by which they should be assessed. On a purely technical note, therefore, it would be inappropriate to relate the detail of the Bill to the advocacy of my hon. Friend in the areas that I highlighted.

Mr Chope: My hon. Friend suggests that the Bill applies only to regulatory authorities that regulate the carrying on of any business. As he knows, it also covers regulatory authorities regulating the carrying on of any activity. Why does he think the Identity and Passport Service, which is responsible for the carrying on of activities, is not covered by the Bill?

Mr Hayes: Activities of the kind that I mentioned and about which my hon. Friend spoke in his contribution are covered by other legislation and a different set of regulatory protocols, which the Bill would contradict. It

would require considerable work to achieve a happy marriage between the two. It is impossible to pass the Bill in its current form without its having an impact on other legislation which itself sets up a series of regulatory mechanisms to deal with some of the matters that he described. I do not want him to assume that this is a criticism of the essence of his argument or of the principles upon which it is based; it is purely an observation that technically it would not necessarily be possible for the Government to adopt the Bill in its current form.

Mr Chope: My hon. Friend seems to be saying that regulatory legislation is so complex that it is impossible to simplify it in the way that the Bill would simplify it. If the regulatory legislative framework is so complex, why do not the Government get to grips with making it simpler?

Mr Hayes: Later in my contribution I shall describe some of the ways in which the Government have done just that. They have taken a firm grip on these matters. Even in these early days of the long regime to which we can look forward and in which I hope to play a small part, we are making significant progress in the way that my hon. Friend wishes us to do.

It is not a question of the Government not intending to grasp the nettle—to take a grip on the subject, to use his terms—but of doing so in a way that is consistent, coherent and deliverable.

Lest I dwell too much on the first part of the Bill, let me deal with the second part. The Bill would stop a regulator, subject to specific conditions, introducing a charge for a previously free service. A regulator would be able to introduce new charges where previously there had been none on the condition that a report setting out the benefits of the new arrangements was laid before and agreed by the House. Were I a rather more sarcastic person than I am, and if I wished to tease my hon. Friend, which I would not do, as you know, Mr Speaker, I might say to him that he is himself in the Bill establishing a rather elaborate system, to put it mildly, for dealing with the test that he describes: a report to the House, which presumably will be debated, with no real clarity about the length or nature of that debate, and perhaps even referred to a Committee of the House. Who knows how long that process might take? It is absolutely right that these matters should be scrutinised, but the implication of my hon. Friend's proposals is that we might lengthen, both in terms of time and substance, the mechanisms by which we assess, implement, gauge, and judge necessary regulation.

Mr Knight: Will my hon. Friend give way?

Mr Speaker: Order. Before the right hon. Member intervenes, may I say two things to the Minister? First, he is second to none in his respect for the courtesies of the House, and I invite him, therefore, to address the House and not continually to turn his back on the Chair. Secondly, although his preamble to his main thesis is of great interest to the House, I remind the House and those listening that there are two clauses in the Bill, which consists of one page and one line. I feel sure that it will not be long before the Minister wishes to address himself to the clauses of the Bill.

Mr Knight: The Minister suggests clause 1 might lengthen the process, but does not subsection (2) increase democratic accountability, and should not that be paramount?

Mr Hayes: It is that part of the Bill that I am addressing, Mr Speaker, in very specific terms, and, yes, it could be argued that it makes the system more accountable, in the sense that it brings the matters before the House, but the spirit that lies behind the Bill and the powerful advocacy of my hon. Friend the Member for Christchurch, not just now but for all time, of the need to place fewer burdens on business, is that rather than extending and elaborating the process by which we implement, consider and, indeed, devise regulation, we should simplify it.

That brings me to the final provision of the Bill, which focuses on the duties of responsible Ministers and sets out plans to prevent them from increasing funding for their regulatory bodies. That would mean not only that the charging framework within which regulations operate was restricted, but that regulators should not have any additional funding from central Government as a result. I can understand why my hon. Friend argues that, and why the Bill seeks to put that argument into practice, but a better measure of the quantity and nature of regulation is required to consider these matters as fully as they might be considered.

Let me find common cause with my hon. Friend. It is absolutely right that the House, and indeed the Government, should consider the impact of regulation. The CBI has argued that regulation is one of the key elements inhibiting growth. Its April 2011 survey described a Nigeria-style regulatory regime—its words, not mine, I hasten to add. It said that only that country had a similar regulatory burden to that of Great Britain. Apparently, according to the CBI, we rank 89th out of 139 countries for having the biggest regulatory burden. Its concern was that that regulatory burden had a powerful influence on growth, and unless we deregulated, as my hon. Friend's Bill would, we would inhibit growth. This is not the first time that the CBI has argued this case, nor is it the only organisation that does so.

My hon. Friend and others will be familiar with the Institute of Directors' regulation reckoner, which it produces regularly, and I have here the 2011 issue. The IOD estimates that the total administrative costs of regulation for business for 2011 are growing and have a considerable impact on business both large and small. It argues that directors spend 17 hours a month on regulation administration and that the annual cost of regulation administration is £7,664 for each director. It says that work forces spend 106 hours a month on regulation. To put that in crystal clear terms, the IOD argues that the burden on work forces is equivalent to one member of staff working continuously on regulation from 1 January until 26 August, which is 34 weeks, to complete a business's annual regulation administration. That is the kind of evidence that stimulates my hon. Friend's concerns and motivates him in his mission to address these matters and to encourage the Government to do so too. This is why it is important that we debate these matters, and it is absolutely why the Government also take them seriously. The CBI argues that in order to avoid a double-dip recession the Government must deal with regulation. My hon. Friend suggests that his Bill, which is essentially about the nature and cost of regulation, would help us to do that.

[Mr Hayes]

The arguments of others suggest that regulation does not emanate only from this place. It is the view of the Bruges group, with which my hon. Friend is familiar, that the cost of regulation to businesses that we in this country enjoy—or perhaps I should say endure—is about £100 billion, with EU regulation accounting for about half of the total. I know that you will be as shocked as I am, Madam Deputy Speaker, to hear that, and as determined as I am that we adopt such regulation only where absolutely necessary, and that we certainly do not gold-plate it. Yet the IOD tells us that that is precisely what the previous Government did. That is the risk we face.

Not only must this House be diligent in ensuring that the additional regulatory burden I have described is not piled on to businesses large and small, but we must be even more mindful of the need to ensure that that which comes from other lands does not make the circumstances even worse. To that end, the Bill includes a definition of a regulatory agency in order to try to deal precisely with the matters I have described. However, I am advised by officials that the task of defining a regulatory agency, as the Bill does, is always a very complex one.

It might be helpful to build on that advice and start by reflecting on the range of agencies and organisations already involved in our system of regulation, because for the proposed agency to have effect it would need to sit comfortably with the existing framework of regulators and be consistent with the forms in which that regulation is constituted. The large number of organisations and individuals that play a part in securing compliance form a complex landscape. Businesses have the primary responsibility for meeting their obligations under the law, but a number of agencies in the public and private sectors, as well as civil society organisations, also play a role.

My hon. Friend the Member for Christchurch will know that national regulators secure adherence to the rules in many areas of modern life, including nuclear safety, pensions and health. He spoke earlier about some of the others, and I criticised him for using examples that would perhaps not be covered by the scope of the Bill, but none the less he made a powerful point about the range of areas of life and the range of activities and business on which regulation has an impact, and I understand his point.

Local authorities also have a role in enforcing the law in areas such as food safety, under-age sales and consumer protection. Were the Bill to proceed, the regulatory agency my hon. Friend seeks to establish would need an appropriate legal interface with those authorities.

Mr Knight: I wish my hon. Friend would use some of this cold water to wash his car, rather than to pour over the Bill. Why does he not see himself as a reforming Minister and grasp the issues so that he can take this matter forward, rather than using them as an excuse for doing nothing?

Mr Hayes: I am disappointed in my right hon. Friend, as a fellow owner of a Jensen Interceptor Mark III and member of the owners club, because what I have said is merely my preliminary remarks on why the Government cannot accept the Bill in its current form. I will move on to why we feel that aspects of the argument put forward by my hon. Friend the Member for Christchurch are worthy and compatible with the Government's determination to reform these matters in a way that reduces the burden of regulation. My right hon. Friend the Member for East Yorkshire (Mr. Knight) should not be so hasty in assuming that I do not share the reforming zeal that motivates him and others to make life more straightforward for our businesses so that they can add to the prosperity we all seek.

On the specifics of the Bill, my hon. Friend the Member for Christchurch advocates a regulatory agency. However, unless that agency were to interface with the existing mechanisms for dealing with regulation, it would be impossible for the Government to accept its establishment as framed in the Bill, because there are many agencies that play an important role in the regulatory system, in both national and local government, and also agencies that play a role beyond the framework of the law. Trade associations, in particular, provide a service to businesses in the form of regulatory advice and guidance. Lord Young's review of health and safety law, which has been referred to, highlighted the extent to which other agencies, such as the media and private consultancies, can create their own regulatory burdens. We are therefore dealing with diverse responsibilities.

In some areas regulation is effectively free to business, which is why, as the Bill deals with costs, it is important that we assess which types of regulation impose costs and which do not. The costs of the regulator and regulation are often met by the Government. My hon. Friend, in his speech and in the Bill, makes no detailed assessment of the balance between the costs absorbed by Government and the costs imposed on businesses. The Government's view is that in many cases it is in the interests of fairness that the costs of regulation are met by those who are regulated. Where such fees are charged, they can take a variety of forms, from licences to levies and charges for specific services.

In those terms, the Bill, as I have said, starts from the commendable idea that businesses should be given as much certainty and transparency as possible on how they are charged by regulators and that appropriate controls should be in place to govern the way in which they are imposed. In that respect, I find common cause with both my hon. Friend the Member for Christchurch and my right hon. Friend the Member for East Yorkshire, who call for a zealous approach to assessing those costs and measuring how Government activity might add to them. It is right that the system, with regard to the imposition of costs, how they are gauged and how they grow, is properly assessed.

Before I address the Bill's specific points, I think that the House would expect me to put in context the scale and ambition of the Government's approach to regulatory reform. Just yesterday I was looking at those matters with the Prime Minister and the Deputy Prime Minister in relation to apprenticeships. As you know, Madam Deputy Speaker, it is the Government's intention to build more apprenticeships than Britain has ever had before, and we were looking at how some of the costs of putting in place the necessary regulation on apprenticeships could be lightened. For example, for large companies that are providing apprenticeships, we have announced that those costs—

Madam Deputy Speaker (Dawn Primarolo): Order. I am very grateful to the Minister for supplying the House with so much information, but I am struggling to ensure that he remains in order. I understand his point about burdens, but the Bill relates to fees already charged for services, not to increasing those fees. I would be grateful if he returned to that specific point.

Mr Hayes: It might be helpful to you, Madam Deputy Speaker, and to the whole House if I explained how what I am about to describe is directly relevant to the advice you have offered.

Madam Deputy Speaker: Order. It might be helpful, but I have said very specifically to the Minister that this one-clause Bill, as Mr Speaker previously pointed out, is about fees charged, rather than burdens. The Minister must stay in order. If he does not, I will intervene on him again, so perhaps he will reflect on what might be helpful in those circumstances.

Mr Hayes: Of course, Madam Deputy Speaker. I am guided, as ever, by your advice in these matters.

The Bill suggests that the fees charged for services that are determined by law and part of the regulatory agenda should be gauged in a way that allows this House to make a judgment about their impact. The Bill, in those terms, needs to be assessed against its likely impact and effectiveness, but we are right to argue that it also should be gauged against the existing provisions, both in law and beyond, that affect costs and fees in respect of regulation, and the Government's absolute determination to reduce that burden.

So, my hon. Friend will want to know that the moratorium on new domestic regulations for smaller companies, which the Government have put in place, certainly affect the provisions of this Bill. The determination of the Government to publish all regulations sector by sector will to some extent do what the Bill intends, because it will give us a clearer indication of the character and nature of costs, and how they rise.

Mr Chope: Surely the effect of the Bill will be to ensure that regulators are not able to increase their fees and charges beyond the rate of inflation, and they will therefore have to reduce their costs and probably their regulatory activity, which in itself will be beneficial to business, will it not?

Mr Hayes: We are back—are we not?—to the point that was made earlier in this brief debate, about quantity and quality, because it is true that the Bill will necessitate the reconsideration of quality and effectiveness because of the link to charge. In other words, regulation will have to be legitimised around price, but it would be dangerous to assume that the effect of introducing that new provision—unless seen in the context of what is already there; the point made is existing charges and costs—might be as profound as my hon. Friend describes.

Mr Chope: My hon. Friend will realise that HM Treasury's guidance on fees and charges requires all regulators to cover their costs where they have fee-setting functions. Therefore, the Bill, by forcing regulators to reduce their costs, which they can pass on in the form of fees, will reduce their activities and thereby, the burden of regulation.

Mr Hayes: That—ipso facto—is certainly the case, but the qualitative judgment about regulation that I have advocated would need to be applied, too. My hon. Friend says that the Bill needs to be set in the context of what the Government have already agreed. The Government have agreed, as he knows, that they will regulate only

> "having demonstrated that satisfactory outcomes by alternative self-regulatory or non-regulatory approaches; and where analysis of the costs and benefits demonstrates that the regulatory approach is superior by a clear margin to alternative self-regulatory or non-regulatory approaches; and where the regulation and the enforcement framework can be implemented in a fashion which is demonstrably proportionate; accountable; consistent; transparent and targeted."

If one applied those principles to my hon. Friend's argument, one would find, I assert, that his Bill is not necessary. Furthermore, I assert that his Bill, rather than applying those broad principles—I say "broad", but they are clear in intent—would put in place a series of mechanisms that, as I argued earlier, might lengthen and make more complex the process.

The Bill sets up a mechanism by which Parliament must scrutinise those matters, and my strong assertion and, indeed, recommendation to my hon. Friend is that the adoption of the regime I have just described, already articulated by the Government, is a more effective means of achieving his ambition than the Bill, which might have perverse consequences, albeit unintended, in making the system rather more costly and difficult than it need be.

Mr Chope: May I invite my hon. Friend to move away from the rhetoric to the reality, in the context in particular of the Care Quality Commission's decision to start regulating dentists, who are already adequately regulated, and then to impose on them charges of £800 a year each to fund the regulation? The provisions of the Bill will catch that activity.

Mr Hayes: I am going to come on to dentists and the rationale for dentistry regulation, because there has been some debate about it already this morning in consideration of this Bill, but before I do so perhaps I may be very specific, as you have invited me to be, Madam Deputy Speaker, about fees, charges and levies, which lie at the heart of the Bill.

The fundamental policy of government is to charge for public-provided goods and services, where that approach helps to allocate the use of goods and services in a rational way, because it prevents waste through excessive or badly targeted consumption. The Government argue that that makes for easier comparisons with the private sector, promotes competition and helps to develop markets. When a fee is charged for access to public goods or services, there are specific rules on how the charge should be determined, and it is important to protect Parliament's rights to decide which services should be charged for and how public resources are allocated.

That is much like what my hon. Friend wants to achieve, but my argument is that there are mechanisms already in place to do what we wants. I accept that it is necessary for those mechanisms—how can I put it?—to be enlivened and accelerated by a commitment by Government to be absolutely scrupulous about where regulation applies, what is charged for and how those charges, those fees, should be gauged. I am giving my

[Mr Hayes]

hon. Friend an assurance—not gold-plated but copper-bottomed, one might say—that the Government will indeed be determined, as he asks us to be, that the extent and character of that regulation, and the fees and charges associated with it, should be legitimised, should be moderate and should not increase in an unjustifiable way.

A word about the specifics. My hon. Friend asks me to be less rhetorical. Most people enjoy—I will not put it more extravagantly than that—the rhetoric with which I embellish what I do, but I am prepared to take the slings and arrows as well as the praise, so I will for a moment or so move from rhetoric to detail.

The rationale for dentistry regulations, which my hon. Friend draws attention to as an illustration of the purpose of this Bill, is clear. The Care Quality Commission is the responsible regulator, and the registration of dentists is a new requirement, as he says, reflecting the commission's new regulatory responsibilities. The purpose of registration is to bring a single, consistent approach to monitoring dental practice, including private dental care practice, for the first time. This is regarded as an essential basis for encouraging swift action to protect the public, and it will give the public an accessible single source of information on quality. Fees are variable, according to practice, size and type.

That is a perfect example, if I may say so, of two points that I have made: first, the regulation that is put in place should be coherent, clear and as simple as possible; and secondly, the fees and charging regime associated with that regulation should be established against a set of criteria that can be justified and supported by the profession concerned.

I do not want to delay the House unduly, so I shall move swiftly on to the matter of the principles that underpin charging regimes. As we know, Madam Deputy Speaker—your advice has guided me accordingly—this Bill is principally about charges and pricing. The principles that apply to pricing and charging by regulators are those that apply to publicly provided goods and services in general, and they have at their core the central doctrine of setting charges to allow full cost recovery. We need to remember that in many cases regulators give consumers and others confidence that regulated sectors are meeting their legal responsibility. Regulators can also create the conditions that provide businesses with a level competitive playing field by taking effective action against criminals operating in their respective markets. We need to remember that in many cases it is appropriate for those whose activities need to be regulated to bear the cost of regulation, not the taxpayer.

Mr Chope: Perhaps my hon. Friend would apply the principle that he has enunciated to the regulator on access to higher education. Most people would think that that is a totally unnecessary additional burden. Is he saying that the cost will have to be borne by the universities?

Mr Hayes: My hon. Friend is displaying the mischievous quality for which he is known and which the House enjoys, but I will not be tempted, Madam Deputy Speaker, for fear of your benevolent but strict rule, to get into a debate about higher education access or anything related to it, except where it is absolutely pertinent to the Bill before us. I rather suspect that you might come to the same conclusion that I have, which is that it is not completely pertinent to the Bill, so I will continue on the very strict and controlled theme that I was developing.

We will consult shortly on the extent to which some of the functions currently carried out by the statutory regulators might be performed either by businesses themselves, through better recognition of internal quality controls, or by other agencies through services such as the use of accreditation and certification, which can provide some of the safeguards traditionally put in place by state regulators. This would have a direct impact on costs, fees and charges, because in those circumstances the decisions about those matters would be dealt with within the sectors or businesses themselves.

There will be cases where we can lighten the burden of regulation and the character of some of the costs that my hon. Friend has highlighted by taking a more radical approach to where regulation should apply, who should regulate, how decisions should be made about its extent, and, most saliently, what should be charged for what service. My hon. Friend is absolutely right that that decision is better taken at the sharp end, if I might put it in those terms, rather than distantly in Westminster and Whitehall. However, there will inevitably be cases where the intervention of a state regulator is required, particularly to protect consumers or to provide a level playing field for businesses. I take the view that professional standards in these terms should be looked at more closely by Government. In some cases, as I suggested earlier, the adoption of professional standards may allow us to reduce the overall burden of regulation, and the costs associated with it, in the way that my hon. Friend recommends.

The Treasury's publication, "Managing Public Money", sets out the main principles for dealing with resources used by public sector organisations. It makes it clear that:

> "Where a fee is charged for access to public goods or services, there are some specific rules about how the charge should be determined. It is important to protect Parliament's right to decide which services should be charged for, and how public resources are to be allocated."

This principle is as valid in the case of regulation as with any other public service. Setting a fee or charge for a public service usually requires powers in primary legislation, with the charge structure and each charge set out in secondary legislation. Therefore, a parliamentary approval procedure of the kind that my hon. Friend advocates in his Bill already exists, and, as I said earlier, it is one that is less likely to lead to delay and complexity than the albeit well-meaning provisions in his short Bill. The guidance on calculating fees is also clear, stating that the full cost of each category of service should be measured realistically and objectively.

As I mentioned earlier, local authorities are regulators, and they sometimes provide purely discretionary services. In this regard, they operate within an additional framework of control set by the Local Government Act 2003. I know that my hon. Friend will be familiar with section 93 of that Act, because he researches these matters with diligence and care before he comes to the House to speak about them. He will know that that section, which is headed,

"Power to charge for discretionary services",

contains the power that I have described. This power is subject to a duty to secure that, taking one financial year with another, the income from charges under the section does not exceed the costs of provision—precisely the point that he made in an intervention a few moments ago.

Mr Chope: But that is not the point, is it? Anybody can ensure that their charges do not exceed the costs of provision; I am trying to ensure that the costs of provision are kept down because the charges cannot be increased by more than the rate of inflation.

Mr Hayes: The purpose of the Act that I mentioned is to ensure that organisations—in this case, local authorities—do not make a profit out of the service, so that the cost, as I said, is related to the fee. My hon. Friend is arguing, is he not, that even where the cost of provision—it may be a perfectly justifiable cost, by the way—grows or changes for some reason, the fee associated with that cost could not be raised. If taken to its logical conclusion, this would place local authorities—or, if we apply the principle more widely, Government—in the impossible circumstance of not being able to recover costs of provision from businesses or individuals even where those businesses or individuals were gaining from the application of that provision. That would be a perverse effect of his Bill.

Mr Chope: Let my try another one on my hon. Friend. It relates not to local authorities but to the Forestry Commission, which is a regulator. The Forestry Commission is having its grant cut by central Government, but it still needs to carry on its regulatory functions. In the New Forest, it is thinking of funding quite a lot of those costs by raising car parking charges, which do not currently exist there. Where does any public accountability come into that?

Mr Hayes: Again, I am not going to speak about the specifics of that because it is a matter that I would want to look at in more detail before I said anything definitive. The principle remains that we should address the relationship between the scale of provision, the cost and the fees charged. That should, quite properly, be set out by this House in regulation, if not in legislation, and—I take my hon. Friend's point—it should be proportionate.

Let me repeat, for the benefit of my hon. Friend and the House, that the Government share his determination to scrutinise these matters with new zeal and with diligence. He is right that we need to have a basis on which we consider and legitimise regulation of this kind and the costs and fees associated with it. I agree with him that it is important that agencies, whether in local government or elsewhere, can justify what they charge. I simply do not think that this Bill is the best way to do that. I welcome the fact that its introduction has given us an opportunity to consider these matters. I may say a little more about that in my final remarks.

The primary authority partnership scheme between businesses and regulators constitutes the kind of discretionary service that I was describing prior to my hon. Friend's intervention. It was established under the Regulatory Enforcement and Sanctions Act 2008 to provide more consistent regulatory enforcement for businesses, charities and other organisations operating in more than one local authority area. It entails an advisory partnership between a specific business and a given local authority. Having assessed the resource requirements of the primary authority partnership scheme, the local authority and the business have to agree how the costs will be met.

The local authority is entitled to charge the business for services applied through the partnership. In deciding whether or to what extent to charge the business, the local authority should consider all relevant matters, including the local authority's policy in respect of supporting local economic prosperity and the existing resources provided to the business by the regulatory service and other services of the local authority. When advice and guidance have been developed for use with more than one business, an individual business should pay no more than a reasonable proportion of the costs. Where a local authority decides to charge for some or all of the services provided to a business, it can recover only the costs reasonably incurred in providing those services. In calculating the costs, the local authority should, like a national regulator, have regard to the guidance issued by the Treasury in "Managing Public Money", to which I referred earlier.

A further statutory provision that affects the way in which regulators charge is the Regulators' Compliance Code. I am surprised that we have not heard more about the code in our considerations, because its existence mitigates some of the arguments of the advocates of the proposed legislation. It is a statutory code of practice to which regulators must have regard in their work. It puts forward the general principle that

"Advice services should generally be provided free of charge, but it may be appropriate for regulators to charge a reasonable fee for services beyond basic advice and guidance necessary to help ensure compliance. Regulators should, however, take account of the needs and circumstances of smaller regulated entities and others in need of help and support."

I draw the House's attention, in those terms, to the effect of regulation on small business. Smaller businesses often find it more difficult to deal with these matters, purely because of scale. Excessive regulation can have an extremely damaging effect on small business growth. As a Government, we will certainly look again at the effect of regulation on business as a direct result of the overtures of my hon. Friend the Member for Christchurch.

Mr Chope: I am grateful to my hon. Friend for saying that he will look again at these issues. Will he address his remarks to the issue of small charities, such as Julia's House, which are even more deserving of help? Despite the guidance to which he referred, the Care Quality Commission imposes the same standard charges on a children's hospice with three or four beds as it imposes on much larger, and even commercial, organisations. How is that consistent with the guidance?

Mr Hayes: My hon. Friend is right that small organisations in the voluntary and charitable sector are also affected by the burden of regulation. I will, as a result of his overtures, look at that matter too. I know that the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), who has responsibility for regulation, takes these matters very seriously. He has been a great champion of small organisations in this

[Mr Hayes]

respect. However, it is important that the Government are informed by the House. It is clear that Members from both sides of the House understand that if we are to build the big society that we seek, small organisations, charities and community organisations will play a critical part. It is right that we should look specifically at how regulation affects those organisations, and we will do so as a result of the arguments of my hon. Friend the Member for Christchurch and other Members.

I will move on to explain why we feel that legislation is unnecessary in this case. This Bill, although it makes an immensely important point about the effects of regulation in practice, is not one that the Government can support. That is not just because there are existing controls that address the issues that the Bill seeks to address. It is also because regulators have a responsibility to ensure that they provide value for money and that the costs are as low as possible, while the quality of regulation remains appropriate. There needs to be flexibility in practice. Although we agree absolutely that we need to ensure that the burdens on business as a whole, and on the other organisations that we have just spoken about, are taken into account when we introduce or review regulations, the flexibility that I have described needs to reflect a wide range of regulatory circumstances. That would be inhibited, at least to some degree, by my hon. Friend's Bill.

There are circumstances in which a modest uniform charge is appropriate. Many licensing regimes, where individuals must apply for a licence to trade, have that character. I spoke earlier about my view that the adoption of professional standards through licences to practise can be helpful in reducing regulation. It can provide a simpler series of mechanisms to guarantee quality, protect public health and ensure public safety.

Mr Chope: I am sorry to go back to this point, but my hon. Friend keeps referring to the issue of professional standards and duplication. How does what has happened to dentists fit in with that philosophy? They were already regulated by their own professional standards body, and now have to pay a fee to be regulated by the Care Quality Commission.

Mr Hayes: We have spoken of dentists already. Perhaps I may take this opportunity to pay tribute to my own dentist, Lisa Jamieson of the Fen House dental practice in Spalding, who looks after my teeth and those of my wife and children. I will discuss this matter with her, because I believe that it is important as legislators that we are in touch with those whom legislation affects. Nevertheless, the case that I made on dentists is that the adoption of the new regulatory regime will simplify how we ensure that dentists are doing what they should. There are circumstances in which a new approach, framed by the desire to reduce regulation, can assist us not only in the matter of regulation, but in its cost.

There are circumstances in which a substantial charge is appropriate. Some regulatory regimes require the inspection of hazardous, highly technical processes, and would otherwise present a substantial cost to the public. There are also circumstances in which a tiered approach is appropriate, for instance to reflect the costs to the regulator of regulating different sizes of business.

The proposal that my hon. Friend articulated with such style and charm would limit regulators' flexibility to innovate and incentivise in ways that work to the benefit of good, compliant businesses. The existing system, by contrast, supports that flexibility. Regulators might seek to reduce fees for some regulated organisations —we have spoken of small businesses, small charities, community organisations and so on—to reflect the intrinsically lower costs of the services provided to them. Yet they might simultaneously increase charges to organisations when the service in question is palpably more costly. That would surely be the case in respect of larger businesses, in the case of which checking compliance requires significantly more time and resources.

My hon. Friend's ambition is to allow small organisations, be they businesses, community organisations or charitable organisations, to thrive because of the lighter hand of Government that both he and I wish to see applied. He will note that I take that ambition so seriously that I have said the Government will examine it once again with a critical eye. It is entirely possible to achieve it within the flexible regime that exists in respect of fees and charges, and it might, ironically, be inhibited by the proposals in his Bill.

Meanwhile, the Health and Safety Executive has recently announced a proposal that would impose charges on businesses that were found to be in material breach of health and safety laws. It would not seek to recover costs for purely technical breaches, of course, and compliant businesses would not pay a penny. That is another example of the flexibility that I am advertising as a virtue of the existing regime.

It is fair to say that a range of approaches are appropriate, including ones that create strong incentives for better practice in businesses. In practice, the relevant legislative framework allows for all those approaches, and it is not appropriate to impose a single framework on all regulators. It is for them to determine the relevant approach, within the powers confirmed by Parliament and the public spending rules overseen by the Public Accounts Committee and the Comptroller and Auditor General. The existing arrangements provide meaningful parliamentary oversight, combined with a pragmatic foundation for regulators and Government to adjust their approach according to dynamic circumstances. If we were to adopt an entirely different approach founded on the consumer prices index, as my hon. Friend suggests, rather than on a cost recovery basis, the incentives would be very different.

Finally, increases in fees limited to the CPI are unlikely to reflect changes in a given regulator's costs. My hon. Friend argues that the cost to regulators is not the issue, and that the charge to organisations, whether they be businesses, individuals or otherwise, is always of paramount importance. However, it is equally important that there is some relationship between provision and fee, between cost and charge. It would be a very blunt instrument to apply the mechanism at the heart of the Bill in the way that he suggests.

If the increase in the full cost of a service exceeds CPI, capping fees would either leave the taxpayer to pick up the bill or leave the regulator to do the job within its official resources. It would not necessarily save taxpayers money, and it could arguably let businesses and individuals off the hook, because they would not have to pay the price necessary to cover the regulator's

costs. That might be my hon. Friend's intention, but I have never heard him suggest before that the taxpayer's burden should be increased in such a blunt way. Indeed, I know for a fact that he has long been an advocate of cutting taxes where we can.

Mr Chope: I thought for a moment that my hon. Friend was going to traduce me. I made it quite clear at the beginning that the Bill would not add to the burden of taxation or public expenditure, and that is set out clearly in clause 1(3). I am surprised that he is not praising that subsection. Can he give some examples of where he thinks it is reasonable for regulators to increase their costs beyond the rate of inflation?

Mr Hayes: If the cost of provision to a regulator rises for technical reasons, and that regulator has a perfectly sensible set of regulations with the protection of public good or public safety at their heart, it would be entirely appropriate to relate the cost of that provision to its price. That should be legitimised and justified, and it is absolutely right that we put in place criteria that ensure that any such price increase is a true reflection of a change in cost, but to do the opposite and prohibit any change in charge regardless of a change in the cost or character of provision, as my hon. Friend suggests, would be a very blunt instrument. I am arguing for flexibility; he, rather untypically, is arguing for a rigidity in the application of public policy, insensitive to circumstances. With a bitter irony from his perspective, that might increase costs to the taxpayer, contrary to the part of the Bill that makes it clear that that is not his intention.

I do not wish in any way to be excessively critical of my hon. Friend, who is a distinguished Member, but I argue that the Bill has at its heart a contradiction. I know that that is unintended, but none the less, it would have potentially dire consequences for the Government and for him. His reputation as a tax saver, as a guardian of the public interest and as a man who stands in the way of excessive state interference in the affairs of individuals and in the freedom that he cherishes, is at stake. I stand here as his guardian, and as the protector of his interests.

I know that this will disappoint Members, but I wish to begin to move to my conclusion. It would be bad for both the public, whom we are seeking to protect, and conscientious businesses that are doing their best to comply with the law, if we left regulations unenforced because the Government did not have the capacity or power to supplement any shortfall. The Bill would limit the Government's ability to intervene, which would create just such a circumstance.

Our view is that the existing flexible framework provides the best means of controlling and keeping an appropriate limit on the fees and charges imposed by regulators. However, for the avoidance of doubt and to reassure my hon. Friend, let me be crystal clear that there is a certain determination on the part of this Government to ensure not only that the quantity of regulation is reduced but that its quality is re-examined with a vehemence that has not been typical of recent Governments, and that the costs associated with any such regulation are tested empirically in a way that protects individual, business, consumer and taxpayer interests. The existing regime, which provides for charging at full-cost recovery, enables regulators to recover costs from those who are regulated.

It is right that regulators have a responsibility to ensure that regulation is efficient, effective and provides value for money in the way the Bill intends. My hon. Friend is in tune with C. S. Lewis, is he not? The latter said:

"Aim at Heaven and you will get Earth thrown in. Aim at Earth and you get neither."

My hon. Friend aims at a heavenly circumstance in which regulation is only ever applied out of absolute necessity and at minimum cost. We are sympathetic with that spirit, but perhaps the more important point to take from this debate is the extent to which any regulation necessarily brings with it some expense. We need to get to grips with that problem at source. I have spoken repeatedly in this speech about the measures the Government have put in place to constrain the flow of regulation. I believe that that is the right way forward. We have listened to his overtures, however. This debate has given us the opportunity to reconsider these matters, and has been an additional spur, a goad or perhaps just an encouragement to be still more determined to reduce the regulation on individuals, businesses, charitable organisations and others that might inhibit growth and, worst of all, inhibit virtue.

11.32 pm

Mr Chope: I would like to reply briefly to this debate. I am grateful to the Minister for setting out, in just over an hour, all the reasons why his Department does not think that this Bill is the right solution, although at least he acknowledges that there is a problem. In the absence of any other possible solutions, however, I am not sure that one can say this Bill is not worthwhile. Although the Minister talks a lot about sympathy and says he wants to reduce the quantity and increase the quality of regulation, it is apparent from the figures that he gave, as well as the quotes from the CBI and the Institute of Directors, that things are probably getting worse rather than better. The shadow Minister made that point in relation to the number of regulations being introduced and removed from the statute book. I sympathise with my hon. Friend the Minister: he is not the Minister responsible for deregulation; that is not his main brief and he is here today as the departmental Friday duty Minister. However, I was disappointed that he did not respond to what the hon. Lady had to say.

In essence, this is whether we are going to try to control the stealth taxes reflected in the increased charges that regulators impose on consumers, individuals, businesses and charities. Nothing I have heard from the Minister gives me any encouragement in that regard. He was unable to explain—to my satisfaction anyway—why the Care Quality Commission is now trying to regulate dentists. He was unable, or did not wish, to engage in an argument about how we were going to pay for OFFA, the higher education access regulator, and whether it was justified or whether it was going to be a new financial burden on the universities. He was unable to answer my question about the Forestry Commission now seeking, because of a cut in Government grants, to fund its regulatory activities by imposing new charges that will force people to pay for their car parking in the New forest and elsewhere.

Treasury guidance states that regulators must increase their charges to reflect their costs, but there is no guidance saying that those costs must not increase by

[Mr Chope]

more than the rate of inflation. That is the key to it. If the regulators were not allowed to increase their charges beyond the rate of inflation, they would have to keep their costs to within the rate of inflation. They would have to reduce their costs and become more efficient. I cited Ofcom as an example of a regulator that has reduced its costs by 20% in the past year. The BBC, too, is now having to concentrate its mind on reducing its costs significantly because of the pressure put on it.

Mr Hayes: I plead guilty to two things—to not being the Minister for regulation, and to what my hon. Friend described earlier as elegant and flowing rhetoric. However, I will not plead guilty to not dealing with dentists. We did dentists to death! My argument was that the new regime would simplify the regulatory system and its associated costs and fees. That is in contrast to the current regime, which is more costly and confusing. Surely that is in the spirit of his Bill.

Mr Chope: I forgive my hon. Friend because I do not think he is an expert on dentistry. However, I do not think that he or his officials have addressed the fact that dentists are already properly controlled by the professional dentistry bodies. The CQC is now adding to that regulatory burden, rather than substituting for or simplifying it. However, we can have a separate debate about that on another occasion perhaps. That example alone shows that all the lofty rhetoric about the Government's intentions —even those in the coalition agreement—to reduce the burden of regulation is not being reflected in practice.

I am grateful to my hon. Friend the Member for Bury North (Mr Nuttall) for his support for the Bill, to the shadow Minister for her observations and to the Minister for what he has said. In essence, he has criticised the two parts of clause 1 designed to introduce flexibility. I could have just said that no regulatory authority should introduce a charge in respect of a service currently provided free of charge. Perhaps on reflection that might have been better because it would have been clear. I thought that we needed some flexibility, which is why I used the wording I did, yet now I have been criticised by the Minister for doing so.

The Minister said—this is the most worrying aspect of today's debate—that the panoply of the legislative framework covering regulation is so complex and impenetrable that it is impossible to simplify and cut across it in the way I am trying to do with the Bill. I hope that his Department, instead of producing these long, wordy briefs, will start getting to grips with rationalising the legislative framework around regulation and regulatory burdens. I hope then that we will be able to deal with the issues in a simpler way.

Mr Hayes: I will give this guarantee to my hon. Friend for the benefit of the whole House. In the matters for which I have responsibility within the Department for Business, Innovation and Skills, I will stand tested by the criteria that he in broad terms has established. We will create a system that is freer, less burdensome and less regulatory and that allows those associated with further education, skills and lifelong learning to go about their business properly, in the way they see fit and in response to need, rather than be dictated to by the micro-management that typified the last Government.

Mr Chope: I am grateful to my hon. Friend for that commitment. In due course perhaps I will table a parliamentary question so that he can explain what has happened under his leadership over the past year on those matters. It is important that the Government do not just talk about what they are going to do in future; they must show that they are reducing the burden of regulation. I am very depressed that they are not prepared to support the Bill, although I wish to test the will of the House on the matter.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 6, Noes 38.

Division No. 272] **[11.39 am**

AYES

Bone, Mr Peter
Chope, Mr Christopher
Henderson, Gordon
Hollobone, Mr Philip
Knight, rh Mr Greg
Reckless, Mark

Tellers for the Ayes:
Mr David Nuttall and Jacob Rees-Mogg

NOES

Austin, Ian
Baldry, Tony
Barker, Gregory
Berger, Luciana
Coffey, Dr Thérèse
Crouch, Tracey
Cunningham, Tony
Edwards, Jonathan
Elford, Clive
Featherstone, Lynne
Gauke, Mr David
Gibb, Mr Nick
Grayling, rh Chris
Harper, Mr Mark
Hayes, Mr John
Heath, Mr David
Hurd, Mr Nick
Jackson, Mr Stewart
Jones, Andrew
Kaufman, rh Sir Gerald
Lazarowicz, Mark
Lord, Jonathan
McPartland, Stephen
Morgan, Nicky
Onwurah, Chi
Phillips, Stephen
Pincher, Christopher
Randall, rh Mr John
Robathan, rh Mr Andrew
Skinner, Mr Dennis
Smith, Henry
Spellar, rh Mr John
Stephenson, Andrew
Tyrie, Mr Andrew
Umunna, Mr Chuka
Vaizey, Mr Edward
Villiers, rh Mrs Theresa
Watkinson, Angela
Wright, David

Tellers for the Noes:
Michael Fabricant and Stephen Crabb

Question accordingly negatived.

Criminal Records (Public Access) Bill

Second Reading

11.50 am

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the Bill be read a Second Time.

This Bill is similar to my previous Bill in that it comprises just one substantive clause, but it also has a financial provision and it would need to have a money resolution. The Bill arises from what has been accepted for a long time as a big anomaly in public access to court records, particularly magistrates court records. It is most effectively summarised in the Information Tribunal decision EA/2009/0037 in the case of John Carleton and the Information Commissioner on 24 August 2009.

The tribunal looked at the issue of somebody who wished to get access to the record of a conviction in a magistrates court. Because that person was not present at the court hearing, and because the press did not cover the matter and report it, it was not possible for that person to get information from the magistrates court without getting specific permission from the court. In order to do that, they needed to write to the court manager detailing the request and asking for an appointment at court to make a formal request to a justice of the peace. They were able to get that application granted only if they could show that it was in the public interest for them to be able to access that information. The court decided that, although the conviction was on the public record, it was not publicly accessible because of data protection legislation. The relevant paragraphs of the decision read as follows:

"34. The Tribunal notes that there are apparently anomalies created by the current Freedom of Information and Data Protection legislation in this area and which are mentioned briefly below.

35. If the Appellant, as a member of the public, had attended the court on the relevant date there is no reason to suppose that he would not have been able to hear all the information that he was requesting because it would have been part of the normal, public court proceedings.

36. If the Appellant had found out that the press or the media had covered the case and was able to get a copy of the newspaper report or media broadcast then – although the personal data in question would have been processed by becoming part of those reports – the Appellant would have had legitimate access to the information and the personal data he was seeking.

37. If the local newspaper or media outlet put the court report within a webpage on the internet or as a 'podcast' to be downloaded by the Appellant – whether there was a 'search' facility on the site allowing specific names or topics to be highlighted and retrieved or not - and then viewed, printed out, played or stored, then all of that is legitimate processing of personal data within the current statutory legislation.

38. However he did not attend the Magistrates Court on the day in question and he was seeking the personal data in relation to the individual – from the court itself - after the event.

39. That situation is not permitted in the Magistrates' Court by the current Statutory regimes save through the filtering situation incorporating permission to inspect the Court Register made in person on application to a Justice of the Peace.

40. It may well be that the Ministry of Justice wish to draw this appeal, the Good Practice highlighted by the Information Commissioner – and these remarks – to the attention of HMCS's Justices' Clerks and Legal Managers because it is unlikely that this Appellant's request is the only one of its kind received by the Magistrates' Courts throughout England and Wales."

Only yesterday, Keir Starmer, the Director of Public Prosecutions, was reported in the newspapers as saying:

"I believe that transparency and visibility help the public understand how the criminal justice system works, and shining a light on the workings of the courtroom can only serve to boost its efficiency and effectiveness."

He was actually speaking in support of a proposal to allow cameras into courts across the country, which is far beyond what I am talking about in this Bill.

This Bill would mean that if somebody was convicted in a magistrates court and that conviction was recorded by that court, as it has to be under a statutory duty, it should be possible for anybody to get access to that information because it is public information and it should be publicly available. At the moment, the only way somebody can get access to that information is by carrying out a criminal records office check. They can do that only if they know a police officer who is prepared to carry out the check, unofficially, on their behalf, with or without a fee, or if they belong to an organisation that can get access to the criminal records office's information.

The trouble is that the criminal records office's information goes far beyond just the details of convictions. It includes a lot of prejudicial information, such as details of who has been arrested and not charged, who has been charged and then acquitted in court, and even who has been the subject of suspicion. Such information is all included in the records of the criminal records office. I am not suggesting that people should be able to get easy access to that information, but I am suggesting that they should be able to find out much more easily whether somebody has been convicted in a magistrates court of drinking and driving.

I give that example because if the Government insist on reversing the House of Lords amendment to the Police Reform and Social Responsibility Bill, it will not be long before this House is enabling people to be elected as police and crime commissioners and that Bill says that it will not be possible for anyone to stand for election to that post if they have a previous conviction, which could include a conviction for a drink-drive offence. Why, therefore, should this information in the magistrates courts not be available? It is already available, but it is not available to everyone and it is not available easily. That is why this Bill is described as a means to facilitate public access to court registers.

Mr David Nuttall (Bury North) (Con): Can my hon. Friend confirm that it would be very easy and, indeed, desirable to ensure that this information contained the record of convictions in not only magistrates courts but the Crown courts?

Mr Chope: Yes, it would. Of course there are far fewer Crown court convictions and far fewer Crown courts, so it is much easier to get access to that information. As my hon. Friend will have noticed, the Bill states that

"'a criminal records office' means the Criminal Records Bureau or any successor body with similar statutory functions to the Criminal Records Bureau".

It also states:

"A criminal records office must keep, in electronic form, copies of all Magistrates' Courts Registers, and any other registers produced by a court listing convictions".

Obviously, that could include Crown court registers.

[Mr Chope]

In drafting this Bill, I have tried to make the regulation and the demands placed on the criminal records office as light as possible. I have done so by, among other things, saying that none of this would have to be retrospective, and so only after the Bill was enacted would the magistrates courts' registers have to be communicated in electronic form to the criminal records office. There would be no burden on the criminal records office to collate the information on all those records. All that would happen would be that the records would be available in electronic form and could be investigated on the internet by members of the public.

I expect what would happen—this has already been happening in the US—is that people who were interested in providing a public service would start to collate the records themselves, thereby producing a combined database that would be accessible, perhaps for a fee, by members of the public. It would set up almost a private sector alternative to the Criminal Records Bureau.

Henry Smith (Crawley) (Con): Many people will be quite astonished that records of convictions are not as publicly available as they should be, I would argue, in a free society such as ours. Does my hon. Friend think that this provision would make the Criminal Records Bureau a little more efficient? If people had direct information about those who have been convicted, it might free up some of the bureaucratic burden for which that organisation is, unfortunately, somewhat infamous.

Mr Chope: I hear what my hon. Friend says. I have not recently had any constituency cases relating to the Criminal Records Bureau, but there is a real problem with the time it takes to get information out of it, particularly if one wants to check records for potential volunteers or members of staff.

Stephen Phillips (Sleaford and North Hykeham) (Con): A moment ago, my hon. Friend suggested that the electronic record the Bill seeks to create would be capable of being investigated by the public on the internet. Can he direct the House to the clause that mandates that to be the case?

Mr Chope: Clause 1(1) of the Bill states

"and must make them accessible to the public".

As they are going to be in electronic form, I had assumed that that would be the means by which they would be made accessible to the public. If my hon. and learned Friend is suggesting that he does not think that that is spelt out clearly enough, I would obviously be happy to consider those representations. The idea behind the Bill is that such information would be accessible without someone having physically to go along to the criminal records office. Ultimately, it would be for the criminal records office to decide under the terms of the Bill in what way it would make the records accessible to the public.

The point is quite short and simple. It comes down to the basic principle that if somebody is convicted in a court, that knowledge should be publicly available and easily accessed by the public. At the moment, much to the surprise of many of us, unless one is actually in the court and hears what is happening or reads about it in the newspapers, it might go undetected and might be hard to detect in the future.

To pick up on the point made by my hon. Friend the Member for Crawley (Henry Smith), a number of employers might in due course want to see whether somebody who is applying for a job has a conviction from the local magistrates court. The Bill would facilitate their being able to do that without their having to engineer a situation in which they could get a CRB check on that individual.

The significance of the Bill will become greater as we find that fewer and fewer proceedings in the magistrates courts are covered by local newspapers. I am fortunate to have the *New Milton Advertiser* and *Lymington Times*, which take delight in printing at length reports from the magistrates courts. That is relatively unusual in local newspapers these days, so if people cannot find out what is happening through their local newspapers there must be an alternative way of enabling them to get that knowledge. That is what the Bill is all about.

12.5 pm

Clive Efford (Eltham) (Lab): I shall be as brief as the Bill, which contains only a few clauses. The hon. Member for Christchurch (Mr Chope) has pointed out the anomaly that if someone is present in a court or reads a court report, its decisions are a matter of public record but that as time passes the case becomes subject to freedom of information provisions. He made it clear that the intention of the Bill is that such information should be available online. I was wondering about that, because it occurred to me that if we wanted to find out about an individual, we would have to happen across the particular magistrates court that held their record. However, he suggests that he would amend the Bill to clarify that point.

I am not sure that the Bill is consistent with our debates in Committee on the Protection of Freedoms Bill. The hon. Gentleman may not be aware that there was considerable debate about returning information supplied for Criminal Records Bureau checks to the individual so that they could check its accuracy before it was passed to a potential employer or a voluntary organisation. The hon. Gentleman's Bill does not seem consistent with the Government's direction of travel in that regard.

Mr Chope: Unlike the Criminal Records Bureau, the Bill would not rely on gossip, hearsay or information about cautions or about people who are arrested on suspicion but not charged. It would deal only with written registers from magistrates courts.

Clive Efford: I accept that point, and I shall speak briefly about accuracy of information in a moment.

Before the debate I checked the internet, as I was concerned about some of the fee-charging organisations that purport to provide information about criminal record checks. There seemed to be no way to check the background of such organisations to find out whether they were sound and operated reliable processes. A job applicant might find that an employer uses such services and that the information is inaccurate. That is a matter of concern, and is something that the hon. Gentleman has highlighted—yet, the Bill would not deal with it.

There have been cases when information from magistrates courts has been called into question. Between 1980 and 2006, there was a substantial incident in Leeds when more than 2,000 cases were not recorded accurately at a magistrates court and a number of people avoided sentences and fines. It was thus not possible to check their records at a later date. One of the reasons given for that failure was the amount of bureaucracy and the burden it placed on magistrates courts, so we should want to consider the implications of the Bill for magistrates courts before we might support it.

We have no objection in principle to the hon. Gentleman's desire to share information that is already in the public domain. The force of the logic in his argument is on record, but at this stage he has failed to convince us that the Bill would solve the problems and that it would not have unintended consequences. We will be interested to hear the Government's response to his contribution.

12.9 pm

Mr David Nuttall (Bury North) (Con): I thank the hon. Member for Eltham (Clive Efford). It is always a pleasure to follow him in debate. His principal objection seemed to be the possibility that the register might be inaccurate. It seems to me that the first thing that any hon. Member or member of the public would do is to check the accuracy of their record, and anyone should be able to do so. In the vast majority of cases, the information would be accurate. It is difficult to understand how a mistake could be made, although they are always possible.

Stephen Phillips: As someone who sits routinely in the Crown court as a recorder, I can assure my hon. Friend that there are often mistakes in the antecedents sheets that are forthcoming from magistrates courts, that that causes an enormous problem for those who sit in the Crown court, and that that is perhaps one of the flaws of the Bill. Given that potential inaccuracy and the potential for blackening people's names, does he not therefore think that the Bill needs looking at again before receiving its Second Reading?

Mr Nuttall: I hear what my hon. and learned Friend says, but I am not convinced that he gives a reason for looking again at the Bill. It might be a good reason to look again at how magistrates courts record and deal with information that they give out. The problem seems to lie with magistrates courts, not with the Bill. We ought to ensure that magistrates courts accurately record their convictions. It is not rocket science. Good grief, all they have to do is write down what sentence has been given against someone's name. It is difficult to understand how so many mistakes can occur.

I accept what my hon. and learned Friend says from his personal experience: mistakes have occurred, which is highly regrettable, but the problem does not lie in the Bill. In fact, the Bill is a major step forward in providing openness and transparency in the field of justice. Justice must not only be done; it must be seen to be done. My hon. Friend the Member for Christchurch (Mr Chope) referred in his opening remarks to a case where someone was not in court when the judgment was read out. I dare say that often nowadays, especially since the reduction in the number of local newspaper court reporters, a judgment is read out but no one else is in court. Whoever gets to hear about it?

I am pleased to be named as a sponsor of the Bill, along with my right hon. Friend the Member for East Yorkshire (Mr Knight) and my hon. Friends the Members for Wellingborough (Mr Bone), for Shipley (Philip Davies), for Kettering (Mr Hollobone) and for Witham (Priti Patel), because it has many benefits that will enable members of the public easily to ascertain whether another person has been convicted of a criminal offence. There are many reasons why someone might wish to do so.

Of course, in some professions, CRB checks are required by law. In many cases, enhanced CRB checks are required. A lot of employers, particularly small ones, might want to check whether prospective employees who say that they have no criminal convictions are telling the truth. The Bill is a simple, straightforward way to enable that to take place. It is necessary to check the criminal background not just of those who work with children, teachers, social workers and those who deal with vulnerable adults, but of those who deal with money in the financial—

The Minister for Equalities (Lynne Featherstone): Does not the hon. Gentleman see some conflict between the Rehabilitation of Offenders Act 1974 and the ability to check on everybody?

Mr Nuttall: I will come to the contents of the register later, but briefly, with modern technology it would be easy for records that are spent under the Rehabilitation of Offenders Act to be so marked on the register. That could be done quite easily. I do not see why that could not take place.

Material that is secret would not suddenly be put in the public domain. The Bill would make available information that is already in the public domain. I see no argument why it should not be more widely available in an easily accessible format. I can see many benefits to a register on which members of the public could see not just the date and nature of the offence and the sentence that was handed down, but whether, for example, an offender had been ordered to wear an electronic tag. If a fine had been imposed, the public would be keen to see whether it had been paid, or whether only some of it had been paid. If an order had been made for someone to serve a certain number of hours of community work—a community sentence order—had they worked those hours? Had the whole of the sentence been completed? Had a criminal who had been sentenced to a term of imprisonment served the entire length of the term or, more likely, been released early? The public would want to see how much of the sentence the criminal had served. That would enable them to determine for themselves whether sentences were lenient or not.

Lynne Featherstone: Is the hon. Gentleman aware that the things that he is raising which the public might want to see on the register would not be recorded on the register? They are not matters for the register. A sentence would be registered as imposed, but not as served.

Mr Nuttall: I agree with the Minister. I made the point at the outset that in due course I would like to see the legislation go further. It would be widely welcomed by the public if further information could be made available in the future. It would add to the transparency agenda, which I know the Government are keen on pursuing.

[Mr Nuttall]

One side effect of such a Bill, which is not intended to be a crime reduction measure, is that if people knew that their neighbours could easily turn on their computer and check whether someone had been convicted of a criminal offence, that might have the effect of reducing crime in this country.

Mr Greg Knight (East Yorkshire) (Con): Might not the Bill have the opposite effect? If the residents of a street discovered that one resident had a criminal record, they might decide to try to hound him out of the area by threatening and abusive behaviour.

Mr Nuttall: That information is already public. We are all aware from our own communities that people will often know whether someone living in their area is constantly visited by the police or has had spells in prison. I hear what my right hon. Friend says, but the provisions would be no more likely to cause an increase in attacks on individuals than is the case at present as a result of the information being in the public domain.

Mr Knight: I was only pontificating that it might lead in some circumstances to an incident or incidents, but it is clear from the Bill that public knowledge of those who have convictions is likely to increase. Indeed, it is not beyond the realms of possibility that if the Bill became law, someone might develop an iPhone app, for example, that would show how many people in the neighbourhood had convictions.

Mr Nuttall: My right hon. Friend raises an interesting point, which fits neatly with my point about available technology and the sort of database that could be created. It is quite likely that a private sector organisation could put such information into a searchable database on the internet, which, as my right hon. Friend rightly says, could easily be accessed on a mobile phone. That is the way in which the internet is going. It is more and more likely that people will carry their own personal computers around with them—tablets are already available—and if a search can be made on a desktop computer in an office, it can be made as one walks down the street. I see no reason why that should not be the case. I cannot see the problems with that.

The main point is that the information must be accurate. We already have the technology to make that happen; of that there can be no doubt. We have already seen the excellent Home Office website that enables individual householders to search right down to street level to find the number and category of crimes committed in their area. Having seen how complicated that website is, covering every road and street in the entire country, I think that the proposed database would be much easier to construct. Provided that measures were in place to ensure that the information on the register was accurate, which could be done easily by ensuring that people could check their own record free of charge, I see no reason why—

Henry Smith: Does the Bill not merely extend information that is increasingly becoming publicly available, as my hon. Friend is setting out? In the Sussex police force area, the recently passed Sarah's law allows people to check whether anyone in their neighbourhood has been convicted of a child sex offence. That has empowered people, and certainly has not led to any vigilantism.

Mr Nuttall: My hon. Friend makes an excellent point. Generally speaking, people can be relied on to treat this information, which is publicly available, with common sense and reasonableness.

One area where problems are likely to occur is when people change their name. I know that what we can do to prevent people from giving false names is of particular concern to the Home Office, because there is no law that prevents someone from changing their name. A name can be changed simply by statutory declaration, rather than by going through the complexity of doing so by deed poll. No one has to give a reason for wanting to change their name. In fact, many people do so for the slightest of reasons, perhaps because they do not like their name. I am not normally the first to suggest further regulation, but I wonder whether the need to monitor sex offenders, in particular, might result in some further control, to ensure that those convicted of sex offences are not free simply to change their name and walk away from their past.

This short Bill would be warmly and widely welcomed outside this House. I wish it well on Second Reading and look forward to seeing it on the statute book before too long.

12.26 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): Having heard the debate on Second Reading, I intend to make only some brief remarks.

I congratulate my hon. Friend the Member for Christchurch (Mr Chope) and the Bill's supporters. The Bill seeks to deal with an anomaly: that there is no mechanism by which a member of the public can secure access to information on the previous convictions of individuals in the magistrates court, which, as other hon. Members have said, is in the public domain. I will not lend the Bill my support on Second Reading for a number of reasons, which I shall briefly identify.

The first reason, already adverted to by the Minister in her intervention on my hon. Friend, is that the Bill, as drafted, is inconsistent with legislation on the rehabilitation of offenders and with the way in which this House and the other place have dealt with the rehabilitation of offenders. I am sure all Members agree that the rehabilitation of offenders is greatly to be desired so that the criminal justice system does not again have to deal with those who, particularly in their youth, have felt its tentacles reach out to them.

Young men, and no doubt some young women, can make mistakes early in life and find themselves in the magistrates courts, quite properly, for criminal offences they have committed. For those who subsequently amend their ways, as the vast majority do, and participate fully in society, it would be a great shame if their early misdemeanours were to follow them for ever. We have legislation on the rehabilitation of offenders to ensure that early offences do not follow them around. One of the great problems with the Bill, notwithstanding the mischief that I accept exists, with which it seeks to deal, is that is does not grapple with that dichotomy.

Mr Chope: I accept my hon. and learned Friend's point about the rehabilitation of offenders, but does not the Criminal Records Bureau keep a record of spent convictions, so that a conviction does not disappear once it is spent?

Stephen Phillips: My hon. Friend is right, but access to a spent conviction can be gained only where Parliament believes that there should continue to be access to spent convictions to prevent harm that might arise were the convictions not to be apparent to those making criminal records checks. The Bill would go much further and make generally available to the public the entire criminal record of those who might well have mended their ways many years before. That is the first problem with the Bill.

Mr Nuttall: Does my hon. and learned Friend accept that, with existing technology, it would be easy, under the Rehabilitation of Offenders Act, to tag an entry on the register with a conviction's expiry date?

Stephen Phillips: The hon. Gentleman might be right, but his difficulty is that the Bill does not propound the technological solution that, he advises the House, might be applied. He is therefore saying that the Bill, which he supports, is defective and should not receive a Second Reading.

The Bill's second problem, to which I have already adverted, is the scope for inaccuracy in antecedent conviction records from magistrates courts. My hon. Friend the Member for Christchurch was kind enough to say that this is a matter on which I know something, and I flatter myself that that is indeed the case. The simple position is that not all magistrates court records are of the quality that one would wish, either because they lack information or because they refer to the wrong individual.

The keeping of magistrates court records is an undoubted problem. The Minister might need to look at properly funding courts to ensure that records are accurate, but until the problem is properly grappled with, the Bill will continue to suffer from the defect that records that were inaccurate in part or in whole could follow individuals around for their entire life. Nothing would be worse than a member of the public, unbeknown to them, having associated with them a criminal conviction for an offence they had not committed.

The third major problem with the Bill is that, as my hon. Friend the Member for Christchurch said in moving its Second Reading, it is intended to be only prospective; if enacted, it would apply only to offences committed in the future. His principal aim is to ensure that the burden on magistrates courts does not become too great, but the difficulty is that if the Bill was enacted those already convicted of offences in magistrates courts would form one class of person whose criminal records were not following them around—notwithstanding the mischief that my hon. Friend seeks to address, because the information or data were at one stage in the public domain —whereas the criminal convictions of those who committed offences in future could follow them around.

For all those reasons, although my hon. Friend and the sponsors of the Bill have a very fair point and have quite properly alluded to an anomaly—the public's inability to secure access to the records—it seems that the Bill is defective in any number of respects.

Mr Chope: What solution does my hon. and learned Friend propose to this acknowledged problem?

Stephen Phillips: My hon. Friend asks an interesting question. The short answer—I will be completely honest with him—is that I do not know, because I have not thought about it. I am seeking to point out the Bill's defects and why it will therefore not secure my support on Second Reading. The solution can no doubt be taken up by Ministers in due course. I none the less consider the points I have made to be valid, so I urge the House not to give the Bill a Second Reading.

12.35 pm

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): I am grateful to my hon. Friend the Member for Christchurch (Mr Chope) for giving me this opportunity to talk about his private Member's Bill. I will, if I may, set out how the current system works and our concerns about the Bill as drafted.

The Bill seeks to set up a system under which details of all court convictions will be held by the Criminal Records Bureau, and access to those records will then be available to the general public. This involves several issues, which I will tackle one at a time. First, the Bill would require court conviction details to by held by the CRB. The CRB was established in 2002 and acts as a one-stop shop for organisations checking police records and, in relevant cases, information held by the Independent Safeguarding Authority. It is important to understand the purpose of the criminal records checking system and why there are so many careful considerations about what information the CRB may hold and issue compared with the proposed system, which would be open and accessible in every detail to everyone in this country.

At the moment, two levels of CRB check are available: standard and enhanced disclosures. Both contain conviction information taken from the police national computer, with enhanced disclosure also involving a check of local police records for relevant and proportionate information —local police intelligence is sometimes termed "soft" information. A standard certificate can be obtained if two criteria are fulfilled: first, that the position under consideration falls within the exceptions order to the Rehabilitation of Offenders Act 1974; and, secondly, that it has been prescribed under Police Act 1997 regulations as a "prescribed purpose". That is why I intervened on my hon. Friend to question whether there was an inconsistency between the Rehabilitation of Offenders Act and the laudable desires expressed in his Bill, which perhaps cannot be translated into reality by these means.

An enhanced certificate with barred list information can be obtained if three criteria are fulfilled: that the application falls within the exceptions order; that it is for a prescribed purpose; and that it relates to a position for which suitability information, including barred list information, can be obtained, as also set out in Police Act regulations. At the moment, there are several positions for which barred list information can be given on an enhanced CRB disclosure, including, for children's barred list information, positions relating to regulated activity in relation to children, other care and supervision for children, fostering and child minding; and, for adults' barred list information, positions relating to regulated activity in relation to vulnerable adults, registered social

[Lynne Featherstone]

care agencies and the Commissioner for Older People in Wales. I am sure my hon. Friend is aware that the Protection of Freedoms Bill is in Committee, where changes to these arrangements are being discussed. There is a further level of check—basic—that has yet to be introduced in England and Wales.

My hon. Friend the Member for Christchurch mentioned the timeliness of CRB checks. In April 2011, consequent on changes to the recording and holding of information by the police, the CRB issued 95.1% of enhanced certificates within 28 days; the figure for March was 95.4%. That is a vast improvement on which it is to be congratulated. Demand for CRB checks has increased year on year and they are now in the millions each year. That improvement is an impressive result.

CRB checks are mainly used for those working with children or vulnerable adults, but they are undertaken for a wide range of other purposes, such as licensing and in respect of people in positions of trust. In addition to the certificates, individuals can make a subject access request if they wish to find out what information is held about them by individual police forces.

The CRB operates under the provisions of part V of the Police Act. To achieve what my hon. Friend suggests in the Bill would require amendments to the legislation. The Bill therefore would not work as it stands.

The Bill would allow anyone to access court records from any court in England or Wales. We rightly have open justice whereby anyone can go into any court to observe what is happening, with a few exceptions involving families and children. The Bill proposes a fundamental change to that access.

Mr Chope: The hon. Lady is pouring a lot of cold water on my Bill, but does she accept that an anomaly needs to be addressed, or does she not think that there is an anomaly at all?

Lynne Featherstone: I think that there is differential access; information can be obtained by someone who is present on the day of proceedings or if they read about it in the newspapers. The anomaly, as I see it, is about how much information is available to whom, when and in what fashion. What monitor is available to protect those on whom information is held from people who are not acting in the public interest? That is the test at the moment. Anyone can seek information from a court: the test is whether it is in the public interest. That is a matter for a further debate.

What is being suggested would add to the functions of the CRB by requiring it to keep a central database of all court outcomes, or results as they are known in the trade. We have never had such a database. Under the current system, people can visit their local court or any other court and read the results of court hearings in the local and national press. Newspapers and other media outlets can obtain free of charge copies of court registers containing the outcomes of criminal cases and the details of upcoming cases. As I have said, we do have an open system of justice.

If we went down the road proposed in the Bill, where would it lead? First, there is the question of cost. I need hardly explain to my hon. Friend the Member for Christchurch that the Government are reducing the deficit. All Departments are working hard to reduce their costs, and introducing a new system such as this would incur substantial costs.

Further, what real mischief is the Bill designed to remedy? What benefit would be achieved from setting up such a system? How would it benefit our communities? It appears to us that the aim is to make the justice process more transparent, by allowing anyone, anywhere in England and Wales, to find out about convictions in any court, but why would we need to do that when we already have an open justice system? The Criminal Procedure Rules 2010 state, in paragraph (15) of rule 5.4, that every court register

"shall be open to inspection during reasonable hours by any justice of the peace, or any person authorised in that behalf by a justice of the peace or the Lord Chancellor."

As court registers contain personal information that would not be made available in court or elsewhere, the change that my hon. Friend suggests would not simply be a matter of transferring the information to the Criminal Records Bureau. Magistrates courts registers are held not by the CRB but by Her Majesty's Courts and Tribunals Service. Recordable offences—not all offences—are passed electronically from HMCTS to the police national computer, from which the CRB accesses them. Making magistrates courts' registers available to the CRB would therefore require a process to transfer and store them, with the associated costs.

There is considerable information kept on magistrates courts registers that is not in the public domain. It includes, among many other things, details of individuals' driving licence numbers, personal details of the recipients of compensation and details of vulnerable victims and witnesses, including those in sexual and domestic violence cases. Court registers also contain much information on people found not guilty or acquitted. Does my hon. Friend think that should be in the public domain, too? If not, as I assume, we would need to find a way of removing that information—again, at considerable cost and contrary to the provisions of the Bill.

Magistrates courts registers also include cases on which there are reporting restrictions in place to stop the naming of individuals—offenders, witnesses, victims or others. Those cases would need to be identified—another costly process, as they are recorded only at first hearing so a linking process would have be identified—and removed from the public register. The Bill does not allow for that, either.

Magistrates courts also hear some civil and family cases, details of which are recorded in the register. Those cases would need to be filtered out before publication, but the Bill does not allow for that. Proceedings on more serious crimes are concluded in the Crown court, and from reading the Bill it seems that they, too, are to be included in its provisions. Clause 1(1) refers to

"any other registers produced by a court listing convictions",

not just those from magistrates courts. Crown court registers are not currently held electronically. The official record is on paper, and making it available would require extra investment.

It is difficult to see what access to court records would provide for the public unless there were some search facility. My hon. Friend said that there would be, but that is not specified in the Bill. Such a facility would

be very costly to develop, as literally millions of records a year would need to be sorted through. Someone could find the result they were looking for only if they knew the exact person, court or hearing involved. Effectively, the public would have access to endless data but get very little useful information—a costly exercise for very little public value.

We are also concerned that the Bill could work against rehabilitating those convicted by the courts. Let me explain why I say that. The Rehabilitation of Offenders Act 1974 sets out various times after which a conviction becomes spent—when it does not have to be disclosed. My hon. Friend said that it would be done in real time, or within relatively real time, and that an electronic system could be devised incorporating a natural lapse of spent convictions. The aim of current legislation is to allow individuals to move on with their lives, particularly those whose offence was at the lower end of the scale. In order to safeguard the more vulnerable elements of our society, such as children and the old or infirm, certain professions are exempted from the Act, and all convictions, whether spent or not, have to be disclosed.

That is where the Criminal Records Bureau comes in. That is why we have an expert body doing the criminal records work. It does the necessary checks, and passes the information on to a prospective employer when relevant. I think that most people would consider that to be perfectly reasonable. It strikes a balance between open access to the criminal records system and the rights of those who have transgressed to move on with their lives. My hon. Friend the Member for Bury North (Mr Nuttall) made a point about people who change their names in order to get away from a criminal record. The Bill does not address that point. However, the CRB has in place a thorough system of identity checking. The registered body, which must countersign any application to the CRB, is under a statutory duty to carry out thorough identity checks. The proposed online system would not put in place anything to cover that loophole.

Hon. Members on both sides of the House will know that we are changing how the system operates through the provisions in the Protection of Freedoms Bill that is before the House, as I mentioned briefly before. Furthermore, the Rehabilitation of Offenders Act was itself the subject of a recent Green Paper, and the results of that consultation process are still under review by the Ministry of Justice. We would not want to take any action that could prejudge or impact in any way upon that review. However, if we put in place the system proposed in the Bill promoted by my hon. Friend the Member for Christchurch, there would be considerable potential for anyone to circumvent the provisions of the 1974 Act and find out about matters that have become spent.

To avoid that we would need to put in place a series of checks to weed out such spent offences, which would add to the cost overall. However, if court registers were made available online or in some other electronic form by the CRB, there would be no guarantee that removing the spent conviction from the records would achieve much.

Stephen Phillips: It is not simply that there would have to be an expensive exercise of removing records on just one occasion; they would have to be removed on a rolling basis over time. That is another defect in the Bill.

Lynne Featherstone: I thank my hon. and learned Friend for that helpful intervention. He raises an important point.

As we have seen, all sorts of information travels around freely on the internet, irrespective of whether it was intended that the information should get out. I was talking about the suggestion that the information be available online or in some other electronic form. In that case, it could not be guaranteed that if a spent conviction was removed, it would stay removed. The information would have been extracted into other forms of database long before then. It could also allow unscrupulous individuals to go on what are politely called "fishing trips" to see what they could find out about an individual. *[Interruption.]* I hear "neighbours" from a sedentary position. That is just one possible unintended use of the information available.

People could also use the information to get round the CRB system, however. They could deny individuals education or employment. They could even obtain information leading to more unpleasant actions such as revenge attacks, including in the context that my right hon. Friend the Member for East Yorkshire (Mr Knight) mentioned about neighbours checking who is in the vicinity. People could obtain information to see where and how revenge might be visited upon those whose records came to light so easily.

With any system, there must be a balance between the needs of all those who are affected. In our view, what we currently have succeeds, more or less, in achieving that. Those who could be a threat to children or vulnerable people are kept out of certain roles by the protection offered by CRB checks. In the case of offenders, they can put their past behind them, as allowed for by the Rehabilitation of Offenders Act 1974, and I hope become productive and useful members of society again. In the Government's view that process could be significantly undermined if the Bill were to proceed.

The Bill also contains a reference to the Freedom of Information Act 2000 and says:

> "Information held by a criminal records office...shall not be 'personal information' for the purposes of the...Act".

The Freedom of Information Act does not define personal information. Instead it provides that certain types of personal data as defined in the Data Protection Act 1998 are exempt from disclosure. Personal data are defined in the 1998 Act as data that relate to a living individual who can be identified from those data, or from those data and other information that is in the possession of, or is likely to come into the possession of, the data controller, which is, in the case we are discussing, the CRB. It includes any expression of opinion about the individual and any indication of the intentions of the data controller or any other person in respect of that individual.

It is important to note that "data" are also defined in the 1998 Act as information that is being processed by means of equipment operating automatically in response to instructions given for that purpose; is recorded with the intention that it should be processed by means of such equipment; is recorded as part of a relevant filing system or with the intention that it should form part of a relevant filing system; does not fall within the categories above but forms part of an accessible record as defined elsewhere in the Act, and refers to, among other things, health and education records; or is recorded information held in any form by a public authority and does not fall

[Lynne Featherstone]

within any of the categories I have listed. We can be fairly confident that, in whatever form it is provided, the information we are discussing today would be considered "personal data" for the purposes of the 1998 Act, given the definitions I have just set out.

In addition, section 2 of the 1998 Act makes it clear that sensitive personal data include information about an individual's racial or ethnic origin, his political opinions, his religious beliefs, his sexual life and information of any proceedings for any offence committed or alleged to have been committed, the disposal of such proceedings or the sentence of any court in such proceedings. Sensitive personal data are given special protection under the 1998 Act. In order for the processing of that data to be lawful, it must comply with the eight data protection principles that are set out in schedule 1. Those principles are as follows: that the data are processed lawfully and fairly, meeting conditions in both schedules and, in the case of sensitive personal data, the conditions in schedule 3 as well; that data are obtained for specified and lawful purposes and will not be processed in any manner incompatible with those purposes; that data are adequate, relevant and not excessive; that data shall be accurate and up to date; that data shall not be kept for longer than is necessary; that data shall be processed in accordance with the rights of the data subject; that technical and organisational measures shall be taken to prevent unauthorised or unlawful processing; and that data being transferred outside the EEA must be sent only to countries that ensure an adequate level of protection for the rights and freedoms of data subjects in relation to processing data.

For sensitive personal data to be processed lawfully, one condition in both schedules 2 and 3 must be met. The conditions in schedule 2 are as follows: that the data subject consents to the processing; that the processing is necessary for the performance of a contract; that the processing is necessary for compliance with a legal obligation; that the processing is necessary to protect the vital interests of the data subject; that the processing is necessary for the administration of justice or for the exercise of a function of a public nature exercised in the public interest; and that the processing is necessary for legitimate interested purposes by the data controller or third parties, except where this is unwarranted due to the prejudice to the rights and freedoms of the data subject.

The conditions in schedule 3 are as follows: that the data subject explicitly consents to the processing; that the processing is necessary because of an employment obligation; that the processing is necessary to protect the vital interests of the data subject in respect of other people where consent cannot be obtained; that the processing is carried out in relation to trade union, political, philosophical or religious purposes with appropriate safeguards, and as long as this does not result in the disclosure of data to a third party without the consent of the data subject; that the information has been made public by the data subject; that the processing is necessary for the purposes of legal proceedings; that the processing is necessary in the interests of justice; that the processing is necessary for medical purposes; that the processing is necessary for identifying equal opportunities, and other specified reasons, including the police exercising their common law powers.

The objective of the part of the Bill relating to the Freedom of Information Act 2000 would appear to be to prevent details of convictions from being released.

Section 40 of the Freedom of Information Act provides an exemption from disclosure for some personal data. Where the applicant is seeking information on himself, the information is completely exempt under section 40(1) and the applicant should instead make a request under section 7 of the Data Protection Act. That is known as a subject access request.

Where the applicant seeks information that includes the personal data of a third party, it may be released only to the requesting member of the public if to do so would not contravene any of the data protection principles set out in the Data Protection Act. Those principles ensure that an individual's personal data are, among other things, only processed—in this context released—when it is fair and lawful to do so. It cannot be right that the protection of an individual's personal data against unfair processing should automatically be overridden in the way envisioned in the Bill. Not only is it not right but there would be real concerns about whether this part of the Bill would be compatible with article 8 of the European convention on human rights. I will say a little more about that shortly.

The issues are not only freedom of information, but the Data Protection Act. Court registers contain considerable personal information—names, addresses, dates of birth, driving licences—on individuals, and not just offenders but victims and the not guilty. Such records are all subject to the Data Protection Act, and we would need to consider how publishing them, especially in the sort of volume that we are talking about, would impact on people's personal rights.

Clause 1(3) requires that the criminal records office must ensure that

"the registers it holds are no more than one month out of date at any time".

Courts already have a target to result all cases within six working days. So this would be eminently achievable, although there would be issues about the filtering that would need to take place to remove records not in the public domain, which may slow the process up a little. However, records are not updated after they have been published, so if someone successfully appeals against a conviction, the original conviction would remain in the magistrates court register. Someone searching the register would have no idea whether the individual had appealed, nor what the outcome was. If Crown court registers were not published, people would never be able to find out about an appeal hearing. Creating links between systems and updating information in real time would be extremely complex, not to mention costly. At the moment, the Criminal Records Bureau does this work by examining all the records and giving out the information on only the most current position.

I have already alluded to article 8 of the European convention on human rights, which states:

"Everyone has the right to respect for his private and family life, his home and his correspondence.

There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others."

Clearly, as we have heard, a balancing exercise needs to be carried out, and although there may well be a public interest in having an open justice system—which we do have—that still needs to be weigled against the rights of the individual.

As was said in the Supreme Court case of R (on the application of L) *v.* Commissioner of Police of the Metropolis, which concerned the disclosure on an enhanced CRB certificate of information that had not resulted in a conviction in relation to an individual seeking to work with children, the correct approach when looking at two competing convention rights, or when looking at whether interference with article 8 is proportionate, is that neither right takes precedence over the other.

Stephen Phillips: I am afraid that at this point in the Minister's argument we may be parting company. The mischief with which the Bill seeks to deal is the fact that this information is already in the public domain. Is she suggesting that our courts should close their doors because article 8 means that there is some interference with people's human rights as a result of their being subject to open criminal proceedings?

Lynne Featherstone: That is not what I was suggesting. We do have an open justice system, but I am saying that the balance is between having an open justice system and the rights of an individual.

Before I conclude, I wish briefly to deal with one issue that I have not yet mentioned, which is the mistakes made by magistrates courts. It is sad to hear of such poor record keeping and I hope that magistrates courts will seek to address it. I am sure that those in the Ministry of Justice will read the report of this debate and may wish to take the matter further.

We need to take all the considerations I have mentioned into account. I accept that my hon. Friend the Member for Christchurch had the laudable intention of opening up criminal records and making them more accessible, but I have set out the great difficulties and challenges in doing that, and the mischiefs to which it may lead. It is the Government's view that, at this time, there is no need to add give the CRB the additional work load that this Bill would impose, nor is there a sufficient public need for this sort of system to be set up. I must therefore inform the House that the Government do not support the implementation of this Bill.

1.10 pm

Mr Chope: That comes as a great surprise to me. I thank the Minister, however, for her response. All the mischiefs she said would arise were my Bill to be enacted are the very mischiefs that can arise at the moment when information is gleaned at the time of the court case by the media. That takes me back to the point I made at the outset, which was that if

"the press or the media had covered the case and was able to get a copy of the newspaper report or media broadcast then"—

at that time—

"although the personal data in question would have been processed by becoming part of those reports—the Appellant would have had legitimate access to the information and the personal data he was seeking…If the local newspaper or media outlet put the court report within a webpage on the internet or as a 'podcast' to be downloaded by the Appellant—whether there was a 'search' facility on the site allowing specific names or topics to be highlighted and retrieved or not—and then viewed, printed out, played or stored, then all of that is legitimate processing of personal data within the current statutory legislation."

I am grateful to those who participated in the debate. I think that everybody, except the Minister perhaps, recognises that there is an anomaly. It is inconsistent that court cases can be dealt with differently as regards public access to information about those cases depending on whether they are covered by the media, whether an individual is present in court and so on.

If the Minister reconsiders the issue, I hope that she will recognise that there is an anomaly. If she accepts that there is one, I hope that she will feel that it is incumbent on her Department to try to find a solution. Although my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips) poured quite a lot of cold water on my Bill, he accepted that there was an anomaly and that this was an attempt to address it. When the Director of Public Prosecutions talks about the possibility of introducing cameras into courts and reasserting the importance of public access to the criminal justice system, it seems anomalous that we have this problem. One thing that has come out of the debate is that I have accepted that my Bill is probably not the right solution to the problem at this time, but I hope that the pressure of the debate on the Minister will be such that she will try to get her officials to work on coming up with a proper solution—perhaps one that could be brought forward as an amendment to the Protection of Freedoms Bill on Report, as all the issues relating to the criminal records office are being dealt with in that Bill.

Finally, I am very concerned about the inaccuracies on the registers, which must cause everybody great concern. The Criminal Records Bureau is producing inaccurate material. I had a constituent who was a wing commander who wanted to do some voluntary work somewhere. He found that somebody had stolen his identity and that his records had been linked with the criminal records of another person. That caused enormous embarrassment and, in the end, it was only after we went to see the then Minister in the Home Office that things were put right. My constituent was the victim of fraud, but there seem to be a lot of victims of mistake.

Lynne Featherstone: On the point that the Criminal Records Bureau might be holding incorrect information, I am sure my hon. Friend will be glad to know that one of the new provisions in the Freedom of Information (Amendment) Bill means that the certificate will now go only to the individual applicant and not to the employer, giving them the chance to dispute the information before it causes any harm to their employment.

Mr Chope: That is helpful, but my hon. and learned Friend the Member for Sleaford and North Hykeham was making the point that inaccurate information is being recorded in courts. We must have a system to put that right. My Bill relates only to prospective court registers, not historical ones. Even so, I hope we can have a system whereby from now on magistrates court records of convictions are 100% accurate, rather than containing anomalies and inaccuracies. That is my hope—perhaps it is an aspiration—but having said that, I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

St George's Day and St David's Day Bill

Second Reading

1.15 pm

Nadhim Zahawi (Stratford-on-Avon) (Con): I beg to move, That the Bill be now read a Second time.

We often hear from parliamentarians in this and the other place that radical and controversial ideas and legislation should be piloted before being introduced, so I am delighted to tell the House that 50% of my Bill was piloted this year. A quirk of the calendar meant that the nearest working day to St George's day—23 April—was a bank holiday. Furthermore, thanks to the royal wedding and the Prime Minister's generosity to the nation, we shall have nine, not eight, bank holidays this year.

Why should we make St George's day an extra, permanent bank holiday? St George became the patron saint of England 661 years ago; his chivalry, values and story were seen by King Edward III as a better fit to the England he wanted to rule than the previous patron saint, Edward the Confessor. St George lived more than 1,000 years before that date. He was an immigrant, a Roman soldier born in Turkey, or possibly Kurdistan, perhaps with colouring a little closer to mine than most would imagine. We know him most famously as the dragon slayer, a man whose bravery freed a town from the tyranny of a vicious dragon. He was a man whose Christianity led him to be persecuted and eventually executed on the day we now celebrate in his name. He was adopted and taken into the hearts of the English people for the values he represented, not for who he was or where he was from.

Although celebrated before 1350, it was only after St George's adoption as patron saint that he became ingrained in England's national psyche. It is said that his popularity and the celebration of his name day increased substantially after Henry V rallied his troops by invoking St George before victory at the battle of Agincourt: "Cry God for England, Harry and St George" wrote the great bard William Shakespeare, in commemoration. It is perhaps fitting that the great bard himself was born on St George's day in 1564, in my constituency of Stratford-on-Avon; he died on the same date 52 years later.

Today, St George represents part of our often under-celebrated national identity.

Mr Greg Knight (East Yorkshire) (Con): When I first saw that my hon. Friend intended to present the Bill, I rejoiced, and I agree with everything he has said so far, but when I saw the contents of the Bill I became alarmed. Does he not agree that the Bill is actually quite divisive? In clause 1, he tells us that the Welsh, but not the English, can celebrate St David's day and that the English, but not the Welsh, can celebrate St George's day. Is it not a nationalist measure that is likely to increase friction between England and Wales, rather than a Unionist policy, as I want, because I support the Union? Is the Bill not likely to be very divisive if passed in its present form?

Nadhim Zahawi: I thank my right hon. Friend for his intervention, although I remind him that Scotland celebrates St Andrew's day and Ireland celebrates St Patrick's day. I do not believe that it is divisive in any way for England or Wales to uphold their saints. In fact, the more we can deal with such things positively, recognising their importance, the closer and stronger the Union becomes. When things are forced down people's throats, they begin to become rejectionists. I am afraid that I therefore disagree with my right hon. Friend.

Mr Christopher Chope (Christchurch) (Con): Something concerns me about the Bill. I am all in favour of celebrating St George's day or St David's day, but why does the Bill suggest that it is necessary to have a bank holiday to celebrate them on another day? Surely, if those days fall on a weekend, the celebrations can take place then, without the need the for anyone to give up work on the previous Friday or the subsequent Monday.

Nadhim Zahawi: I thank my hon. Friend for his intervention. If I understand him correctly, he suggests avoiding bank holidays and celebrating at the weekends, but that is precisely my point: if we had a bank holiday, we could celebrate on whichever date the saint's day falls, not necessarily on a Saturday or Sunday.

Mr Chope: My hon. Friend misunderstand my point. If St George's day was to fall on a weekday, I could understand the case that he makes for having a bank holiday. If St George's day falls on a weekend, I cannot understand the case for having a bank holiday on the previous Friday or the subsequent Monday.

Nadhim Zahawi: I hear what my hon. Friend says, but it is important to have a bank holiday, because what a bank holiday would do to the nation's psyche is to deliver a permanent reminder of St George's day, rather than people casually saying, "Well, if it falls on the weekend, it's fine." Otherwise we cannot do the thing that we most want to do, which is to recognise it permanently and specifically.

Henry Smith (Crawley) (Con): I saw an example just last month—as my hon. Friend says, St George's day coincided with a bank holiday this year—in my constituency, where the scouts and guides paraded to Queens square in the centre of the town and sonnets were read to celebrate the bard's birthday on St George's day. There was an extra sense of community spirit in celebrating St George, precisely because of the coincidence with the bank holiday. Certainly, enshrining such a bank holiday in law would aid that sense of community in both England and Wales.

Nadhim Zahawi: I thank my hon. Friend. He is exactly right; that is why I believe that the Bill should have a Second Reading.

Ian Austin (Dudley North) (Lab): I support the proposal and have supported such campaigns in the past. I am keen that we do everything we can to celebrate St George's day and what it means to be English and British, as well as to celebrate the Union. I can assure the hon. Gentleman that there is nothing casual about how we celebrate St George's day already, despite the fact that there is no bank holiday. Just a couple of weeks ago, I proudly took part in the celebrations of St George's day in Dudley—we have them every year—and there is a nothing casual about them, but the point about the date is an interesting one. There is already a series of bank holidays—

Whit and Easter, and so on—at this time of the year. Of course, the Welsh celebrate St David's day with an Eisteddfod festival. I am not an expert on the Welsh, but I think that that takes place during the summer—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We must have shorter interventions.

Nadhim Zahawi: Thank you, Mr Deputy Speaker. The hon. Gentleman makes a valid point. I would just remind him that because of a quirk this year, we have had a number of bank holidays, and the nation found them positive. There were some economic benefits too. It may be preferable to have a bank holiday at a different time of the year, but for me the importance of St George's day overrides that consideration.

Mr David Nuttall (Bury North) (Con): I entirely agree that we should have a bank holiday on St George's day. Could not the problem be solved by moving the existing bank holiday on May day to 23 April? If we need to create an extra bank holiday, one could be created on, say, Trafalgar day.

Nadhim Zahawi: I thank my hon. Friend for his intervention. My Bill calls for an additional bank holiday, not the movement of an existing bank holiday. I hope those on the Treasury Bench are listening and taking note of such suggestions. I am pleased that my Bill is provoking debate and such good ideas.

To many, St George's day is a celebration of all that is great about our nation. At the last election, every major party vowed to promote national integration and social cohesion. A national day celebrated by all, regardless of their background or heritage, would only help that process. As my right hon. Friend the Secretary of State for Education has said, we must all encourage our children to learn about our nation's past, the bad and the good, and we must celebrate our shared history. What better way to do that than a national day, officially recognised by the Government?

There are those who say that St George's day is a Christian holiday and not representative of our multicultural nation, and those who say it plays to the fringe right of this country. I disagree. St George, after all, is the only Christian saint to appear in the Koran and the only saint to have a mosque bearing his name. Even in the world of faith, he is not uniquely Christian. Yes, the fringe right may well have hijacked our symbol of patriotism, which should sadden all of us in the Chamber, but today in the House we can go a long way towards reclaiming it.

Let us remember what our Prime Minister said on St George's day last year:

> "Today we are celebrating St George's Day, and we are reclaiming St George's Day as an important day . . . for good reasons.
>
> And one of the most important reasons is that we should be reclaiming the flag from the BNP and saying the flag belongs to the English people, all of them."

He went on to say:

> "People come to our country and want to feel part of our country.
>
> They want to feel part of something and celebrating St George's Day will help them feel that sense of belonging."

As the son of immigrants to this country, a son of parents who fled persecution to find safe haven here, I could not have put it better myself.

It is important to lay another myth to rest—that an extra bank holiday would affect our productivity and be economically damaging. As a businessman and an entrepreneur, I have built up a strong and enduring business and I totally reject the idea that one extra bank holiday would have that effect. The working people of this country will get done the work that they need to get done, regardless of an extra day away from the office. The concept of work has changed. It is no longer about turning up at a particular time and leaving at another time. It is, instead, about outputs and what is done, not how long it is done for.

Ian Austin: On the point that the hon. Gentleman made about reclaiming the flag from the far right, this is a campaign that I have run ever since I became a Member of Parliament in 2005, calling on Dudley council and all other public bodies to fly the Union Jack, our national flag, which contains the flag of St George, on all public buildings all year round. Will he endorse that call? Does he agree that we should fly the Union Jack proudly, as a symbol of the values that make this the greatest country on earth, all year round and not just on the so-called special days of the year?

Nadhim Zahawi: I do agree with the hon. Gentleman. He may recall that during the World cup I urged the Prime Minister to fly the flag of St George over Downing street, although, sadly, it did not fly for very long, but his point is well made.

Christopher Pincher (Tamworth) (Con): I commend my hon. Friend's patriotic zeal, but if he wants a truly national public holiday, why do we not choose 21 October, Trafalgar day, as my hon. Friend the Member for Bury North (Mr Nuttall) suggested, given that it celebrates an event in which 4,000 Irishmen, 6,000 Scotsmen and 600 Welshmen, and even the odd American and French volunteers, fought on the British side, and a true-born Briton gave his life? Why do we not celebrate that day rather than the day of a mythical Greek who went around slaying mythical beasts?

Nadhim Zahawi: My hon. Friend will not be surprised if I disagree with him on that point.

This April obviously included an extra bank holiday, and retail sales increased by 5.2% as shoppers took advantage of the additional holiday.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Does my hon. Friend have similar data for Wales on 1 March?

Nadhim Zahawi: I do not, but I am happy to source more data for Wales. However, I would not be surprised if something similar happened throughout the country, as when people have an additional day off, they use it to visit retail outlets.

The other beneficiaries would be our local pubs and great British breweries, especially the micro-breweries, which would undoubtedly attract many who wish to toast St George, and in Wales, St David, just as many already toast St Patrick and St Andrew. With the creation

[Nadhim Zahawi]

of special events building on those that already occur throughout the country, our leisure and tourism industries would also do very well.

Rebecca Harris (Castle Point) (Con): There has already been some discussion about whether we want an extra day. I entirely support the Bill, but is my hon. Friend aware that the Government are already considering another bank holiday later in the summer to extend the British tourist season? That would not be as welcome as my Daylight Saving Bill in achieving that end, but perhaps we could consider both options.

Nadhim Zahawi: My hon. Friend is quite right; the Government are considering that. As I cast my eye towards the Treasury Bench, I see no better champion of this country's patriotism than my hon. Friend the Minister for Further Education, Skills and Lifelong Learning, who is a great patriot himself.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I apologise for missing the start of the hon. Gentleman's excellent speech; I was mid-way through my lunch, but I am delighted to be here strongly to support the Bill. Is not the crux of the matter that it would address a grave injustice? The Scots can celebrate St Andrew, the Irish in the north of Ireland can celebrate St Patrick, but the English cannot celebrate St George, and, of course, in Wales we cannot celebrate St David. I want to put it on the record that the entire Welsh nation strongly supports the Bill.

Nadhim Zahawi: I thank the hon. Gentleman for his intervention. He was a champion in helping me to draft the Bill and putting his name to it right at the outset. I am sure that his constituents and the people of Wales in general will recognise his commitment to putting this Bill on the statute book.

I spoke about the special events that could be developed by the leisure and tourism industries. In Stratford we already celebrate Shakespeare's birthday on the weekend nearest the 23rd April. I am sure that the turnout would be all the larger and that local businesses would do all the better if the date were set in stone—the same every year—rather than having to be moved around.

We must also put the proposal in context. With only eight a year, the UK ranks 16th in Europe when it comes to bank holidays; France and Sweden have 11 a year and Germany has 12. Even the notoriously hard-working Americans have 13, although I accept that they take shorter summer holidays than we do in Europe. Are critics really saying that these extra bank holidays are pulling down those countries' economies? Figures today from Germany and France demonstrate the growth in their economies, yet they have more bank holidays.

Finally, this policy has true cross-party support and, more important, huge public support. On St George's day this year, I teamed up with Facebook's Democracy UK page to ask users whether they supported the Bill. I am told that the response rate was 800% higher than usual, and I am delighted to say that an incredible 89% of respondents supported the Bill. My hon. Friend the Member for Erewash (Jessica Lee) has been presented with a petition, to be presented to the House, with the signatures of 3,674 constituents asking for a St George's day bank holiday. Other Members have received e-mails from constituents asking that they support the Bill. In the world of research, where I hail from, YouGov found that 68% of people thought it appropriate for the country to have an extra bank holiday, with St George's day being the most popular option.

Today we have an opportunity to do something great for this nation. It is an opportunity to tell the public that we are listening to what they want, and it is an opportunity to deliver real social and economic benefits. I hope that colleagues will join me in supporting the Bill in order to turn those opportunities into reality. I commend the Bill to the House.

1.37 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): I rise to make a short contribution to the debate. I commend my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi) for bringing the debate to the House. I am sure that the campaign he is spearheading is very popular, if not populist. However, I have some slight concerns about the international comparisons that have been made. The reality is that across most of continental Europe, bank holidays, which are normally associated with particular feast days or national events, are not transferred to the following Monday or previous Friday when they fall on the weekend. For example, if Christmas day falls on a Saturday, in Germany that is it and they do not get the following Monday off. That happens in most continental European countries, if not all. My hon. Friend alluded to America, and I appreciate that they tend to take shorter holidays in the summer, with 10 days' statutory entitlement being quite normal.

I applaud my hon. Friend's patriotic stand in seeking to ensure that we have holidays that celebrate our country, but I would like him to consider the point made by the hon. Member for Dudley North (Ian Austin), which I agree with, that people do not require a holiday to be able to celebrate our wonderful country, as happens in our civic parade in Saxmundham and in similar events elsewhere in Suffolk Coastal.

In reference to the point my hon. Friend the Member for Castle Point (Rebecca Harris) has just made on how the Government are considering other bank holidays, I see that as a really important contribution to establishing why we need 1 May to be a bank holiday—I know that that may be controversial on the Opposition Benches. Why not choose a day of national celebration? It could be the Queen's birthday or, as my hon. Friend the Member for Tamworth (Christopher Pincher) suggested, Trafalgar day.

Nadhim Zahawi: I applaud my hon. Friend for thinking through some of the issues surrounding the Bill, but does she agree that, whichever day we settle on, it should be one that the nation supports as the right day to celebrate?

Dr Coffey: That is a fair point, and there is no more popular day than a day celebrating one's country, although, with reference to what was aid by my hon. Friend the Member for Christchurch (Mr Chope), who is no longer in his place, I am conscious that we have always to support the United Kingdom. We have had the royal

wedding day, and with the diamond jubilee next year I think that such moments of unity may be more appropriate dates on which to build.

Henry Smith: My hon. Friend mentioned public holidays in the United States earlier, and until not that long ago some states celebrated some public holidays and other states did not; Martin Luther King day is the most relevant example. We could have national and sub-national holidays in this country. They could work quite well, and I see no problem with having a Trafalgar day, a St George's day, a St David's day, a St Andrew's day, a St Patrick's day and so on. That works in other countries with subdivisions.

Dr Coffey: My hon. Friend makes a valid point. In Scotland they have not only new year's day off, but 2 January. Perhaps they have such a good time at Hogmanay that they need two days to recover; I do not know the convention around that. Of course, it was not until fairly recently—perhaps within our lifetime, my hon. Friend may note—that Christmas day became a day off in Scotland, so I fully accept that different countries within the United Kingdom might have different traditions that they wish to modify.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): In Scotland, apart from the obvious public holidays such as Christmas day that appear on fixed dates, many public holidays are local holidays. Different local authorities will choose different days for their spring or autumn holidays, so the system works perfectly well not just within a whole nation, but locally. Will the hon. Lady be clear about May day, however? I was concerned that she was suggesting that the May holiday should not continue, and I hope she was not, because if that approach were to be associated with introducing St George's day and St David's day, it would destroy the otherwise bipartisan approach to the debate. I am sure that the hon. Member for Stratford-on-Avon (Nadhim Zahawi), who has introduced the Bill, would not want that either.

Dr Coffey: I am not trying in any way to associate that idea with the Bill; I am trying to suggest that the Government should take some time to think about the public holidays that affect each individual nation and the United Kingdom as a whole, and to decide whether they are well spaced out, whether there is a concentration around a particular time of year and whether we could do with moving some—be they 1 May, 30 May, the one in August or similar—to different points of the year. It is a long stretch from 31 August right through to Christmas day, especially when we have so many holidays granted to us earlier in the year.

My hon. Friend the Member for Stratford-on-Avon commented on economic activity, and I should like to see more understanding of that issue. I will not oppose the Bill, because it merits further debate, but I look forward to the Government's comments, particularly given that some of my local business people have said, "Another bank holiday means another day that I have to pay someone who may not be generating value for my business." That might seem a bit miserly, but it is not intended to be. That is the reality, and we need to ensure that we are as productive as we can be. We should fly our flags with pride on St George's day, 1 March, 30 November and 17 March, but we must ensure that we do not put ourselves at a disadvantage compared with our international competitors, and not just those within the European Union.

1.44 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): I rise to make a short contribution to the debate. I want to make two preliminary points. First, I extend my sincere congratulations to my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi) on moving the Second Reading and on being such an advocate of a full debate about whether St George's day in England and St David's day in Wales should form bank holidays, as St Patrick's day in Northern Ireland and St Andrew's day in Scotland do.

Secondly, I stress—not least because, for perfectly understandable reasons given the constituency that he represents, my hon. Friend focused his comments on St George's day—that, as the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) said, and as I know given my surname and with grandparents and relatives in Troedyrhiw in south Wales, there is great support in Wales for the Bill and for ensuring that there is also a public holiday on St David's day.

With those preliminary remarks behind me, the only point that I want to address is one that has troubled some hon. Members: whether the Bill, as formulated, is in any way a divisive measure in preventing citizens in the various constituent parts of the United Kingdom from celebrating saints' days that are not public holidays in the constituent part of the UK from which they come. As I understand it, that is not the principle that lies behind the Bill. It would be perfectly acceptable for Englishmen and Englishwomen living in Wales to celebrate St George's day, or for Welsh people who have the misfortune to live in England to celebrate St David's day, in just the same way that I am sure many Scots living in other parts of the United Kingdom celebrate St Andrew's day—and we all know that the Irish celebrate St Patrick's day wherever they happen to be in the world, and do it very well indeed. That mischief does not exist in the Bill, and hon. Members who have sought to suggest that it does are wrong.

Much more importantly, this is a Bill whose day has come. The time has come for this sort of measure to be properly debated and for the Government to consult on it, because for too long the symbols associated, in particular with St George, have been purloined by the wrong people in this country. It is about time, as any decent and proper Englishman such as the Minister can tell us, that we took those symbols back and began to celebrate what it is to be English, Welsh, Scots or Irish. There is no problem with that. This is a Union of four strong nations, and the Bill would not in any way undermine it.

I look forward to hearing the Minister's comments and, I hope, to receiving assurances that the Government, even if they will not lend their support to the Second Reading of the Bill, will give it serious consideration in the context of whether there should be further bank holidays in this country. I, for one, look forward to the day when, even if I can celebrate Trafalgar day—although I am not sure what I would do with that day in October—I and all my constituents will have the opportunity to

[Stephen Phillips]

mark the day on which the patron saint of this country is celebrated. For those reasons, I will support my hon. Friend's Bill, and I hope that others will do the same.

1.48 pm

Ian Austin (Dudley North) (Lab): I join other Members in congratulating the hon. Member for Stratford-on-Avon (Nadhim Zahawi) on introducing the Bill. I also congratulate you, Mr Deputy Speaker, because before you became an occupant of the Chair you led the way in previous Parliaments in promoting a series of patriotic measures. I strongly support this proposal. I strongly believe that we should celebrate St George's day and that we should, as the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) said, reclaim these symbols from those on the far right, who have traduced them.

We heard several other proposals in the debate. For example, the hon. Member for Tamworth (Christopher Pincher) suggested a day of national celebration not on St George's day but on Trafalgar day. I think we should look for a day that enables us to celebrate much more what we are as a people and a nation, and the unique contribution we have made to the rest of the world. People sometimes ask me what it means to be British. I believe that it is not about where you were born, what you look like, where your parents were from, the religion you practise or any other such factors, but the contribution you make, what you believe, and your adherence to the great British values of democracy, equality, freedom, fairness and tolerance, to which I believe our country has a particular and unique attachment.

People say that every other country can claim those values just as much as Britain can, but I do not believe that to be true. For example, when other European countries rounded up Jews in the second world war, put them on trains and sent them to concentration camps—we were reminded of that only yesterday with the trial of Demjanjuk—Britain, uniquely, provided a safe haven for Jewish children such as my father, who came here at the age of 10, unable even to speak English. I therefore think we can say that this country has a unique commitment to the values of democracy, equality, freedom, fairness and tolerance, and that we should stand up for that. We should pick a day to celebrate that reminds us, children in Britain and everyone who wants to live in this country that it is those values that make us British and that make our country so special.

When the Minister responds, I would like to hear what thought he and his colleagues have given to picking a date that can be set aside for an annual moment of reflection and celebration to remind the whole country of the unique contribution that British people have laid down their lives to give to the rest of the world.

1.51 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I, too, congratulate the hon. Member for Stratford-on-Avon (Nadhim Zahawi) on moving the Second Reading of his Bill, and on making so many pertinent points.

Many great and some not so great men and women have attempted to define the English identity. I will not compete with them by trying to weave tea, Shakespeare, queuing and tabloids into a national narrative. I am even less well qualified to pontificate on the essence of Welshness.

The Labour party strongly supports the celebration of the English and Welsh national identities. We are proud that we helped to reclaim the cross of St George from the British National party. I think it is true to say that when we now see it flying on our streets, all English hearts can swell with pride, rather than fear racist insults. The Welsh have been ahead of the English in maintaining a strong focus on and pride in their national symbols: the flag of St David, the daffodil and their national dress.

Many St George's day celebrations are held in my constituency of Newcastle upon Tyne Central. Kids of all ethnic backgrounds delight in recreating St George's feats of heroism, to which the hon. Member for Stratford-on-Avon referred. I tried to emulate St George's courage and skill by competing in the egg and pan race at the Villa Victoria's St George's fun day in the Westgate area of Newcastle. I am afraid that I was not worthy of his memory, but I will have another opportunity next year to carry off the golden frying pan.

Dr Thérèse Coffey: Perhaps the hon. Lady would have more joy if she participated in "Dragons' Den".

Chi Onwurah: I thank the hon. Lady for that intervention. I will consider that in the run-up to next year's event.

The royal wedding in April was a huge celebration of national identity. A million people came to London to celebrate with good humour and great pride, and all over the country people gathered in pubs, parks, streets and halls to watch. Even republicans managed to enjoy it in their own way and with good grace. We hope that the Government are already putting in place measures to ensure that the Queen's diamond jubilee next year is as "amazing" as the wedding, as Her Majesty is reported to have characterised it.

The Opposition do not oppose Second Reading and look forward to seeing the Bill in Committee, but a number of important issues have to be considered before we will support it. The hon. Member for Stratford-on-Avon considered the economic impact, and we are aware of the Government estimate that an additional national bank holiday would cost £2.9 billion. That would have clear implications for business, trade unions and other stakeholders.

There are issues besides costs for the Committee to examine. For example, we must make fair international comparisons. As the hon. Member for Suffolk Coastal (Dr Coffey) said, I am not sure it is fair to claim that we have significantly fewer holidays than others, because in France, for example, if May day falls on a Saturday or Sunday there is no day off in lieu. With our strong sense of fairness, we ensure that a bank holiday is always a working day. Taking that into account, I believe that, on average, other European countries have only a slightly larger number of bank holidays. The French Government are reportedly considering reducing the number of public holidays. The hon. Lady pointed out that the US has more, but the trade-off is that far less holiday time is provided for businesses and workers.

There is a further concern that is the subject of daily and hourly discussion throughout these isles—the weather. As my hon. Friend the Member for Dudley North (Ian

Austin) said, an April bank holiday has little chance of coinciding with an English heat wave—nor, I am told, is March the best time to showcase Welsh sunshine. As a nation, we are working harder over longer hours, in more stressful conditions, so should we not have a decent chance of decent weather on a day off?

Furthermore, some might question the principle of telling hard-working men and women what they should do with their time off. It does not sound very English, does it? Unlike the French, the English have no need of an académie to celebrate the language of Shakespeare. Some might question whether a bank holiday is necessary to strengthen the homeland of Churchill, Brunel, Boadicea and St Cuthbert, to name but a few, or for that matter the home of Owain Glyndwr and the Eisteddfod.

As has been mentioned, however, a poll conducted for St David's day 2006 found that 87% of people in Wales wanted it to be a bank holiday, with 65% being prepared to sacrifice a different bank holiday. The hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) referred to the strong support in Wales for a St David's day bank holiday. We therefore believe that there is strong evidence of popular interest in making St David's day and St George's day bank holidays, and that it is worth while examining in more detail how the matter can be taken forward. The Department for Culture, Media and Sport is in pre-consultation on the May day bank holiday, and as a result we hope to learn more about British attitudes to bank holidays. We hope, though, that we will not lose our May day bank holiday.

We believe that we should celebrate our national identity, and unlike the Government we believe in promoting strong local, regional—we have not yet banned the R-word—and national identities. We look forward to discussions in Committee to see whether the Bill is the best way of doing so.

1.58 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): Would that you, Mr Deputy Speaker, had been in Long Sutton in my constituency when St George's day was celebrated. You would have been able to enjoy, as I did, adorned by the rose of England, the people and personalities of that splendid town. Many people, like me, enjoyed vanilla ice cream made and served by Laddies of Holbeach at an event organised by Jack Tyrrell, whose triumphant election to Long Sutton parish council I know the whole House will wish to celebrate. I can think of no one better than you, Mr Deputy Speaker—I am not in the habit of flattering the Chair, as you know—to have added their celebrity to that occasion. Perhaps I can take this opportunity to invite you to join me in my constituency when the event is next held.

Last Sunday, I marched, as I do every year, at the head of scouts and guides, cubs and brownies, and beavers and rainbows from Spalding marketplace to the church of St Mary and St Nicholas to celebrate St George's day—rather late, the House will note, because of the royal wedding and all the events we enjoyed as a nation that obliged those organisations to delay their usual celebrations. It is an annual joy to be part of that and to see young people experiencing the benefits described by so many Members today of national identity, including the purposeful pride instilled in our hearts by our understanding of what we are and where we have come from.

It has been the habit of those in the bourgeois liberal class—by that, of course, I do not mean the Liberal Democrats; I am using "liberal" with a small L—who are doubt-filled and guilt-ridden to understate the significance of that sense of identity. Let that passing phase in our history be now put to one side. Let us all, as a nation, understand that this sense of belonging feeds our sense of worth and value.

To that end, I warmly welcome my hon. Friend's Bill and the chance it has given us to debate these matters. At its heart, it is a celebration not only of St George's day and St David's day, but of St George and St David themselves. In anticipation of this day, preparing with the diligence that I hope I usually display, I took the trouble to wander into Central Lobby and look at the fine mosaics of St George and St David—and also of St Andrew and St Patrick—that adorn that place. You will be familiar with them, Mr Deputy Speaker. I have purchased two small postcards for you, which I will give you at the end of today's proceedings. The mosaics, which were added to Central Lobby a considerable time after the Houses' rebuilding after 1834, are a wonderful display of the very symbols of identity to which the Bill draws the House's attention.

St George, you will remember, Mr Deputy Speaker, stands between virtue and purity—other elements in the national identity, described by many Members, and exemplified in the speech of my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi), that make England what it is. Virtue is holding a lion's skin, illustrating the triumph over brute force, whereas purity holds a bunch of white lilies. I do not want to disappoint my hon. Friend, but St George is clearly a rather pale-skinned youth in the illustration, by the way, but of course that might be poetic licence. The figure of St George says so much about what we are as Englishmen.

It is appropriate to take this opportunity to celebrate St George and St David. Lest I be accused of any prejudice, I will say a word about St David too, for there is a fine mosaic of him, too. He stands between two angels. I cannot help but notice my hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) at the end of the Treasury Bench, and I want to point out for his benefit alone that St David was originally the saint of Pembrokeshire, and only later became the saint of the whole of Wales. The two angelic figures standing either side of St David in that mosaic, which we pass every day, represent the harp of harmony and the lamp of light. May harmony and light be brought to all our proceedings today and every day.

I would like to put a couple of other things on the record before I move to the specifics of the Bill—mindful, of course, of your indulgence, Mr Deputy Speaker. No party in this House has a monopoly on patriotism. It would ill serve us to pretend so. Patriotism, the belief in something greater than that which divides us, is an essential component in building a society that works. The things that drive and unite us must be greater than the differences that we enjoy. Indeed, the fact that we can tolerantly enjoy differences is emblematic of what is best about being British.

In those terms, the Bill is topical. I am sure that everyone enjoyed the recent celebrations of national identity, best shown by the royal wedding, to which the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) referred. It was a truly happy day for those directly involved, and it is marvellous how that happiness

[Mr John Hayes]

reverberated across the whole nation. Indeed, my young son Edward played the part of the groom in a royal wedding celebration at John Harrox primary school in my village. He was proud to do so, borrowing my top hat for the occasion.

We would all love another holiday—I would love many more holidays—but there are costs to be paid. I hope that you, Mr Deputy Speaker, and my hon. Friend the Member for Stratford-on-Avon will not think I am a killjoy for pointing that out. I do so with some reluctance, because I think we are often excessively utilitarian in public policy. I do go with Wilde:

> "A cynic is the man who knows the price of everything and the value of nothing."

We weigh and measure public policy solely by utility at great cost. None the less, we must be mindful of cost, in particular because of the times in which we live. It would be less than responsible not to take into account the points made by the hon. Member for Newcastle upon Tyne Central about the possible cost of an additional public holiday, to which I will return in a few moments.

I will now read from the script that was prepared for me, although I will do so fleetingly and will not let that constrain my rhetoric unduly.

The Government regularly receive requests for additional bank holidays to celebrate a variety of occasions. The current pattern of permanent bank holidays is well established, and in recent years leave entitlements for many workers have increased. It might therefore seem, in the eyes of some, unnecessary to announce a further bank holiday, but there will be a holiday next year to celebrate the Queen's diamond jubilee, as there was to celebrate her golden jubilee. We should celebrate that with exuberance: no understatement and lots of celebration in Westminster and across the country, for my disdain of the bourgeois liberal class extends to its claim that to be exuberant is to be vulgar.

Ian Austin: No one has ever suggested that I am a member of any sort of bourgeois liberal group. Thirty years ago next year, British forces liberated the Falkland Islands. They did not just free the Falklands, but fought for democracy and freedom more broadly. Would it not be right for the nation to celebrate that anniversary next year, and every year, on 14 June, as an example of Britain's commitment to democracy, equality, freedom, fairness and tolerance?

Mr Hayes: In response to that, I should say that a nation that forgets its past is likely to neglect its future. As a conservative—with every kind of "C"—I fully understand that we are part of a continuum, and unless we learn from what we have done, we are unlikely to do well now or as we move forward, so it is right that we mark the occasion that the hon. Gentleman describes. It is important that we celebrate that victory and also pay proper respect to those who were part of it. I do not know what the official plans are, but given the hon. Gentleman's intervention, the least I can do is ask the Ministers responsible to drop him a line. I think it would be wrong if that passed without any comment or note. Such occasions are worth marking in an appropriate and measured way.

Nadhim Zahawi: I stand in awe of my hon. Friend's powers of oratory and sound and clear thinking. On the cost and the point that he has just made about a similar event next year—an extra bank holiday to celebrate, quite rightly, the Queen's diamond jubilee—could we not in the intervening time assess the cost of an additional bank holiday? We would therefore be able to make a sound decision about whether my Bill's proposal for a permanent bank holiday could be supported in future.

Mr Hayes: My hon. Friend is certainly right. Although we cost such proposals in a clear and empirical way—and notwithstanding my comments about utility—it is right that we should consider the matter in the round. We should assess the effects, both good and bad, on business, because clearly many businesses will benefit from an additional holiday. The tourist business, many of our resorts and parts of our leisure industry would benefit. However, there would be other costs to business, and it is right to listen to what business organisations say. Indeed, I will describe what they have said as we progress through this short but important debate.

The history of bank holidays will help us to draw some conclusions. Bank holidays are a relatively new phenomenon, of course. Before 1834, the Bank observed about 33 saints' days and religious festivals as holidays, but in 1834 the number was reduced to just four: 1 May, 1 November or All Saints day, Good Friday and Christmas day. Frankly, in my view, that was rather a meagre ration. In 1871, the first legislation relating to bank holidays was passed when the banker and politician, Sir John Lubbock, introduced the Bank Holidays Act 1871, which specified the days as holidays.

I understand that Sir John Lubbock was an enthusiastic supporter of national and local cricket, and was firmly of the belief that bank employees should have the opportunity to participate in and attend matches when they were scheduled. Dates of bank holidays are therefore dates when cricket games were traditionally played between villages in the area where Sir John was raised. It is that rather partisan approach to bank holidays, built around Sir John's personal tastes, which forms the basis, or at least the origins, of the matters we are speaking of today. Nevertheless, people were so glad to be given time off, whether it was to watch cricket or not, they called the first bank holidays St Lubbock's days for a while. That did not perpetuate, but I hope that politicians of note might consider that, at least in popular if not official terms, special days could be named after them; one never knows, but if my hon. Friend's Bill were to be successful, his name might, at least colloquially, be attached to the day's holiday that people enjoyed. However, that rather self-interested motive of course has nothing to do with his bringing the Bill to our attention.

As is often the case, Scotland was treated separately because of its separate traditions, and so, for example, new year's day was a holiday there whereas Boxing day was not. The 1871 Act did not specify Good Friday and Christmas day as bank holidays in England, Wales and Ireland because they were already recognised as common law holidays, and common observance had meant that they had become customary holidays since before records began.

Exactly a century after the 1871 Act, the Banking and Financial Dealings Act 1971, which currently regulates bank holidays in the UK, was passed. The majority of the current bank holidays were specified in the 1971 Act, but holidays for new year's day in England, Wales and

Northern Ireland and for May day were introduced later. From 1965, the date of the August bank holiday was changed to the end of the month. Curiously, there were a few years—for example, 1968—when the holiday fell in September, but this no longer occurs, presumably reflecting a change in the way of defining the relevant date. The Whitsun bank holiday, Whit Monday, was replaced by the late spring bank holiday, which was fixed as the last Monday in May in 1971.

Under the 1971 Act, certain holidays are written into legislation. Those which are not are proclaimed each year by the legal device of a royal proclamation. A royal proclamation is also used to move bank holidays that would otherwise fall on a weekend, so adding an additional one-off holiday, as was the case this year. In that way, holidays are not lost in years when they coincide with weekends. These deferred bank holidays are termed bank holidays in lieu of the typical anniversary date and in the legislation are known as "substitute days". Although we have fewer public or bank holidays than many other European Union member states, they do not always have substitute days and so, in some sense, the comparison is misleading. That point has been made by a variety of speakers today, including the hon. Member for Newcastle upon Tyne Central.

To give those north of border a chance to have a longer celebration at new year, 2 January was made an additional bank holiday in Scotland by the 1971 Act—the rest of the country was given the chance to celebrate, less enthusiastically perhaps, by having new year's day off instead. May day is the most recent of the eight bank holidays and is thought by some to be a controversial choice. It was introduced by the then Employment Secretary, Michael Foot, in 1978, just before he went on to lead the Labour party. At the time many opposed the move, saying that the May day holiday was essentially a communist idea because most countries behind the iron curtain enjoyed it, but it is now in the calendar and a fixture in bastions of communism such as the United States. I think we can assume that those charges did not bear as much weight as their advocates suggested.

The first bank holiday Act was a welcome innovation—

Mr Nuttall: Will the Minister give way on that point?

Mr Hayes: On the point of communism or bank holidays?

Mr Nuttall: On the point of the May day bank holiday. Does the Minister agree that one solution to the problem of finding an extra bank holiday for St George's day would be simply to move the May day bank holiday to 23 April? That would resolve the problem of a loss to the economy, which has been discussed, and it would create a day around which we could all unite for St George's day.

Mr Hayes: I wondered whether a bright Member of this House rather like my hon. Friend—who certainly is that—might make just such an intervention. It is arguable that one might transpose those dates. It is not the spirit of the Bill, which suggests an extra day, but none the less it is an argument that could be made and that has been made very succinctly by my hon. Friend in his brief intervention.

In conclusion, let me say two things. I want to tell my hon. Friend the Member for Stratford-on-Avon—I know how pleased he will be that I am able to make this announcement today—that the Department for Culture, Media and Sport tourism strategy allows for a consultation on moving the May day bank holiday and one suggestion is that it might be moved to St George's day or St David's day. That consultation will give everyone an opportunity to have a proper debate about such arguments to the satisfaction of my hon. Friend the Members for Stratford-on-Avon and for Bury North (Mr Nuttall). Of course, that is not to prejudge the outcome of the DCMS process.

One can do no better on such occasions than to quote our great poet, who was born on St George's day and died on St George's day. Anyone in this place who has doubts about the existence of the divine and would attribute that to coincidence is surely rather less wise than that great man himself. He said:

> "I see you stand like greyhounds in the slips,
> Straining upon the start. The game's afoot:
> Follow your spirit; and, upon this charge
> Cry 'God for Harry! England and Saint George!'"

2.21 pm

Nadhim Zahawi: I thank my hon. Friend the Minister for his response and the positive news that a consultation on a St George's day bank holiday will definitely be forthcoming. I shall obviously push hard to ensure that the option of an entirely new bank holiday, rather than just moving May day, is included as an option in that consultation and I hope that my hon. Friend will meet me and supportive colleagues to discuss the matter in the near future.

In the light of that fact and of my hon. Friend's response, I think it would be quite right to withdraw the Bill in order to give the Department time for consultation and an opportunity properly to collect public opinion as well as to give the Government time to respond to that opinion. I am quite sure that the English, Welsh and indeed entire British public will continue to show their strong support and that, in the near future, we will be able to deliver a St George's day bank holiday for our nation. I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Consumer Protection (Private Car Parks) Bill

Second Reading

2.23 pm

Henry Smith (Crawley) (Con): I beg to move, That the Bill be now read a Second time.

I am acutely conscious that we have very little time left before the Adjournment debate, so I shall try to give the abridged version of a Second Reading speech. I am also conscious, while I am talking about time, that it was only just over a year ago that I was elected to this place and I would not have imagined that I would be presenting a private Member's Bill on the provision of consumer protection and private car parks. Whenever I contribute in the Chamber, I try to bear reference to my experience as a constituency Member of Parliament and, in my time as a Member of Parliament, I have unfortunately come across a rogue car park operator in my constituency that, for the most minor infractions or for no offence at all, regularly issues motorists with apparent fines or at least demands for payment for very dubious reasons.

The operator often claims payment from motorists, saying that they did not purchase a ticket, but when a motorist produces evidence that they did indeed buy a pay-and-display ticket the operator says that it was not properly displayed and demands payment. Many people are, in essence, intimidated into parting with their money; demands are often made for £70 rising to £140 if the amount is not paid within two weeks. Many elderly and vulnerable people have been tricked into making a payment that is not a criminal fine but merely a demand from a private car park operator. Many fear for their credit rating, because they receive threatening letters, often with the claim that the company will send in the bailiffs.

When I raised the issue with the planning and licensing sections of my local authority, I was told that planning legislation does not allow local authorities properly to control the actions of such rogue private car park operators. Their operations are not covered by the licensing regime either.

Mr David Nuttall (Bury North) (Con): Is it not the case that car park operators are required to identify through visible signs the status of the land on which they encourage people to park? The signs must show the terms that apply and any penalties for contravening them. If an individual falls foul of those obligations, in essence, they have only themselves to blame.

Henry Smith: I agree. If somebody contravenes the conditions for parking on private land, it is perfectly reasonable for the private operator to seek restitution. However, as I said earlier, operators often claim that people have not purchased a ticket when, in fact, they have, and demand payment. There are many responsible private car park operators, but I regret that a minority let down the industry.

Adam Afriyie (Windsor) (Con): I welcome the Bill, irrespective of the outcome today. In Windsor, we have a car park such as my hon. Friend describes, so I encourage him to make his case as forcefully as possible. It is important that people have a sensible form of redress when they are incorrectly or unfairly treated by private car park operators.

Henry Smith: I am grateful to my hon. Friend for his support.

My instincts are not to reach for the statute book and additional regulation, but there is a gap in the legislation and it needs addressing. The provisions of my Bill would do that straightforwardly, at no additional cost to the taxpayer. The Bill would give local authorities a licensing function over the operation of publicly available paid-for car parking. Just as taxi companies or public houses are licensed, so too, through an application fee, could private car parks be licensed, to ensure that rogue operators behave responsibly.

People might say that surely the industry can regulate itself, and there is indeed a body—the British Parking Association—but it supports the Bill, because it recognises that self-regulation has not worked. Other organisations, such as Consumer Focus, the AA and the RAC, also support the Bill.

The Bill offers relief to the motorist, who can fall foul of the somewhat questionable practices of a minority of operators. Liverpool Victoria estimates that motorists are paying apparent fines or penalties of about £60 million a year. They should not be paying those penalties and they should have the right to appeal. With that brief conclusion, I commend the Bill to the House.

2.29 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): I congratulate my hon. Friend the Member for Crawley (Henry Smith) on securing a Second Reading debate on his Bill. I fully understand many people's concerns about a minority of car park operators and the activities that have given rise to the Bill.

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 21 October.

Business without Debate

SALE OF TICKETS (SPORTING AND CULTURAL EVENTS) BILL

Resumption of adjourned debate on Question (21 January), That the Bill be now read a Second Time.

Hon. Members: Object.

Debate to be resumed on Friday 21 October.

RE-EXPORT CONTROLS BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 21 October.

LOCAL GOVERNMENT OMBUDSMAN (AMENDMENT) BILL

Resumption of adjourned debate on Question (18 March), That the Bill be now read a Second Time.

Hon. Members: Object.

Debate to be resumed on Friday 10 June.

MEDICAL INSURANCE (PENSIONER TAX RELIEF) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 10 June.

BUILDING REGULATIONS (REVIEW) BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 10 June.

Credit Rating Agencies

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

2.32 pm

Mr Chuka Umunna (Streatham) (Lab): I thank you, Mr Deputy Speaker, and the House for giving me the opportunity to debate this very important issue today, but before I do so, I should like to say to my constituents that I have been a Member for a year this week, and I have loved every week. It has been a great pleasure to serve the people of my constituency, and I will continue to work my socks off for them so long as I have the privilege of sitting in the House.

This debate comes at a crucial moment. The world is seeking to address the failings of the financial system in the wake of the 2008 crash. Much of that work is being driven by the G20 and the Basel Committee on Banking Supervision. Of course, credit ratings are hardwired into the new rules that are being implemented now. The sovereign debt crisis that is occurring in the eurozone reminds us of the sheer power of credit rating agencies. Of course, a number of recent studies have posed serious questions about the operation of the credit rating agency market in the wake of the 2008 crash, and I wish to explore some of those issues in the short time available this afternoon.

I should add that the European Commission will shortly publish its proposals to improve the regulation of the agencies. I hope that this debate will perhaps not only inform the national debate on the issue but give us more clarity on the Government's position. Just three firms—Moody's, Standard & Poor's, and Fitch—control some 95% of the credit rating market. They rate a range of debt instruments, and their ratings are embedded in investment plans, price triggers and the new capital requirements that are being implemented.

A downgrade by one of the big three agencies can make or break an entire economy, as recent events in the eurozone have shown. Just last month, Greece's Prime Minister accused them of

"seeking to shape our destiny and determine the future of our children."

Some people might say that that is unsurprising, given Greece's position at the moment and the difficulties that it has faced, but Greece is not the only country that has complained. The US Assistant Treasury Secretary, Mary Miller, also weighed in last month following the downgrade by Standard & Poor's of its outlook for US sovereign debt.

The credit rating agencies thus exercise huge power, despite the deep failings exposed during and after the financial crash. Investigations into the financial and economic crisis that have been conducted since then have shown that the agencies played a large part in causing and then exacerbating the financial crisis. The US Senate sub-committee on investigations last month reported that

"perhaps more than any other single event, the sudden mass downgrades of residential mortgage-backed securities and collateralized debt obligations were the trigger for the financial crisis."

The report of the US Government's financial crisis inquiry committee stated that

"the failures of credit rating agencies were essential cogs in the wheel of financial destruction. The three credit rating agencies were key enablers of the financial meltdown."

[Mr Chuka Umunna]

Here, the Financial Services Authority in Lord Turner's review of 2009 said much the same when it concluded that

"the credit ratings-based system played an important part in the origins of the crisis".

These are not isolated claims. Studies published by the Financial Stability Board, the Bank of England and the European Commission's de Larosière group reach a similar conclusion. The key points are these. In the years preceding the financial crisis, the credit rating agencies fuelled a dangerous liquidity boom by underestimating the credit default risks of sub-prime mortgages and complex structured products. When the bubble burst, sudden downgrades to the ratings embedded in the investment plans, mandates and capital reserve requirements automatically triggered a liquidity crisis which, in effect, made a bad situation much worse.

Multiple major studies have concluded that the big credit rating agencies were key contributors to a financial crash that cost this country well over £1 trillion. It is therefore incumbent on us to ensure that the flaws in the credit ratings business are dealt with as a matter of urgency. One such flaw, which must be addressed, is the fundamental conflict of interest that arises through the so-called issuer-pays model. Under this model the issuer of a security can shop around for a rating, creating a race to the bottom in the integrity of ratings. Competition for this lucrative business puts pressure on rating agency staff to downplay risk and to collude with issuers, particularly when rating elaborate packages of structured debt. The result, seen in the sudden mass downgrades at the start of the financial crisis, is a dangerous ratings inflation.

This process was a common observation of all the investigations that I mentioned. The de Larosière report, for example, said

"the conflicts of interest in CRAs made matters worse. The issuer-pays model, as it has developed, has had particularly damaging effects in the area of structured finance."

The US Senate report concurred, saying:

"The conflict of interest inherent in an issuer-pay setup is clear: rating agencies are incentivized to offer the highest ratings, as opposed to offering the most accurate ratings, in order to attract business."

These findings are supported by evidence from within the rating agencies themselves. In internal correspondence published by US congressional investigations, staff joked that a deal

"could be structured by cows and we would rate it",

and discussed "adjusting", "spinning" and "massaging" ratings methodologies in order to preserve market share. I have read many of the documents and e-mails myself.

A 2008 survey of finance professionals by the CFA—chartered financial analyst—Institute found that 11% of respondents had witnessed agencies altering ratings under pressure or influence from outside parties, so any serious regulation of the system needs to target the inherent conflict of interest in the issuer-pays system.

This brings me to the recent moves by the European Commission. Recent EU legislation has taken some important steps in the right direction. It makes it mandatory for all credit rating agencies operating in the EU to register with the new European Securities and Markets Authority, which will monitor their methods and potential conflicts of interest. It also gives that authority powers to investigate agencies and, in the event of infractions, suspend agencies' licences. For me, the question is: does this do enough? I am not sure that it does, because it does not fundamentally challenge the issuer-pays model that has been shown to incentivise ratings inflation.

I mentioned earlier that the European Commission is due to publish a series of new proposals, and the options that it floated in its consultation in November, which finished in January, included the creation of a European credit rating agency, support for investor-owned agencies, an independent clearing board to allocate ratings business, a network of small and medium agencies, and an obligation on institutional investors to obtain their own rating before purchasing a product. The Commission has said that it is about to table new legislation in this area. Does that accord with the Treasury's understanding? I would be grateful if the Minister could tell me when that legislation is expected to be published.

The UK's tripartite authorities produced a response to the Commission's options in January 2011, which largely rejected the suggestions that had been placed on the table, placing great confidence in the pre-existing EU regime. Their response also called for a "more narrowly focused" approach to further reform. Most contentiously, their response said that there was

"no hard evidence that conflicts of interest in the 'issuer-pays' model lead to ratings inflation".

It has to be said that that is very difficult to reconcile with the findings of the various investigations into the role of the issuer-pays model in the causes of the financial crisis, which I have just mentioned. I ask those interested in this to read the reports that I have mentioned and decide whether the tripartite response is appropriate.

It is clear to me that tackling the conflicts of interest is central to reforming the system. I know that Treasury Ministers, perhaps the Chief Secretary to the Treasury excepted, have not historically been the biggest fans of the EU, but I urge the Government to be bold and adopt an open-minded approach to the Commission's proposals when they come out.

As the *Financial Times* has pointed out, a publicly owned but independent credit rating agency

"would go some way to mitigate"

the risks of the issuer-pays system. A variation on that idea, a European credit rating foundation funded by the financial industry, recently received the backing of the European Parliament's Economic and Monetary Affairs Committee, which has called on the Commission to conduct a

"detailed impact and viability assessment".

In the US, the Senate has already approved an amendment establishing a clearing body for credit ratings.

Finally, I draw the attention of the House to the Bank of England's financial stability paper of March 2011, which explored the feasibility of moving from an issuer-pays to an investor-pays model. That concluded that, despite the obstacles, the challenges to such a radical change

"may...not be insurmountable".

Ministers, particularly from the Treasury, with whom I tend to have much discussion on the Treasury Committee,

of which I am a member, enjoy reminding me that much of what I have just mentioned happened on the watch of the last Labour Government, and I have admitted and said many times in the House that we did not get the regulation of banks completely right on our watch, although I do not remember there being a huge clamour for a massive clampdown from the Opposition at the time. What people out in the real world want to know from the Minister this afternoon is not how awful he thinks my lot were, but what the Government will do.

The 1997 Asian crash and the 2001 Enron collapse both exposed flaws in the way the agencies operate, yet their power remained unchecked and their failings went unaddressed then. We are all well aware of what followed in 2008, and we cannot afford a repeat of that mistake in 2011 and beyond. The status quo is not an option. Ultimately, the pensions, savings, jobs, homes and livelihoods of our constituents depend on a credit rating system built on integrity and accuracy. We owe it to them to ensure that that is precisely what the system is.

2.44 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): May I first congratulate the hon. Member for Streatham (Mr Umunna) on securing the debate in this, the anniversary week of his election to Parliament? I am pleased to have the opportunity to explain and discuss the Government's policy on credit rating agencies—an issue that has generated a fair amount of interest, including outside the United Kingdom. It might be helpful if I start by outlining the Government's current position and set out the steps that have been taken here and in Europe to address the shortcomings in this area, but before doing so I would like to make two observations.

First, the financial crisis has clearly highlighted the fact that reform of CRAs is essential, as the hon. Gentleman has argued, both in the way they are supervised and regulated and in the way they conduct themselves and explain their decisions to the market. That has already led to significant regulatory changes. CRAs must now register to be recognised in the EU and comply with rigorous procedures and controls in using their ratings. The European Commission has identified further measures to address over-reliance on CRA ratings and to improve competition and CRA accountability.

However, although reform is necessary, CRAs play an essential role in international markets. They provide the market with a neutral assessment of credit worthiness, a service that is valued by investors and crucial to the functioning of the international financial system. Reform should therefore aim to improve ratings quality and the way ratings information is used by investors, but it should not unduly undermine what is an essential service to international capital markets.

Recent market events have highlighted concerns about the role of CRAs, which is why we fully support international efforts to improve their regulation, to introduce greater transparency and competition and to reduce reliance on credit ratings, while acknowledging the complexity of the issues and the important role played by CRAs. The UK authorities have been, and will continue to be, active in both the EU and the G20 processes, including discussions on possible further measures that the Commission is considering in this area.

With regard to what has been achieved to date, the hon. Gentleman is obviously aware that the first European credit rating agency regulation—CRA1—came into force in December 2009. It ensures that CRAs demonstrate that they manage potential conflicts of interest adequately and improve processes relating to the issuing and monitoring of ratings. It requires more robust internal control functions, greater transparency of methodologies and processes, due diligence procedures and the disclosure of performance. It provides a minimum standard of CRAs' systems and controls, ensuring that ratings in the EU are of a high quality.

As the hon. Gentleman will also be aware, that regulation has recently been amended to place rating agencies under European supervision. To be recognised for regulatory purposes, CRAs must go through a registration process, ensuring that they meet the standards of the new CRA regulation. From June, the newly established European Securities and Markets Authority will have the power to ensure that CRAs comply with the regulation. Other jurisdictions, including the US, are adopting similar regimes to ensure a consistent international standard. Those requirements of the European legislation apply to all asset classes and are aimed, in particular, at addressing the problems associated with structured products, an area where, as demonstrated during the crisis, CRAs have evidently failed to provide reliable ratings in some countries. CRAs are also banned from providing advisory services and are required to demonstrate that they have sufficiently analysed the underlying data in producing ratings for structured products. Overall, we consider that those measures will help to improve the quality and reliability of ratings.

Mr Umunna: Will the Minister give way?

Mr Gauke: I will give way, although I suspect that I am about to answer one of the hon. Gentleman's questions.

Mr Umunna: I have a further point and a question about what the Minister has just said. I should have mentioned that I have met the senior management of the rating agencies, both here and in New York, and it is fair to say that they do not necessarily welcome such massive reliance being placed on them; they did not necessarily ask for responsibility on such a scale. What have the Government been doing at G20 level about these issues?

On a subsidiary point, the Financial Stability Board will obviously take an interest in this issue. Will the Minister tell me, or write to me to let me know, the members of the Financial Stability Board's council? I understand that Lord Turner is a member, but it is a bit of a shadowy organisation and there have been some questions, not necessarily about its integrity, but about who is involved, because obviously it has a role to play in this area, too.

Mr Gauke: I will certainly write to the hon. Gentleman in response to that query.

The UK Government have been very much engaged at G20 level and at a European level on the issue. In the context of European engagement, the next stage, which the hon. Gentleman mentioned in his speech, is the further work that remains to be done. The European Commission released a consultation document in

[Mr Gauke]

November 2010 on additional measures that might be adopted on credit ratings. The main proposals related to reducing over-reliance on ratings and the additional measures related to increasing regulation on sovereign ratings; enhancing competition, such as establishing a public CRA, as the hon. Gentleman suggested; potentially increasing CRAs' exposure to civil liability; and addressing the conflicts embedded in the "issuer pays" business model.

The Government, together with the Bank of England and the FSA, have published a joint response to that consultation, setting out in detail our view of the Commission's proposals, and I am very happy to provide the hon. Gentleman with a copy. In summary, we support measures to reduce reliance on CRA ratings—a point that he made in his intervention when he said that many of the problems relate to the level of reliance on such ratings. We also support measures to increase transparency and disclosure, and to stimulate competition by lowering barriers to entry. We believe, however, that measures to impose civil liability or to establish a public CRA to issue ratings, particularly sovereign ratings, would be counter-productive and lead to unintended consequences.

The hon. Gentleman raised the issue of a public CRA, but the potential conflicts of interests in any such arrangement—particularly in the context of sovereign debt—would undermine credibility. Alternatively, although I am not sure whether the two arguments are mutually exclusive, there is the danger that a public body would crowd out other credit rating agencies and reduce competition, and neither of us would be keen to welcome that. To answer the hon. Gentleman's question, however, the Commission will publish its legislative proposals in September.

The recent sovereign debt crises have raised concerns about the role of CRAs in sovereign borrowing. The Government believe that, above all, it is crucial to ensure the impartiality of all ratings, including sovereign ratings, and that means improving transparency by CRAs to facilitate investor understanding, rather than regulating sovereign ratings in a way that compromises their credibility.

Internationally, there has also been a welcome initiative with the Financial Stability Board, considering measures to reduce the over-reliance on CRA ratings. That initiative is investigating what alternatives to CRA ratings can be used in regulatory requirements, in investor mandates and contracts and in central bank operations. Ways to encourage due diligence by market participants themselves are also being explored.

As I said earlier, the Government fully recognise the concern about CRAs. The coalition Government saw from the financial crisis that greater regulation was required to ensure high-quality ratings and a more judgment-based use of ratings by the market. The current sovereign debt crisis further highlights the need for CRAs to communicate consistently and effectively their analysis to the market, and for investors to understand what ratings represent.

That is why the coalition Government are supporting a reform package in Europe which focuses on the root cause of the problems associated with CRAs, while being cognisant of and safeguarding the essential role that CRAs play in the international financial system. We believe that, in addition to the substantial progress already made by CRA1 and CRA2, further reducing mechanistic reliance on CRAs, increasing transparency and reducing barriers to entrant CRAs would be effective ways of achieving that goal.

Question put and agreed to.

2.54 pm

House adjourned.

Westminster Hall

Tuesday 26 April 2011

[ANNETTE BROOKE *in the Chair*]

Submarines and Frigates (Plymouth)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Miss Chloe Smith.)*.

9.30 am

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I thank the Speaker's Panel for selecting the subject of base-porting destroyers and submarines in my constituency for this debate, and I thank you, Mrs Brooke, for chairing it. My hon. Friend the Member for South West Devon (Mr Streeter) will try to make an appearance—he has been caught up on the train—because he is keen to support the debate. I realise that the Government are still considering their base-porting strategy, and that the Minister may not be able to give me many answers at this stage. However, I hope he will take my arguments into account during the few weeks remaining before the decision on base-porting is made.

More than 25,000 people in the Plymouth travel-to-work area are employed in the defence industry, either through contractors or in the armed forces. That and the university have been a magnet for a cluster of maritime industries in a part of the country that is dependent on the public sector for employment. In the next few moments, I want to concentrate on the context of Plymouth Devonport within the strategic defence and security review, Devonport's strategic case as a principal naval port, the benefits of base-porting frigates, destroyers and submarines in Plymouth, Plymouth's economic dependency on the naval base and our dockyard, and the social and economic consequences of any further reduction in Plymouth as a strategic naval port.

In my submission to the Government's strategic defence and security review last summer, I made it clear that as a maritime nation we need a strong Royal Navy. The United Kingdom's basis for our defence should continue to operate through NATO and its framework of collective security, and our relationship with the United States of America. However, that contribution should reflect our geography, maritime history, and our trade and other relationships throughout the world. In that context, the UK's obvious contribution to NATO should be sea and air power, supplemented with our amphibious and special forces capability.

The naval role should explicitly equip the UK to undertake naval policing responsibilities, including dealing with piracy, drug trafficking and international environmental responsibilities such as conservation of our fish stocks. In addition, the Navy should be equipped to offer more effective international assistance to countries and communities experiencing the consequences of natural and other disasters when they need assistance from the international community, as part of an explicit deployment of soft power as an arm of foreign and defence policy. The implication of that judgment about the UK's role in NATO is that the Navy should be larger and equipped with greater transport and logistical capability. I fully support the building of the two new aircraft carriers. The Air Force should be maintained to provide effective air power, with multi-purpose aircraft in sufficient numbers to protect the homeland and to wage state-on-state warfare. In addition, it should be equipped with much greater heavy-lifting and cargo-moving capacity.

In my submission, I added that politics is about making political priorities. I welcomed the Chancellor's decision to reduce the financial envelope of public expenditure in general and to cut the deficit during the lifetime of this Parliament, but I stressed that government is about reordering priorities, and that spending on defence should have a greater emphasis within our budget. Defence spending has fallen not only as a share of national income, but as a proportion of total Government expenditure. The study by the Office for National Statistics in 2009 on public sector output productivity between 1997 and 2007 exemplifies, among other things, how public expenditure priorities have been changed. The weight given to defence within general Government expenditure by service weight fell from 15.1% to 11%. That shows that, during a period of increased international risk when we engaged in more than two protracted operations in Afghanistan and Iraq, and public spending was rising rapidly, the priority given to defence was reduced. In my judgment, those priorities must be reversed.

Mr James Gray (North Wiltshire) (Con): My hon. Friend is making a powerful point: that at time like this, we should not cut defence spending. Does he not agree, however, that we have sold the pass on that issue because of the appalling legacy that we inherited from the previous Government? It is now essential that from 2015, no matter what the world looks like, we must see the uplift in defence spending that has been promised for the subsequent five years, without which this country will never again hold its head up in the world.

Oliver Colvile: The decision has been made, but other issues must be taken into account. I agree that we inherited a £38 billion shortfall, which needs attention. I also agree that from 2015 we must ensure that we have the ability to build up our capacity.

Mr Kevan Jones (North Durham) (Lab): Will the hon. Gentleman explain where he gets the figure of £38 billion from? Even his own Front Benchers have now retreated from that election propaganda put out by Conservative central office.

Oliver Colvile: That debate is certainly above my pay grade, but my understanding is that there is a shortfall within the defence budget, and that needs to be sorted out sooner rather than later. What is important is that we must contain public expenditure. It must be reduced, and that is part of the general thrust of what we inherited and must try to deal with.

The principal issue of the level of defence spending is not affordability, but deciding political priorities. If the events in the middle east continue, I firmly believe that our defence budget may have to be reviewed. During the past 13 or 14 years, there has been real uncertainty about Devonport's future both as a dockyard and as a naval base. Let me make it clear that I am not suggesting that Plymouth should take precedence over Portsmouth,

[Oliver Colvile]

Faslane or Rosyth, but I am arguing that Ministers should not put too much reliance on one naval port for surface ships, and another for submarines. Indeed, my right hon. Friend the Secretary of State for Defence has already said that we should avoid putting all our eggs in one basket. However, I want to challenge the previous Government's plans to base-port both aircraft carriers, all the Type 23s, all the Type 45s and eventually the new Type 26s in Portsmouth, and to move the submarines currently based in Plymouth and the submarine school at HMS Raleigh in Cornwall to Faslane.

Last October, when I asked my right hon. Friend the Prime Minister to confirm that Plymouth Devonport will continue to play a major role in the defence of our country and will remain a premier naval port, he replied:

"I can absolutely confirm that."—[*Official Report*, 19 October 2010; Vol. 516, c. 817.]

In all fairness, he added that both Plymouth and Portsmouth would have to face some challenges. We in Plymouth are up for that, but we are worried that if the previous Government's plans are implemented, there will be a real threat that Devonport will be left with just three amphibious assault ships and five survey vessels.

I am grateful that the strategic defence and security review confirmed that Devonport will retain flag officer sea training, and deep maintenance work at the dockyard, and that the city will host the amphibious capability through 3 Commando Brigade, which is currently in Afghanistan. However, I am worried that the decision to move the seven Type 23s from Devonport to Portsmouth was taken at a time when the four Type 22s were expected to stay in service for at least another few years. That could make quite a difference to the balance of UK base-porting, and could do enormous damage to the skills base in a city and region where both skills and wages have traditionally been low. If the Government allow Devonport dockyard's waterfront work to decline, they could make it difficult for Babcock, or its successor, to retain and attract the skilled work force needed to refit our nuclear submarines and surface ships. In my opinion, such a collapse in a service that provides unparalleled value for money could have an impact on whether Babcock is able to deliver economies of scale. That in turn could see greater costs for the Ministry of Defence and the taxpayer, and lead to a reduction in competition.

Penny Mordaunt (Portsmouth North) (Con): I congratulate my hon. Friend on securing this important debate. He may expect me to go in to bat for Portsmouth, but I add my support to his call for all three naval bases to remain open and viable. One of the millstones around the neck of both Plymouth Devonport and Portsmouth is the amount of the defence budget that is spent on maintaining historic buildings. There are about 200 such buildings in Portsmouth's naval base and, as in Plymouth, although there is no shortage of developers who want to take over those buildings, they are restricted by the MOD's current procurement protocols. If we want both bases to be able to wash their faces, that issue should be a priority for both the MOD and the Treasury.

Oliver Colvile: I agree we should make sure that we use what moneys are available, and spend them on delivering ships, sailors and the kit needed by our armed services to do their job. Later in my speech I will speak further about some of the ways in which one might manage the estate, and I thank my hon. Friend for her contribution.

If all work associated with basing the Type 23 frigates at Plymouth was transferred to Portsmouth, it is likely that the relevant skills and experience would transfer with it. Such a loss could make it difficult and expensive to recreate that frigate expertise back at Plymouth if it is subsequently decided to base some of the new Type 26s at Devonport in the future. Moving the Type 23s would leave Devonport very much as a nuclear dockyard, unable to make use of its additional work force capacity, should submarine work be in a trough.

I welcome the building of the new Type 26 frigates, but I would like to see more of them and more landing platform docks once public finances become available. Ideally, I would—needless to say—like the Type 26s to be located in Devonport. The UK maritime sector takes a great interest in the evolution of Type 26s and the global combat ship programme as the Navy's next—and only—major surface combatant proposed to replace Type 23 and 22 frigates. Most hon. Members who represent royal naval garrison towns, including my hon. Friend the Member for Portsmouth North (Penny Mordaunt), recognise the significant potential for the export of that platform, and it rightly lies at the heart of the coalition Government and the MOD's agenda. Although the sector recognises that BAE Systems has the lead in the ship design and ultimate build, the industry—and we as taxpayers—look to the Government to help ensure that the rest of UK industry gains opportunities to provide the ships with key systems and equipment. We must ensure that other defence contractors are able to make changes to the equipment provided as and when necessary.

Having looked at a number of ships over the past year, I am aware that there is a tendency for pieces of equipment to be bolted on to current frigates and destroyers. No doubt that is also true for submarines and aircraft carriers. The approach I suggest will help maximise export opportunities for the UK, which in turn will deliver much needed growth and create new jobs. Although UK exports of ships have been challenging for some years, the maritime sector's suppliers of systems, equipment and services have maintained an active export drive that could clearly benefit from further association with this flagship programme.

I understand the argument for moving submarines from Plymouth to Faslane because of the depth of the loch and access to the Atlantic on the west coast of Scotland. I recognise that Faslane has genuine merits, but I feel that the Navy should have submarines based in more than one location. Plymouth has a practical and convenient natural harbour to complement Faslane. When service families are relocated from one part of the country to another, there are always costs. However, whenever I look at arguments about location and the associated costs, I become aware that all Departments, including the MOD, have weak information about their unit costs. It is a matter for the Public Accounts Committee and the National Audit Office to pursue with vigour and vim.

I do not want to concentrate too much on Devonport's geographical location, but its position on the western approaches means that it is within easy reach of the

necessary training area. It was of little surprise that the previous Conservative Government decided to transfer flag officer sea training from Portland to Devonport in the mid-1990s. If the seven Type 23 frigates were moved from Plymouth to Portsmouth, they would regularly have to travel 150 nautical miles to participate in any training exercises.

Fresh water from the Rivers Plym and Tamar means that the Sound is permanently flooded, and the channels are kept from silting up. Plymouth Sound is not subject to the same amount of commercial traffic as the Solent. Although a terrorist could potentially sink a ship in the Sound—as they could in the Solent—by placing all our frigates and destroyers in Portsmouth, we could run the risk of bottling the vast majority of our surface ship fleet in one port without easy access to the channel. Portsmouth is a busy commercial port, which, with increased traffic, could make naval shipping movements more complicated and hazardous.

I will conclude by talking about the social impact that would be faced by Plymouth and the sub-region should there be a further reduction in the Royal Navy's presence. Over 38% of the city's employment depends on the public sector, not including the 5,000 people who work in the dockyard, which is also dependent on defence contracts. The city council, working with trade unions and other interested parties, has commissioned work from Plymouth university to quantify the impact that a further downgrading of Plymouth as a naval base and dockyard would have on the local benefits bill should there be a further loss of skills and jobs. Once that report is ready I will, if I may, brief the Minister on it so that he is aware of some of its findings.

That is not the only piece of work the city is undertaking. As many hon. Members know, Plymouth has an excellent, dynamic university with a fine reputation for marine science research and engineering. It is a global centre for maritime activity and has an historic dockyard and dramatic waterfront. I am currently working with the dean of the university's business faculty, the editor of the *Western Morning News* and the council to identify ways in which Plymouth can create a cluster of maritime industries. I am delighted that my right hon. Friend the Prime Minister recently wrote to the editor of the *Western Morning News* to voice his support for that initiative and encourage the dean and the editor to explore ways of making greater use of land that may become available once the base-porting strategy has been finalised. That land-management initiative could deliver further savings to the MOD and ensure that more money is available to be spent on equipment and troops—especially important at a time when the defence budget is under such pressure. I would welcome the chance to brief the Minister on that work once it has been completed. An enterprise zone to deliver that maritime cluster would be most useful.

Whatever decision is made on the base-porting of frigates, destroyers and submarines, I would be grateful to be told the timetable so that we in Plymouth can make the necessary plans to accommodate any changes. As a country, we must place greater emphasis on defence within Government spending than we currently do. We must recognise that we cannot do everything, and we should make our contribution to NATO through an air and sea power capability that reflects our history, geography and wider interests. The Royal Navy should be a central part of that, and I believe that Plymouth can play an important and cost-effective role in helping to make that contribution.

9.49 am

Alison Seabeck (Plymouth, Moor View) (Lab): I congratulate my neighbour, the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile), on securing the debate. He made a strong argument for base-porting frigates in Plymouth and gave a detailed explanation of not only Britain's position in the world, but Plymouth's role. Those arguments have been made, tried and tested under successive Governments, but let me focus on base-porting.

The hon. Gentleman's predecessor, Linda Gilroy, fought long and hard on the issue of base-porting, and so, too, have the trade unions in the dockyard and the naval base. As a result of the close synergy between what happens in the dockyard, which is now under Babcock's marine division, but which was previously under Devonport Management Ltd, the unions have frequently voiced the view that base-porting is vital to not only the dockyard's industrial base, but the city as a whole.

The importance of retaining the work that the frigates bring and the economic benefit that the crews and their families generate cannot be understated. No local MP will have attended a meeting locally or with Ministers at which base-porting was not on the agenda. The issue has certainly always been raised by the outgoing dockyard works committee chair, Roger Darcy, who knows just how big this issue is for Plymouth. I would like to take this opportunity to thank him for his hard work and commitment over 47 years—this is his last year in post.

Perhaps I can describe the position in which we find ourselves following the strategic defence and security review, or at least the position we think we are in, given that the turmoil in the middle east has called into question whether we have the right priorities. The frigates Cumberland, Chatham, Campbeltown and Cornwall have, in some cases, had to respond to the demands placed on them by the Government and NATO despite being en route to be decommissioned and scrapped. We must be clear that we have the right resources in the right places, and that we can apply force or the threat of force effectively against our enemies wherever that is needed. I agree with the hon. Member for Plymouth, Sutton and Devonport that the strategic defence and security review should be revisited.

The naval bases are undoubtedly an important part of our capability and significant strategic assets. That said, there is a recognition that we should have three naval bases. The maritime change programme announcement under the previous Labour Government effectively confirmed that position, as did the Prime Minister and Foreign Secretary in the run-up to the general election. The hon. Gentleman suggested that the Labour Government had effectively said that all the frigates would go to Portsmouth, but that is incorrect—it was still a matter for debate, and it has ever been thus. What we really need is clarity, and I hope that we will get some from the Minister.

The naval bases are assets in which the nation has invested billions of pounds over decades, so it is crucial that the best and most efficient use is made of them. Is optimum use being made of Devonport? It has 4 miles

[Alison Seabeck]

of waterfront and 640 acres of landside space, whereas Portsmouth has only 3 miles of waterfront and 297 acres of landside space. Portsmouth—I am sorry to make this comparison, but it is important—must share its space with a substantial flow of commercial shipping, including busy cross-channel services. It is also due eventually to become the home port to the two aircraft carriers, the Type 45s and minesweepers.

We have just had the announcement that the replacement for HMS Endurance—the MV Polarbjorn, which is soon to become HMS Protector—is to be base-ported in Portsmouth. Why? That, too, is not a sensible decision, given all the expertise in Plymouth and the clear link to all the meteorological, survey and hydrographical work that happens there. We also have expertise in civilian science at the university and Plymouth marine laboratory, which could support and benefit the base-porting of that vessel in our city.

We need to have the Type 23 frigates, and eventually some Type 26s, to ensure that dips and troughs in the work stream at the dockyard can be filled and that Babcock does not have to reduce the full-time work force below a core level that can retain the skills that are vital to support the fleet. Plymouth also has the capacity to provide naval personnel with adequate accommodation, some of which is new and refurbished, at the naval base and HMS Raleigh.

Plymouth loses out every time, and never on the grounds of capacity, skill or added value, all of which we always offer. We can hope that a Minister will be brave enough at some stage to take on the Navy top brass in Portsmouth and to support Plymouth's case. A Treasury Minister might also work out that it actually saves the Treasury money if vessels are based in the most cost-effective and efficient naval base in the country, and that any diminution of the Royal Navy's commitment to Plymouth has a massive socio-economic impact on the region. Plymouth is very peripheral; we need the naval base and the work that it brings, and we need the frigates tied up there.

The hon. Gentleman touched on the fact that academics are undertaking work on the socio-economic impacts, and I urge the Minister to seek that work out before finally reaching any conclusion on base-porting. I support the suggestion that MPs from the area should talk to him about the report when it reaches its first stage.

We need joined-up government when we look at these issues, because the implications of not base-porting in Plymouth are serious. I urge the Minister to talk to the Department for Business, Innovation and Skills, the Treasury, the Department for Work and Pensions and the Department for Communities and Local Government, because they will pick up the tab if the wrong decision is taken.

There is strong case for keeping the Type 23s, as well as for basing some future surface combatants in Plymouth. The Minister must be concerned that surface fleet sailors will be lost if vessels are moved out of the city of Plymouth, because they may want to leave the service rather than uproot their families. That view is expressed in a good article in *Warships* magazine, which also suggests that Plymouth might feel

"betrayed by a coalition of idiots".

I hope that the Minister will prove that view wrong by showing eminent good sense and deciding to ensure the ongoing base-porting of frigates at Devonport.

The article, which was published in March, goes on unfairly to attack civic leaders in Plymouth for their lack of commitment to protecting the future of the naval base. However, leaders from our city have brought Plymouth's case repeatedly to Whitehall on a cross-party basis, most recently just before the recess. We were seen by the Secretary of State, and although we were given reassurance, there was no commitment.

It would be wrong for the Government, in five years' time, to allow Devonport to be reduced back to a home for amphibious ships that have been mothballed and for decommissioned frigates and submarines that are waiting to be sent for scrap. My fear is that Plymouth could then be closed shortly afterwards. Perhaps the Minister will tell us today that that will not happen. When will we know when the decision will be taken? Will he confirm that he will take the time and trouble to talk to colleagues across the Government for whom his decision could have significant cost implications?

Clearly, the discussions that I and the hon. Members for Plymouth, Sutton and Devonport, for South East Cornwall (Sheryll Murray) and for South West Devon (Mr Streeter) have with the city about future developments at the dockyard are extremely important, but the decision ultimately rests with the Minister, and I hope that he will make the right one.

9.58 am

Dr Julian Lewis (New Forest East) (Con): It is a great pleasure to participate in the debate under your chairmanship, Mrs Brooke. It is also a great pleasure to see my hon. Friend the Minister in situ to respond to the debate, and I am sure that he will be as typically robust in responding in government as he was in opposition.

It is a particular pleasure to congratulate my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) on initiating the debate and on ranging so widely in his approach to it. We would err if we focused entirely on basing without considering, as he did, the larger issues of the state of the Royal Navy, the country's strategic requirements from it and the amount that the country feels it can spend on it.

I want to start, however, by taking up some of the comments made by the hon. Member for Plymouth, Moor View (Alison Seabeck), who rightly said at the beginning of her speech that events in the middle east have rearranged the strategic furniture, as it were. She will not have been surprised by that, given that the odds are, strange to relate, usually very great that it will come as a surprise when some sort of conflict breaks out in that way. When conflicts have yet to break out, and still more when we are already fighting in such conflicts, it therefore behoves us not to be too dogmatic and rigid as we make arrangements for the Royal Navy and, indeed, the other armed services.

Alison Seabeck: I am merely pointing out that such conflicts come as a surprise, but is it not always the Navy that seems to be the first responder?

Dr Lewis: I will try to be as non-partisan between the services as possible but, following the hon. Lady's provocation, I cannot resist pointing out that the Navy would have been an even quicker responder to the

Libyan crisis had we not decided shortly before that blew up to take our last remaining aircraft carrier out of service. I have raised that issue a number of times, particularly with the Foreign Secretary, who on the most recent occasion informed me—I am sorry that he has such a low opinion of my knowledge of things nautical—that an aircraft carrier would not have been necessary because a Tornado could not be flown from it. I am reassured to know that the Government are well aware of which aircraft can fly from aircraft carriers and which cannot, but I do not hesitate to say that if we had had an aircraft carrier in commission when the events in Libya blew up so unexpectedly, I would have bet the farm on the fact that that particular warship—an aircraft carrier—would have been the first to be dispatched to the Mediterranean in response. It is very unwise to make decisions in peacetime, and still more unwise to make decisions when we are involved in not one but two conflicts simultaneously, that will bind us rigidly into circumstances that we might regret when the strategic situation changes as unexpectedly as it almost always does.

Let us consider the position with regard to frigates and submarines. I have never hesitated to say that the 1998 strategic defence review was a well thought-out document. The problem, as we know, was that the plans it outlined were not fully funded, although at least one had the feeling that a theory was being set out, which meant that some sort of balance was understood and some sort of flexibility was retained. We did not take the view that because our circumstances in the world were more limited in terms of the interventions we could make, we should reshape our defence forces in such a way that we would be incapable of responding to an unexpected crisis as we had responded in the past.

At one point during the years of the Labour Government, a naval base review was carried out. My hon. Friend the Minister will recall that we, as the shadow defence team in opposition, were adamant that it would be most unwise to rely on only two naval bases in the entire country, one of which would be in Scotland and the other in either Portsmouth or Devonport. In particular, we had regard to the argument put forward so eloquently by my hon. Friend the Member for Plymouth, Sutton and Devonport in his introduction to the debate: if we put all our eggs in one basket, or all our ships in one or two ports—one at one end of the country and one at the far end from that—we will be in danger of the basket of eggs getting smashed or the ships getting bottled up. We therefore argued strongly for retaining the ports at Devonport and at Portsmouth, and it would be a grave mistake to change that argument now. If we believe that it is strategically wise, strategically necessary and, I would say, strategically essential to continue to have the potential to use both Devonport and Portsmouth as naval bases in the future—I can never emphasise enough that we cannot predict the future—it follows that we must spread out our assets to ensure that both ports remain viable. I have no prejudice as to which assets should be in Portsmouth and which should be in Devonport, but some assets should be in each of the two ports.

The Labour Government took office in 1997, and when their SDR was undertaken we had a total of 35 frigates and destroyers. The deal done in the SDR was that in return for the great future promise and asset of two large aircraft carriers, the number of frigates would be modestly reduced from 35 to 32, and the number of attack submarines—nuclear-powered, but not nuclear-armed—would be reduced from 12 to 10. We know what happened over the years: the number of frigates went down successively from 35 to 32, as predicted, and then to 31 and 25. If I remember correctly, at the last count the figure had gone down to 19. It is true that during that period six new Daring class—Type 45—destroyers came into play, and they are, of course, much more powerful, potent and potentially lethal, so one could argue that they are a much better deterrent than the destroyers they replaced. However, one should fight shy of getting into the position that Geoff Hoon, the then Secretary of State for Defence, got into of saying that because a new warship is so much more powerful than the warship it replaces, the number of "platforms", as they used to say—the number of ships to the rest of us—becomes irrelevant. That is not true, because no matter how powerful a warship is, it can be in only one place at any one time. Unfortunately, but necessarily, the activities of the Royal Navy often have to take place in many places simultaneously. At the moment, we are considering what we should do in relation to events in Libya.

There is something else that slightly bothers me: I lost count of the number of times that Conservative spokesmen said in opposition that although we could not be sure whether we would spend more money on defence until we saw what the books actually said about the economics, we would definitely keep expenditure on defence in line with the commitments undertaken. I often stood up and said that we would need either to spend more on defence or to reduce our commitments. In reality, as we know, we are very stretched indeed as a result of the ongoing commitment in Afghanistan, and we now find ourselves suddenly with an additional commitment in Libya. After some prodding, the Foreign Secretary conceded that its cost, on which I was rather aggravatingly pressing him, would be met from the Treasury reserve, but all signs are that the commitment to a Libyan no-fly zone will not prove decisive in ousting Colonel Gaddafi, even though it may prove, and arguably has proved, effective in preventing him from initiating the wholesale mass slaughter that he was not only ruthless enough but stupid enough to announce to the world that he intended to visit on the citizens of Benghazi.

If those two statements are true—first, that the no-fly zone will not be enough to oust Gaddafi and, secondly, that it will nevertheless be effective in limiting the massacre of innocent civilians, which was our purpose for intervening—the logical consequence is that the commitment will go on for a considerable time. The Government will have to think hard about what they are prepared to spend on defence.

The Government cannot meet the costs from Treasury reserves indefinitely. We all know what then happens: we tend to get ourselves into the situation encountered by Tony Blair, who said towards the end of his time as Prime Minister that spending on defence had remained roughly constant at 2.5% of gross domestic product throughout the decade of Labour rule, but then added the crucial words, "if the costs of Iraq and Afghanistan are included." In other words, the cost of those two wars was effectively being counted as part of our basic expenditure on defence. Such a thing will always happen.

[Dr Julian Lewis]

The Government must think clearly about whether to put the economic case at the top of their agenda or whether to put up there instead the ability to intervene, as we have intervened in Libya. They cannot have it both ways. Many countries, including in Europe, would doubtless love to be able to intervene to stop massacres in Benghazi, but they do not do so—or not more than minimally—because their simple view is, "Well, we're very sorry but we're too small, too ineffective, too weak and too poor, and we cannot afford to maintain the armed forces necessary to do that sort of thing." That is fair enough.

Penny Mordaunt: My hon. Friend makes a case for flexibility and options versus the economy, but it is worth remembering that we need a strong Navy with the right number of platforms to protect trade, our fuel security and our fibre-optic cables. Our economy depends on the Royal Navy.

Dr Lewis: I thank my hon. Friend for that intervention, which takes my argument forward exactly as I intended. The key point is that the things that she outlines are constants. Those requirements of a strong Royal Navy will carry on regardless, even if we were not involved in those additional conflicts. It really worries me that if we continue to be driven by every crisis that pops up in other parts of the world, whether or not we have what is commonly described as a dog in the fight, something else will have to give. Unless we see a genuine increase in resources and in the priority given to defence, if we continue to take on roles such as the worthy one of trying to intervene in Libya, something will have to give, and it is precisely the sort of core functions to which my hon. Friend adverts that may suffer.

If we cap the defence budget, we might have to sell off or mothball vital defence assets, or not introduce new assets that had been planned for, but I am concerned that whenever a crisis pops up in another part of the world, we want to be at the forefront and to punch above our weight. There will be only one outcome of that approach: our very limited defence resources will be used up in dealing with these ad hoc crises, which are not of our choosing, but then one day, when we face an existential threat to the security of the United Kingdom, we will not have the assets necessary to defend ourselves. I predict that there will be attempts to derail the renewal of the nuclear deterrent on the grounds that we are so stretched in other conventional areas that we cannot afford to build those submarines.

That is not a subject for this debate but, with your indulgence Mrs Brooke, may I say that I am particularly alarmed about the Trident Commission? The commission is orchestrated by a well-known anti-nuclear group called the British American Security Information Council, and is funded by such anti-nuclear bodies as the Ploughshares fund and the Joseph Rowntree charitable trust but, nevertheless, such distinguished people as two former Secretaries of State for Defence—my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) and Lord Browne of Ladyton—have agreed to sit on it. What will the commission come up with? In my opinion, it certainly will not come up with a recommendation for the like-for-like replacement of Trident. What will it say? Will it say, "We'd better not have continuous at-sea deterrence," or, "We must join up with the French"? Whatever it says, I bet that the root of its argument will be the statement that we cannot afford to continue with a properly self-sufficient strategic independent nuclear deterrent. If so, future generations may have cause bitterly to regret the sort of arguments that have been put forward when we one day find ourselves vulnerable as a result of that omission.

How does that relate to base-porting? It is simple: during times of economic stringency, it is vital to conserve defence assets. Whatever final decision my hon. Friend the Minister and his colleagues make about what should be based at Portsmouth or Devonport, one point is vital. Something must be based at each of those two ports so that their viability is retained, because we might need those naval bases one day not simply to allow us to intervene in wars of choice, but to safeguard ourselves against an existential threat to the United Kingdom itself.

10.16 am

Mr Kevan Jones (North Durham) (Lab): It is a pleasure, Mrs Brooke, to serve under your chairmanship. I congratulate the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) on securing this debate. He follows his predecessor Linda Gilroy, in being a strong advocate of Plymouth and the dockyard. As a Member, she was tenacious in debate. As a member of the Select Committee on Defence, she put the case not only for Plymouth but for the Navy. On numerous occasions, as a Minister I was on the receiving end of her representations.

Like the hon. Member for Plymouth, Sutton and Devonport, I pay tribute to the people of Plymouth. As a Minister, I had the honour to visit the town several times. Its contribution to the defence of the country is not only recent, and we should be thankful for what it did previously. I also pay tribute to the men and women of the Royal Navy currently serving in Afghanistan, including the Royal Marines, mentioned by the hon. Gentleman. We often see Afghanistan through an Army prism, but it is important to recognise the contribution made by the Navy.

The hon. Gentleman mentioned HMS Raleigh. It is an excellent facility, and I once had the honour of taking a passing-out parade there. The best of British youth can be changed in a matter of 10 weeks from what one mother described as being difficult to get out of bed and not knowing how to use an iron to people who can make a huge contribution to our country's defence. We should be proud of the young men and women at HMS Raleigh.

Oliver Colvile: May I associate myself with those remarks? I recently visited Lympstone, another Royal Marines training centre. I decided not to go into the sheep-dip because I did not want to spend two hours walking about soaking wet. Nevertheless, I was desperately keen and interested in what was being done.

Mr Jones: The hon. Gentleman is right to recognise the work that is done at Lympstone. He and my hon. Friend the Member for Plymouth, Moor View (Alison Seabeck) mentioned the economic contribution that the dockyard makes not only to Plymouth itself but to the

surrounding area; some 25,000 individuals are directly employed by the dockyard and there is a knock-on effect on local business. In addition, I have seen for myself the support that exists for the excellent university.

My hon. Friend rightly paid tribute to the trade unions at the dockyard which, over many years, have campaigned for the dockyard and ensured that its case is put to both Tory and Labour Governments. The hon. Member for Plymouth, Sutton and Devonport mentioned the cross-party nature of the campaigning that has been carried out by the local authority. When I visited Plymouth, I was very impressed with the way in which the members of the local authority, irrespective of political party, spoke with one voice for Plymouth and the dockyard.

The previous Labour Government conducted a naval base review, in which the decision was made to support Faslane, Plymouth and Portsmouth. However, there were those who said that we should put all our eggs in one basket at Portsmouth, as the hon. Member for New Forest East (Dr Lewis) mentioned. I am sure that there are many who still say that and the Minister will have to address those pressures in the coming weeks. It has been said, perhaps unfairly, that some of the naval top brass prefer Portsmouth to Plymouth because it is nearer to London.

The review was supposed to bring some stability to the future footprint of the Royal Navy in the UK, which is important. Earlier, we mentioned forces accommodation. When I was the Minister responsible for armed forces accommodation, I was conscious that we needed long-term investment in the naval estate. However, that is difficult, especially if the sword of Damocles is hanging over a site—whether it be a naval base, an RAF base or an army base—because there is a tendency not to invest. We have certainly seen that at Faslane and other places. The delay by the previous Government in making a decision on the long-term basing of submarines meant that investment did not go into armed forces family accommodation. If we want our armed forces to be ready for deployment and to fight in difficult situations, it is vital to have good family accommodation and support. For far too long, we have thought of the families as secondary to the fighting forces. They are, in my opinion, integral and important. That is particularly relevant for the Royal Navy because individuals are away at sea for many months. It is important that, while they undertake their duties, they are content and feel that their families are being well looked after.

The naval base review agreed that HMS Ocean, HMS Albion and HMS Bulwark would be based at Plymouth along with the hydrographic survey ship and the Type 22s and Type 23s. More importantly, there was also a 15-year agreement with Babcock Marine on the dockyard itself. When people look at the arguments for or against Plymouth or Portsmouth, they should consider the fact that the dockyard at Portsmouth has not been viable since 1984, when it was closed. That is an important argument for retaining Plymouth. We need a dockyard capability not only for nuclear but for the refit of existing frigates and other service ships.

With the decommissioning of the Type 22s under the strategic defence and security review, there will be very little left at Devonport. The current review will consider whether the dockyard has a future. However, as the hon. Member for New Forest East so eloquently put it, to put our eggs in one basket would be a mistake. The arguments that were proposed by the previous Government in their base-porting review are relevant today. Although the SDSR is a defence and security review, it is basically led by the Treasury. Having dealt with the Treasury on a number of occasions, I am sure that it will be breathing down the neck of the Minister to ensure that it gets every last pound from any decisions that are made to free up money in the short term.

Alison Seabeck: If the defence review was, as we all believe, Treasury led, does my hon. Friend not find it surprising that the Treasury does not seem to be listening to the wider socio-economic case about the implications for Plymouth, given the huge cost implications of making the wrong choice?

Mr Jones: I agree with my hon. Friend. The hon. Member for Plymouth, Sutton and Devonport suggested that that review is being presented to Government. I urge my hon. Friend and the hon. Gentleman, along with the trade unions and the local council, to make the case strongly to Government. However, I have to say that I sympathise with the Minister. Under any Government, the bottom line is that the Treasury will look only at the budget of the Ministry of Defence. My hon. Friend is right to make the wider case. Closing a dockyard might save money on the defence budget, but in terms of the overall spend to Government, it would cost money in the long term.

I was impressed with the way in which Plymouth, and particularly the university, tried to diversify into other naval-related and maritime sectors. Such efforts would be taken away if the dockyard were closed and the effects would be felt for many years to come. I come from a region which unfortunately saw the end of naval shipbuilding on the River Tyne under a previous Conservative Government, so I am not sure whether this Government will take much cognisance of the wider effects that such closures will have on the region or its capabilities.

The danger that we face is that the Treasury, which is leading the decisions in the SDSR, will make short-term decisions that will have long-term implications. If we were looking for an example of where a short-term decision could be made and we could get things wrong, this would be it.

Although I accept that the hon. Member for Plymouth, Sutton and Devonport is a strong advocate for the armed forces and would argue for a larger defence budget, I have to say gently to him that it is naive to pin his hopes on an increase in the defence budget after 2015 saving his dockyard. The Treasury will not reopen facilities once they are closed and will not invest in new capacities. Its policy will be one of entrenchment rather than expansion. Both he and my hon. Friend must ensure that the case for Plymouth is put very strongly and effectively.

In closing, we are already seeing the effects of the short-term decision not to have any carrier-based air strike force for 10 years, in terms of our inability to deploy air power in Libya effectively and swiftly. Certain Ministers in the Ministry of Defence are recognising that it is now time to look again perhaps at the SDSR and to do so not only through the prism of the Treasury. We must realise that, if we are going to be a nation that

[Mr Kevan Jones]

wants to project power around the world—both naval influence and other types of influence—a strong, effective Navy is an important part of that aspiration. In addition, a well financed and strategically thought out defence policy is a cornerstone of any such aspiration.

10.30 am

The Parliamentary Under-Secretary of State for Defence (Mr Gerald Howarth): Mrs Brooke, it is a great pleasure to serve under your chairmanship for this important debate.

I must state at the outset that I am responding to the debate on behalf of Her Majesty's Government in the stead of the Under-Secretary of State for Defence, my hon. Friend the Member for Mid Worcestershire (Peter Luff), who is the Minister with responsibility for defence equipment, support and technology. I am very pleased to say that he is in Japan undertaking work that I hope the House will approve of: promoting Britain's defence interests and defence exports to that country. Consequently he is unavoidably detained overseas and so it falls to me to respond to the debate.

As is customary, I begin by congratulating my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) on securing this important debate. I also congratulate the other hon. Members who have taken part in it, most notably my hon. Friend the Member for Portsmouth North (Penny Mordaunt), my hon. Friend the Member for New Forest East (Dr Lewis), who is an esteemed former Front-Bench colleague, and the hon. Member for Plymouth, Moor View (Alison Seabeck). Along with my hon. Friend the Member for Plymouth, Sutton and Devonport, all three of them have taken part in various defence debates in this Parliament. Indeed, my hon. Friend the Member for New Forest East and the hon. Member for Plymouth, Moor View have participated in such debates during the many years they have been in the House, and are therefore noted contributors to the wider issues of defence. They are not limited simply to their constituency interests, which I always think is a rather healthy manifestation of political expression in the House. It is healthier than simply articulating the case for one's own constituency.

I must also say that, as ever, it is a great pleasure to participate in a debate with the hon. Member for North Durham (Mr Jones). I have sparred with him for many years and personally we have always enjoyed the best of friendships, although I am delighted to say that I am now on the Government Benches and he is on the Opposition Benches.

Where Royal Navy vessels are based is an important topic for the entire House. It has an impact on both service personnel and their families, and on local jobs and infrastructure. I want to take this opportunity to acknowledge the important role that Plymouth has played in the defence of the nation throughout our seafaring history and to pay tribute to the constituents of my hon. Friend the Member for Plymouth, Sutton and Devonport. Those men and women have contributed so much to the United Kingdom's defence, at home and overseas.

The story of the naval base at Plymouth stretches back as far as the time when the English fleet sailed out to face the Spanish armada. Famously, Sir Francis Drake, who was a vice-admiral in that fleet, was playing bowls on Plymouth Hoe when he sighted the armada. Indeed, the fleet accommodation centre at the base in Plymouth is still known within the Royal Navy as HMS Drake, in his honour. Since the time of the armada, the base has survived more than four centuries of warfare, including heavy bombing during the blitz. That is thanks in large part to the hard work and resilience of the people of Plymouth.

As everyone knows, we have had to make some difficult decisions in recent times as a result of the utter incompetence of the previous Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), who virtually destroyed the public finances. It always astonishes me how few people in this country understand the magnitude of the budget deficit problem that we inherited. I ask people at various gatherings, "How much was the budget deficit in May 2010?", and very few people—even well informed ones—know the answer. For the benefit of putting it on the record, I will say now that the deficit then was £150 billion. For those of us interested in defence, that translates to the cost of three Type 45 destroyers each and every week of the year. The deficit is that great. To put it in a wider historical perspective, my hon. Friend the Member for New Forest East and I both remember that in 1979 the budget deficit was £8.25 billion; now it is some 20 times greater. *[Interruption.]* That statement is true. The hon. Member for North Durham is mumbling away, but I remind him that Jim Callaghan left an economic legacy almost as bad as that left by the last Labour Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath, last year.

Of course, it is in the context of the current budget deficit that we have to address the position on defence. As my right hon. Friend the Secretary of State for Defence has said, the budget deficit is itself a threat to our national security, and if we were not dealing with it in the way the Chancellor is dealing with it now, the UK would most likely have found itself in the same position as Greece, Ireland and Portugal.

Mr Kevan Jones: What a load of nonsense.

Mr Howarth: It is not a load of nonsense. I was in the financial world and I understand how important it is to secure the support of the international financial community. It is just as important for an individual, if they have an overdraft, to have the support of their bank manager. When the nation is in the dire straits it now finds itself in, it is absolutely imperative that we have the support of the international financial community. That support is what deserted Greece, Ireland and Portugal. Does the hon. Gentleman wish to intervene?

Mr Jones: I just wish that the Minister would not keep peddling this absolute nonsense. The idea that the UK economy is the same as the Greek economy is utter rubbish. The idea that somehow the UK's credit rating was in peril, in terms of receiving the support of the international financial community, is complete nonsense. If he looks at long-term borrowing for Greece, he will see that more than 50% of its debt is on short-term loans of about three years. Most of the UK's debt is on loans that are in excess of 14 years. If he is using the deficit argument as an excuse for decimating the armed

forces, I can accept that he needs some cover for what he is doing; but he should acknowledge economic reality rather than just continually peddling nonsense.

Mr Howarth: It is wonderful that the hon. Gentleman can still come to the support of his former boss, the right hon. Member for Kirkcaldy and Cowdenbeath, after the devastation he wreaked on the country.

Penny Mordaunt: Does my hon. Friend the Minister agree that, in addition to the deficit that we inherited, it was the web of incompatible programmes that made the strategic defence and security review a particularly difficult exercise to carry out? Does he also agree that if there is any justification for not having a carrier strike force in the short term, it is that the SDSR has drawn a line in the sand and we are now preparing for the future? To do that, we need to look at maintaining three Navy bases in this country.

Mr Howarth: My hon. Friend is absolutely right. The SDSR sought to reflect the position that we found ourselves in. The hon. Member for Plymouth, Moor View was perfectly right to refer to the Treasury. Inevitably, the Treasury had an influence on the SDSR. My hon. Friend the Member for Plymouth, Sutton and Devonport made the point at the start of the debate that government is a question of priorities. This Government is not a Conservative Government; it is a coalition Government and the priorities were set by the Cabinet. The good news is that the Ministry of Defence took a lesser hit than many people imagined it would, and that is in large measure thanks to my right hon. Friend the Secretary of State for Defence, who ensured that the MOD did not fare as badly as some people had feared.

My hon. Friend the Member for New Forest East said that he wants me to be robust, and I will be. He is absolutely right to say that we face a dangerous world. That is what we said when in opposition, and the world is just as dangerous—if not more dangerous—than it was then. However, the cupboard is bare and we have had to allocate our resources as best we can. He also made the fair point that the 1998 strategic defence review was itself never fully funded, and therefore last year, when the Chancellor came to allocate the Budget across the Departments, the Ministry of Defence was hobbled by the fact that it was already underfunded for what it was trying to do—we took a double hit, one might say. These are challenging times, and the SDSR has had, and will continue to have, an impact on all areas of defence, but I can assure my hon. Friend that we are determined to maintain a strong and capable fleet that preserves our long and glorious naval tradition.

Nowhere is there greater evidence of that than at Devonport, which is the largest naval base in western Europe, stretching along four miles of coastline. The naval base and the associated dockyard employ approximately 12,000 people and are an important part of the local economy. The dockyard has been privately owned since 1997, and operated by Babcock Marine since 2007. Babcock also manages naval base support services in Devonport. Devonport contributes to the UK's defence capability through its vital role as the only facility in the UK able to carry out the deep maintenance of submarines, and it undertakes the long overhauls that all submarines must undergo at least once during their service life. As well as that unique role, it carries out valuable work on the support and maintenance of complex warships, and is a centre of excellence for sea training and for the UK's amphibious capability.

Babcock Marine, along with BAE Systems Surface Ships, is one of our key maritime industrial partners, and the Department works closely with it to ensure that Devonport and the other naval bases and dockyards have the level of work they need to sustain them, ensuring that critical skills, such as high-end design, systems engineering and combat systems integration are not lost, and that we continue to maintain the ability to carry out such work in Britain.

Alison Seabeck: Given that the Minister is standing in for the Minister with responsibility for defence equipment, support and technology, this is possibly an unfair question: under the business agreement—which was signed and is generally very welcome—how firm a commitment is expected from the companies, whether BAE or Babcock Marine, to continue to operate in Portsmouth, Plymouth or Faslane? The Minister might want to come back to me later on that.

Mr Howarth: As I understand it, the decisions are based on where the case for the best enterprise can be established. The agreement is between Babcock Marine, BAE Systems Surface Fleet and the Ministry of Defence, and the idea is to allocate the work around the three bases. As I shall say again in a moment, repeating the Prime Minister's assurance, all three naval bases, including Portsmouth, will be maintained, for the very reason that everyone has been articulating: to maintain the capability and not to put all our eggs in one basket. That is the basis upon which the decisions are made, but I could invite my hon. Friend the Minister with responsibility for defence equipment, support and technology to drop the hon. Lady a note about it, if that would be helpful.

One of the mechanisms in place for ensuring that we can maintain the capabilities is the surface ship support alliance between Babcock Marine, BAE Systems Surface Ships and the Ministry of Defence. In answer to the hon. Lady's question, the alliance meets regularly to discuss the best allocation of support work, so that the work is balanced between various locations. The alliance has been in place since September 2009, and the proof of concept phase has demonstrated the benefits of collaborative working between the Department and the industry, and should lead to the delivery of a more sustainable programme of surface ship support work. I hope that that addresses the hon. Lady's point.

It is important to emphasise that the Department is not alone in providing employment opportunities in Plymouth. Plymouth city council and local business leaders are actively seeking to attract investment and business into the area, and I hope there will be further opportunities to maximise the benefits to the city from the proposed release of MOD sites. We remain committed to working with other Departments, and with trade unions and local councils, as opportunities emerge.

Moving on to base-porting more specifically, the Devonport flotilla includes HMS Ocean—a landing platform, helicopter and the largest ship in the Royal Navy—on which last year I was privileged to sign a defence co-operation treaty with Brazil. The 22,000 magnificent tonnes of British steel standing there in the

[Mr Gerald Howarth]

harbour were a manifestation of the influence that the military can bring on behalf of our country around the world, and we should not forget that. Also based in Devonport are the active Type 22 frigates, seven of the 13 Type 23 frigates, HMS Albion and HMS Bulwark—amphibious landing platform docks—four ships of the oceanographic squadron, and six Trafalgar-class nuclear-powered submarines. That is a substantial portion of our naval fleet, and the flagship of the Royal Navy, HMS Albion, is the first Devonport-based ship in living memory to hold the responsibility of fleet flagship.

The tough decisions that have had to be made as part of the SDSR mean that the Royal Navy's fleet will decrease in size. As a result, the number of vessels based at Devonport will be reduced, but Devonport's importance as a vital strategic asset supporting the Royal Navy will not be diminished. As I mentioned a moment ago, the Prime Minister confirmed in the debate that followed the SDSR announcement last year that we are determined to retain all three naval bases, and to keep them busy. We advocated that in opposition, and have kept our word. Any decisions taken on future base-porting arrangements for the Royal Navy's vessels will therefore take into account the long-term sustainability of all three naval bases.

The SDSR made it clear that the Royal Navy has a bright future, with new aircraft carriers, Type 45 destroyers, new submarines and new frigates, and that maintaining 19 frigates and destroyers was the best option for delivering a sustainable and flexible surface fleet. To implement that decision, the Secretary of State for Defence announced on 15 December that the four remaining Type 22 frigates—HMS Chatham, HMS Campbeltown, HMS Cumberland and HMS Cornwall—would be removed from service. The decommissioning of Cumberland was delayed because of her involvement in supporting enforcement action against Libya under United Nations Security Council resolution 1973, and I should like to take this opportunity to congratulate the ship's crew for their fantastic work during that deployment, which emphasised the versatility of the Royal Navy at its best.

The seven Type 23 frigates based at Devonport, along with the six at Portsmouth naval base, will form the backbone of the Royal Navy's frigate fleet until the introduction of the Type 26 global combat ship at around the turn of the decade. I am lead Minister for the global combat ship, which we hope to build in collaboration with a number of other countries, and, like my hon. Friend the Member for Plymouth, Sutton and Devonport, would like to see more of them. We advocated in opposition that although the ships should not be exactly cheap and cheerful, they should not have the sophistication of the Type 45 destroyer, the unit cost of which was £1 billion—simply unaffordable.

Alison Seabeck: I understand the need for much more of a workhorse vehicle than an all-singing, all-dancing one; however, lovely as it will be to have the new Type 26s, I hope the Minister will strongly consider the fact that Plymouth has the skills to manage and support some of those vessels into the future.

Mr Howarth: I hear the hon. Lady's representations, and shall duly convey them to the Minister responsible, but I have to say that we are nowhere near making the base-porting decisions on the Type 26.

Alison Seabeck: I understand that that decision is not imminent, but in thinking through the decisions that need to be made, the Department must look ahead. The decision must be part of a bigger strategic vision for the future.

Mr Howarth: The hon. Lady makes an extremely important point, which I endorse and emphasise for the record. It builds on something that the hon. Member for North Durham said about the Treasury. If we are to have the Future Force 2020 that we seek, it will depend on uplift in financial resources from the middle of the decade. One of the last things that the outgoing Chief of the Defence Staff, now Lord Stirrup, said to me was that if we want that uplift in 2015, we must start planning for it now. It is important that we as parliamentarians understand the importance of long-term planning. I hope the hon. Lady will forgive me for latching on to the point that she made about base-porting for the Type 26, but it feeds into a wider argument about defence planning, and she is right to make it.

Dr Julian Lewis: In referring to the new frigates as cheap and cheerful, to use the Minister's phrase—

Mr Howarth: It was your phrase.

Dr Lewis: My phrase was "cheap as chips", actually. It upset the First Sea Lord of the day, although not too much. Will the Minister confirm that the reason why it is important and practicable to make the new frigates in that way is that modern methods of naval design enable the production of a ship that is modular? Therefore, we can produce a considerable number of hulls initially and then upgrade them with bolt-on modules as resources allow, rather than producing something expensive from the outset.

Mr Howarth: My hon. Friend, as ever, has latched on to an extremely important point. A big selling-point in my discussions with other nations about working in co-operation on the programme is that modular building design not only gives extraordinary flexibility, but is something in which we in the United Kingdom have a world lead. We did it with the Type 45s and we are doing it with carriers; we can do it with global combat ships as well.

My discussions with the Royal Navy, from the First Sea Lord down, have proved extremely encouraging. The Navy has understood the force of the argument and is working enthusiastically to that end. All of us in the House have an interest in ensuring the success of the programme. Personally, I am staking a lot on it myself. If I were to leave office having done only one thing—securing a new fleet of frigates for the Royal Navy—I should feel extremely proud.

On submarines, we have made it clear that the Clyde naval base will become the base port for all Royal Navy submarines. The Vanguard class submarines are already based there, and as the Astute class enters service, it too will be based at and operated from the Clyde. The Department has announced that it will move in-service Trafalgar class submarines from Devonport to Faslane, although we are still assessing how best to implement that decision. None the less, Devonport's highly skilled

work force will continue to be called on to deliver the highest standards of engineering in the vital area of submarine maintenance.

It is important to recognise that decisions about changing the base-porting of naval assets are not simple or straightforward. Although factors such as sustainability and work loads are of importance locally and to the nation as a whole, I am sure we all appreciate that any changes have a major impact on the welfare of the service personnel affected, particularly those with young families. Any decisions to change the arrangements are made only after extensive deliberation and consultation. At this point, I would like to put on the record—I am sure on everybody's behalf—what an immense debt of gratitude the nation owes to the families of our servicemen and women in all three services. Without their support, the men and women on the front line would never be able to do their job.

As part of the process, as the hon. Member for Plymouth, Moor View said, full consideration must be given to the impact on naval service personnel and their families, reflecting the need to give them sufficient notice to plan their futures, in line with the naval service individual harmony guidelines. The guidelines exist to ensure that naval personnel retain the ability to enjoy leisure at their place of duty and that they do not spend excessive time away from their homes and families.

I am pleased to be able to confirm, therefore, that we have made a decision that I hope will reassure my hon. Friend the Member for Plymouth, Sutton and Devonport and the hon. Member for Plymouth, Moor View. We have decided to make no changes to base-porting arrangements for surface ships, including Type 23 frigates. The frigates at Devonport and Portsmouth will remain where they are for the foreseeable future. That will provide a period of stability for naval personnel and their families at our naval bases, for the naval bases at Devonport and Portsmouth and for our industrial partners, which I know my hon. Friend and other Members were seeking. It is our view that any review of those arrangements should be linked directly to the wider studies informing future strategic defence and security reviews, which we have committed to undertaking during each Parliament, so we do not anticipate any changes until 2020 at the earliest. I recognise that that decision will be of interest to many Members. The Minister with responsibility for defence equipment, support and technology, my hon. Friend the Member for Mid Worcestershire, will write to those Members shortly to provide the detail that I am sure they seek.

To answer a couple of points made by the hon. Member for Plymouth, Moor View, HMS Protector will be based at Portsmouth because, as I understand it, that reflects the base-porting arrangements in place for HMS Endurance. However, we expect to decide on the longer-term delivery of that capability, including base-porting arrangements and the future of HMS Endurance, next year. I hope that that puts the matter in context. My hon. Friend the Member for Plymouth, Sutton and Devonport referred to the university of Plymouth study. I say to all local Members that Ministers will be pleased to receive the results of that study.

In summary, I assure my hon. Friend and the whole House that we remain determined to make the fullest use of all three naval bases, including Devonport, and to capitalise on the excellent skills and experience that they have to offer. Difficult decisions have been taken, but everyone involved can now look forward to a period of stability, confident in the knowledge that they will continue to be central to our island nation's influence, prosperity and security.

11.57 am

Sitting suspended.

UK Oil Refining Industry

11 am

Michael Connarty (Linlithgow and East Falkirk) (Lab): It is good to serve under your chairmanship again, Mrs Brooke.

May I start by thanking a number of people who have helped me over the 18 years that I have represented Scotland's only refinery? Believe it or not, I worked there in 1967 and in the winter of '68, when I was a student, and I have ended up as the Member of Parliament. My thanks go to the staff and the management. Although there have been a few differences of opinion, particularly over pensions, the one thing about Grangemouth is that the industry comes first, because it is a vital part of the lives of the people of central Scotland. It is also important to the Scottish economy and, of course, the UK Exchequer.

I thank Gordon Grant, the present site manager, and his colleagues, Colin Pritchard and Gary Haywood, who have been active, both in writing to the Select Committee on Energy and Climate Change during its inquiry and in speaking to me about their concerns about the future of the industry. I also thank Stephen Deans and Mark Lyon, who are the joint shop steward secretaries for the industry in the area, and the national organisation for refineries which represents both the management and the work force in the UK, and which works closely with the United Kingdom Petroleum Industry Association and other organisations.

If we look at the report produced by the Energy and Climate Change Committee in June 2009 about the oil and gas industry in general, we will see that the odd thing about the situation was that the industry faced

"a quadruple whammy of high costs, low prices, lack of affordable credit and a global recession."

At that time, we did not know that it would also have to deal with a predatory Chancellor of the Exchequer, who would take £2 million per annum out of the upstream. When taxes and the structure of taxes are changed as quickly as that, it frightens investors, and the question in relation to UK refining at the moment is about investment—is there an investment future for UK refining?

My questions to the Minister require serious replies. Do the Government realise what the impact will be of the forthcoming proposals to change climate change levies, the European Union emissions trading scheme and the so-called carbon reduction commitment energy efficiency scheme? UKPIA has said that that is no longer based on climate change methodology, but that it is a tax, because the revenue will go not to the Department of Energy and Climate Change or to anything to do with climate change, which was the original decision on climate change levies, but to Her Majesty's Treasury. It is a tax-raising power and will do no good in terms of climate change and energy reduction. It will just boost the Chancellor's coffers.

It is as if the DECC document is living in a fantasy world when it says that

"the downstream oil sector has demonstrated its resilience to various supply disruptions",

although it goes on to say that

"there is always scope to improve".

There has, however, been a blindness on the part of Government to the real purpose of high taxes on a very important manufacturing industry, and to the impact of those taxes on that industry's ability to survive in the world. That is why this debate is about competitiveness. It is not about the environment and the other things that the Minister has to carry in his brief. It is about something that should be answered by the Department for Business, Innovation and Skills. It should be a BIS Minister present, but BIS refused to take this debate because it has shifted the issue. The debate was secured before the recess and with that Department in mind, but a BIS Minister said that he could not handle it, because the issue is not seen as part of its remit. It is tagged on to the work of the hard-working Minister of State, Department of Energy and Climate Change.

What has been happening recently in the refining industry is interesting. At one time, refining was the downstream part of a multinational commitment to exploration and production. British Petroleum was in the North sea and other parts of the world, and refining in Grangemouth in my constituency. Royal Dutch Shell was all over the world and refining in Stanlow, which is in the constituency of my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), and French-owned Total was in Lindsey. They were all part of world exploration and production, but what is the situation now? INEOS has bought more than 26 of BP's refining and olefin and derivative sites, including the refineries in Grangemouth and in Lavera in France. It is, essentially, a stand-alone commodity producer and it treats refining as another stand-alone commodity. Owing to heavy indebtedness in terms of purchase and the world downturn, INEOS has sold 50% of the refineries in Lavera and Grangemouth to PetroChina for £1 billion, thereby reducing its debt burden. That may or may not be a good thing, and I will talk about it specifically later.

My hon. Friend will talk more about this, but Shell in Stanlow has been 100% bought by Essar, whose declared intention is to bring in, from its own refinery in India, high-quality diesel for the European market basically to use the UK as a pipeline to sell its product in Europe. There is talk of some upgrading and I am sure that my hon. Friend will talk about that, but that is the strategy. I have been shown a clip from a website that was viewable before the deal was done. The company said that it was going to buy Stanlow, shut it and use the pipeline. That, thank goodness, has been fought off by both Shell and the work force, but that is the situation.

We were once the floating assembly shop for Europe for computers, televisions and white goods, because we had incentives from the European Union. Where have they all gone? Where has Chunghwa gone from Lanarkshire? Where has Motorola gone from Bathgate in my constituency? They have disappeared because we have become a transit route for selling into a large market in Europe. That is my worry.

Lindsey has been sold to the Klesch group, which is owned by a gentleman who makes his money by buying distressed debt from companies that are in trouble. I do not think that Total is in trouble; it just wanted to offload the refinery. We have no idea what its financial plan is, and that is the great problem that we face. Are the conditions there for the UK refinery industry to compete in Europe? When it is introduced, part 3 of the European emissions trading scheme will increase the

cost in the UK by 10% against the EU. At the moment, because of climate change costs, the product of EU refineries is 15% more expensive than anywhere else in the world. We will then be disadvantaged by another 10% against Europe, which means that we will be 25% disadvantaged against the world in terms of our product. It is clear that Europe has been targeted, as has Australia, because there is a high price for refined product.

Another problem is that we do not have enough capacity. The UK refining industry, Grangemouth apart, is still geared towards the high petrol demand of the 1970s, when we should have been gearing up for high diesel demand, because high-quality diesel is what Europe is demanding. When Lord John Browne was in charge of BP, he showed me the new investment BP had made in high-quality diesel for Europe, and thank goodness it did that. Frankly, if the timing and the taxes were right, and if the burden were not going to put investors off, it is possible that, with the PetroChina deal, my refinery in Grangemouth—I am possessive of it, in the sense that I have always fought for it and that it is important in my constituency—could upgrade itself to supply all the demand for high-quality diesel in Europe and all the aerofuel required at the moment in the UK. That would be the by-product of decoking the heavy oil that is being taken out of the ground in Africa by PetroChina. There is serious talk about that. However, there can be that investment only if the taxation structure and the incentives are correct. There have been no incentives to help the industry; instead, tax burdens have been put on it.

I ask the Minister to think seriously about trying to convince the Chancellor—who, by the way, should get out more—about that. A man who has spent all his time in Conservative party central office does not know what the real world is like. As my father would say, he has never done a day's work in the industry. We cannot save manufacturing by burdening it with taxes that mean it cannot carry the load and attract investors.

I want to make the following argument on the emissions trading scheme to this Minister, who is supposed to be responsible for the environment. We could have a situation whereby the UK, which is carrying the burden of such a scheme, does not invest. However, let us consider what happens in relation to other companies, for example, Essar. What kind of conditions does the Minister think exist in its refinery in India? Does he think it is anywhere near as climate friendly as the refineries in our industry, considering the burdens that are put on it? No, it is not. What will happen is that we will ship abroad to more polluting, heavier and probably more dangerous environments with lower health and safety standards.

Dr Julian Lewis (New Forest East) (Con): In cognation of what the hon. Gentleman is saying, can I point out that the Fawley Exxon refinery in my constituency accidentally under-reported its CO_2 emissions by one third of 1%? In accordance with the emissions trading scheme, as soon as it discovered what had happened, it reported it to the Environment Agency whereupon it was fined €1 million, which is more than some of the firms at fault in the Buncefield disaster are being fined. When a firm behaves responsibly and is punished for doing so under schemes that do not apply to other refinery companies in other countries, that does not constitute a level playing field.

Michael Connarty: That is a very important point for the Minister to take on board. He will have to argue—and I hope that he pledges to do so today—against the next wave of climate change costs, because they will just shift the burden. Those costs will not get rid of climate damage; they will shift the problem to other countries where climate damage is much greater. It is much more sensible for the UK to realise that it has to have a genuinely level playing field with Europe. We also need incentives for investment and sensible rewards for companies in this country that have a high standard of climate control and health and safety.

I recall when ICI decided to get rid of anthraquinone, which is a wonderful product. Anthraquinone was the green gunge in all UK fabric dyes. I am an honorary member of the anthraquinone club, for which someone gets a tie with a picture of the molecule on it. Anthraquinone was sent to India because it did not meet the health and safety and pollution standards in this country. However, it continues to be made in India. That is the problem. We think we are doing well by tackling our emissions but, in fact, we are just pushing them somewhere else.

I honestly have to say—and this is not because I am in any way a great supporter of the company concerned—that a considerable amount of money has been spent in UK refineries, particularly at Grangemouth, to reduce emissions. For example, it has invested massively in heat and power plants. It did not have to do that; it could have taken power off the grid. However, it has invested in a low-emission method of producing power and electricity. The company at Grangemouth is telling me that DECC's new consultation contains no clear statement about exemptions, reductions or rewards for those vast investments. That is wrong.

That company has also asked who was at the table when there were talks about the impact of energy and climate change. BP was not at the table and, as far as I know, Shell was not at the table. It has asked other companies if they know who was at the table talking to the Minister. I presume an organisation that sets itself up to represent the industry was present, but where was the industry and where were the people who have to take these investment decisions day to day? They were missing; they were not at the table. How can someone make a decision in such a way about the future of a company that, in my area, employs 1,350? I should add that I am not just talking about my constituency. There are more people employed at Grangemouth who are from the constituency of my hon. Friend the Member for Falkirk (Eric Joyce). People from Redcar and Nantwich are also permanent employees of the Grangemouth refinery. It is important that the industry is treated correctly.

The regulatory impact of the new carbon floor provisions could add 50% in total to the climate change costs of the refinery in Grangemouth. That is not acceptable. That will not incentivise investment and get us into a position whereby we can supply Europe with high-quality diesel and supply the UK and even possibly Europe with aerofuel, which is what we should be doing. Will the Minister say what he intends to do about that? I know that everyone is in thrall to the Treasury and that, at the moment, it collects taxes rather doing anything else.

[Michael Connarty]

On the effect of the changes, the Heren forward electricity prices scale shows that, during summer 2012-13, there will be a £3 increase in electricity prices to £56.50, which is a 5% increase. For a high energy using industry such as the oil refinery industry, that is a massive burden that must be carried. The things produced are commodities. From one of the biggest refineries in India, Essar can ship in high-quality diesel. We are not going to get the money back. The elasticity of demand is very low. It is up to the Minister. Does he want an industry that is capable of competing in the world, not just in Europe?

In Europe, Lavera would be advantaged 10% over Grangemouth if the climate reduction levy and the EU emission trading scheme went through. We have to convince the Treasury that this is a vital part of our future. I do not know what other refineries are up for sale. There was a rumour that there were two others, but I do not know if that will turn out to be true. We do not know what the plan is for one of the biggest refineries that has just been sold. We must consider how to incentivise the industry and how to protect it from a predatory Chancellor who just wants taxation.

There is also a port at Grangemouth, which has briefed me in detail. It has pointed out that the new climate reduction scheme was supposed to target offices and large buildings that were not caught by the emissions trading scheme or the climate change levies. However, that is not the case. The new scheme will be a tax and will do nothing to incentivise people to reduce their energy use. Why should we let the Chancellor get away with it? We should take him on and argue that this industry and the future of manufacturing are vital. Oil refineries are at the centre of manufacturing, not just in my constituency and in Scotland, but throughout the UK. I hope that the Minister will respond to that. We will certainly back him up on it, as I think anyone from any party would. This is an industry that we must not sell out to anyone.

11.18 am

Stephen Metcalfe (South Basildon and East Thurrock) (Con): I congratulate the hon. Member for Linlithgow and East Falkirk (Michael Connarty) on securing this important debate. My constituency has a long tradition of refining. Like my hon. Friend the Member for New Forest East (Dr Lewis), I am only too aware of the challenges that the industry is facing in a very uncertain world.

It is important to reiterate that refining companies are not oil companies. They may have been once but, in today's world, the vast majority of refining companies sit between the oil companies and the resellers. In the UK, 75% of the companies—six of the eight—are margin businesses. They take a raw product—oil—refine it and turn it into fuel, and somewhere between the price of oil and the price of petrol, which are both set by the market, they hope that they can make a margin. At present, however, that is proving increasingly difficult.

Some 20 years ago there were many more refineries. In my constituency, there were two; we are now down to one. In the past 10 years, the number of refineries in the industry has dropped from 12 to eight. The margin—they are margin businesses—is now down to 2%, which I believe is the tightest in the history of refining. The situation is even tougher than it was in 2009, and that was deemed to be a particularly challenging year.

It is also important to understand that refineries offer different capabilities. The hon. Member for Linlithgow and East Falkirk mentioned that our refining capability is designed to produce petroleum, but the reality is that the major demand is for diesel. The individual refineries do not know what they will get out of the crude that they put in at the start, because different crudes yield different saleable products at the end of the process. There are therefore a number of challenges and, as I said, the margin is particularly tight and difficult.

As there have been a number of sales in the industry recently, one could argue that the market overall must be healthy. If people are investing in the UK and buying up refineries, they think either that the industry is healthy, or that it will be healthy in the future. It is important, however, to look at the actual sale price of those refineries. A good example is Stanlow, which was recently sold at approximately 10% of its replacement cost. While there is investment and some movement in the market, that does not represent the true value of the facilities that are being sold. While the headline figures that get bandied around are particularly high, it is important to remember that they will include the stock being held by refineries. As we know, given that oil is at a particularly high price, that stock could make up the majority of the price.

The recent sales are therefore not necessarily an indication that the market is healthy, but the situation gives rise to a number of questions. Is it important that the UK has its own refining capability? Do we value the energy security that our own capability provides, bearing in mind that it provides 33% of all fuel used in the UK and 90% of all petroleum products? Do we want to retain the engineering excellence that is developed through our refineries and the 150,000 jobs that are supported through the industry, either directly or indirectly?

Eric Joyce (Falkirk) (Lab): My hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) said that the industry supports many jobs in Falkirk. He talked about its relevance for the engineering sector, as local colleges, particularly in Falkirk, supply people who are trained specifically for the refinery at Grangemouth. Does the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe) agree that the implications of getting the costs right are enormous for the local economies in all our constituencies?

Stephen Metcalfe: Yes, I do. It is important that the industry is supported because it supports the sort of jobs that we are trying to create in our economy and creates the impetus for colleges to produce highly-skilled individuals. It is therefore very important that we continue to support the industry.

If we answer yes to the questions that I posed, it falls on us to decide how best to support the industry. UKPIA, the trade association that represents the industry, has made a number of recommendations of which I am sure the Minister is aware. I do not propose to reiterate all of them, but I would like to make three broad points.

First, refining is a global business. We are competing with China, India, Russia and the middle east, all of which can export to the UK and the EU, but are not

under the same stringent environmental conditions as the UK industry. While in principle it is right and proper that the industry does what it can to reduce its environmental impact and emissions, we must recognise that it is competing in a global market. If we do not support the industry here, we might just move the environmental impact offshore and into countries that do not have the same extent of regulation.

Dr Julian Lewis: To illustrate that point further, may I point out that the Esso refinery at Fawley, in my constituency, has something called the combined heat and power unit that enables it to generate not only the electricity to run the plant, but steam, which is also of great value in the process? That has been exempt from taxation in previous regimes, but under a new proposal, that exemption will go. Once again we have a situation in which an uneven playing field is being made even more uneven.

Stephen Metcalfe: My hon. Friend makes an excellent point. That is why we must do everything we can to make the impact of legislation as proportionate as possible. As I have said a number of times on the Floor of the House when referring to business in general, we must not gold-plate regulation. We have to get regulation right and consider the impact that it will have on industries across the whole economy. My hon. Friend highlights a particular piece of regulation that will have a dramatic effect on a vital industry in the UK. It is crucial that we create a level playing field, and that should be not just in the EU—that would help, because our gold-plating is sometimes a disadvantage to ourselves—but, if at all possible, throughout the rest of the world, which I understand is a bigger challenge. We have to balance the cost of regulation against the impact that it will have on our own UK capabilities. The EU legislation that is being brought forward will have a significant impact on costs to an industry that is not making any money.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Does my hon. Friend agree that another particular blight is that of health and safety, which perhaps applies at a different level in the UK from elsewhere? The problem is relevant to the Murco refinery in the constituency of my hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) because it could be holding up the sale of that perfectly viable refinery.

Stephen Metcalfe: The health and safety issue is a real challenge. In this country we seem to ask who is to blame when something goes wrong, but other countries ask what went wrong. We have to get the balance right. We seem to want to create an environment that makes it almost impossible for businesses to function properly. No one is suggesting that we cut corners on safety, but we should at least try to have the same safety regulations across the whole of Europe so that we are not trying to compete with one hand tied behind our back. I understand that the Health and Safety Executive has been asked to cut costs, but I think that I am right in saying that rather than doing that, it has passed on additional costs to the people with whom it works. In this case, that is refineries, but the refinery industry is not making any money. It is a very tough environment out there, so my hon. Friend highlights an important point.

Secondly, the industry has strategic importance to the UK economy. Our economy relies heavily on oil. Maintaining our own refining capabilities is of great importance to securing our energy supply. It gives us the ability to adapt to our domestic needs, and to the demands of the motorist and the regulatory framework, without us being in the hands of people who are outside our control.

My third point relates to the importance of the industry to the UK economy as a business. Refining is a large manufacturing business. It takes a raw product and makes something. We have said that we want to rebalance our economy and that we want to move away from financial services and encourage manufacturing. This industry employs tens of thousands of people in skilled jobs. We need to do what we can to support those jobs. The skills generated through those jobs—this is the driver for engineering excellence—will not only help to rebalance our economy, but give us expertise that we can export around the world and improve capabilities elsewhere. We have made a commitment to focus on those areas.

I have a good example from my constituency: the Petroplus refinery down at Coryton. I would be delighted if the Minister were to visit—it is the nearest refinery to London—and if he were to do so, I am sure he would receive a warm welcome. He could then hear at first hand about not only the challenges but the good things going on at Coryton: the hundreds of people employed, its apprenticeship schemes and the graduate training programme.

The industry needs our support. I would like to think that the Government recognise that, that they want to do what is right and that they will be able to find a suitable way to balance the regulatory demands coming down the line so that they are not so onerous that they damage a struggling industry even further. We should do what we can to maintain a viable and vibrant refining industry in the UK that supports not only our economy, but the many thousands of people employed in it.

11.30 am

Andrew Miller (Ellesmere Port and Neston) (Lab): I congratulate my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) on securing this important debate. I agree with him that we are in an unusual situation, which in some respects is highly positive. The UK Petroleum Industry Association, the industry's trade association, is working closely with Unite, the union, in this vital area, and I congratulate the parties on bringing people together to discuss an industry that is hugely important to our country.

Some of the rumours about Essar described by my hon. Friend have, I am pleased to say, now been comfortably put to bed. I am comfortable that we will have a productive relationship with an interesting and developing company which has refining expertise in two other continents, as well as other manufacturing skills elsewhere. I have met people at the highest level of Essar, whom I look forward to introducing to the Minister. He will find them a breath of fresh air in some respects, compared with some of the manufacturing industries he has to deal with. I recognise that the area commands cross-party concern, and we should look at the refining industry carefully.

[Andrew Miller]

I agree with my hon. Friend the Member for Linlithgow and East Falkirk that the Department for Business, Innovation and Skills has ducked the debate. The refining industry is a key part of the manufacturing sector and—I will come on to this—fundamental research is also involved, coming under the responsibility of the Minister for Universities and Science.

I will turn specifically to Stanlow, to put on record what is happening. Essar will own and operate all the refinery assets. The crude used is shipped to the Tranmere terminal, in the constituency of my hon. Friend the Member for Wirral South (Alison McGovern), and transported to the refinery by a pipeline, which will also be owned and operated by Essar. The terminal will remain under the ownership of the Mersey Docks and Harbour Company—part of the holdings of the Peel Ports Group—and the intention is to transfer the lease from Shell to Essar.

A number of smaller business operations will be in the Essar perimeter, including the lubricants blending plant, the polymer-modified bitumen plant and the liquefied petroleum gas terminal, where LPG is loaded on to road tankers for delivery. Also in the Wirral South constituency is the Eastham refinery, which will remain operated by Eastham Refinery Ltd and owned by Shell and its partner, Nynas AB.

The chemicals industries on the plant site reinforce the argument that the debate ought to be about manufacturing. There are two processes, manufacturing higher olefins and alcohols from ethylene, which is derived from natural gas from the North sea and delivered by the Shell-owned and operated north-west ethylene pipeline, linking up with Mossmorran in Scotland. Some ethylene is subsequently transported by pipeline to Carrington, Manchester. That business, including the manufacturing units, will remain under Shell ownership but will be operated by Essar.

The point of putting all that on the record is to illustrate what a complex, interrelated series of businesses is involved, covering the key transportation of fuel to Manchester airport and our military air bases, as well as key parts of the supply chain to the major chemical manufacturing operations in the north-west of England, and integrating with other business operations, including those of the Peel Ports Group such as the Manchester Ship Canal. The network is complex, and it is hugely important that the Government understand how such an integrated network impacts severely on the country's ability to run if things do wrong. The Buncefield disaster, which was mentioned earlier, could have had a profound impact on the supply of fuel to the UK. Fortunately, with some smart management in utilising pipeline networks and road transport, the industry responded and managed to keep the supply chain thriving.

Ten years ago, the fuel protests started, when fuel prices were £1 a gallon or so cheaper—it is extraordinary that there were protests then, when fuel was considerably cheaper. When that happened, the civil contingencies secretariat Cobra was put into operation because of the recognition of how this complex, integrated industry could have a profound impact on the well-being of the nation in every possible respect.

The distribution of products manufactured at the refinery utilises the ship canal and the pipeline, and goes down to the Kingsbury terminal near Birmingham. The main pipeline from Stanlow to Kingsbury will remain under the ownership of Shell, BP and Chevron but will be operated by the British Pipeline Agency, which is a joint venture between Shell and BP. I am not sure how BP comes into things, given how small a share of the business it has in the UK. The issues are enormously complex and interrelated.

Furthermore, at Stanlow is the fundamentally important Thornton research centre, which has a significant number of graduate scientists on site. It has been working on fuel and fuel efficiency for a whole range of vehicles for many years. Putting on my other hat, as Chair of the Select Committee on Science and Technology, I am the first to recognise that the nature of research in such a centre will change and move away from the physical testing on banks of engines to more computer-based modelling of what happens inside an internal combustion engine.

I am relaxed about the nature of the research changing, but I am anxious to ensure that Thornton, which in a sense will be isolated—still part of the Shell empire, but located on land inside the Essar perimeter—remains protected. I ask the Minister to seek assurances urgently from Shell that it will continue to invest in research and development. I ask him to raise the issue with his colleague, the Science Minister, because it is hugely important to research effort in the north-west.

Overall changes will emerge in detail in June or July, as it will take until then for all the final dots and commas to be inserted into the various contractual relationships, and we will see Essar people on the site driving the managerial effort. I hope that before then we can deal with some details to ensure that the existing work force are protected in terms and conditions of employment; that commitments have been given; that we work on agreements to introduce further apprenticeships on to the site—to which Essar is committed—and that those aspects of the site that are within the Essar perimeter but remain under Shell's control are properly protected.

Turning to the broader issues raised by my hon. Friend the Member for Linlithgow and East Falkirk, I agree that the Chancellor needs to wake up to this hugely important challenge. If we do not get this right we will lose to other countries a hugely important manufacturing industry that directly and indirectly employs thousands of people.

I listened carefully to the comments of the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe) about health and safety. Colleagues may be aware that I have been asked to serve on the independent review of the health and safety legislation, and I am collecting anecdotes about the myths and facts of health and safety. If colleagues have any real examples of abuse of health and safety regulations, I would welcome them. My experience of dealing with the Health and Safety Executive is of a highly professional team that operates on common standards across the UK, working closely with UKPIA, the operating companies and the trade unions.

As for inconsistencies with other countries, I agree that we ought to have a consistent approach within the EU, but I am sure the Minister would not want us to harmonise down to the lowest common denominator of health and safety standards elsewhere in the world. I recognise that my hon. Friend the Member for Linlithgow

and East Falkirk was not saying that. However, we have to ensure that on balance, using fiscal levers and all other available tools, we make the UK an attractive place in which to continue to refine oil for the domestic market, particularly the hugely important area of aero-engines, which are increasingly key to parts of the British economy. An awful lot of fuel flows down the pipeline from Stanlow to Manchester airport every day of the week. The north-west economy is driven by important locations such as that. That does not mean that we duck our responsibility towards environmental issues. We should be working with the industry and research centres to drive forward pollution standards to the highest level. We should also be working on a multi-national basis to ensure that we pull other countries along with us.

An hour and half barely does justice to this huge issue. I know other colleagues wish to speak so I will terminate my remarks. I conclude by saying to the Minister that he has a huge challenge to face. It is a challenge for the coalition Government, and we have to get the balance right between pressures from the Treasury, the Department for Business, Innovation and Skills, the Department of Energy and Climate Change and so on. We have to ensure that we attract the next generation of apprentices and graduates into the industry. It is an industry with a genuine future, but only if we do our bit.

11.45 am

Huw Irranca-Davies (Ogmore) (Lab): It is a pleasure to serve under your chairmanship, Mrs Brooke, and I congratulate my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) on securing the debate, which gives us a timely opportunity to discuss an important downstream industry in the UK. My hon. Friend reminded us of his background representing his refinery constituency for a decade and a half and more, and his work there as a student. When I was teaching archery in the United States, he was getting his hands dirty at the forefront of British industry. He spoke with authority as an MP who understands the industry intimately, as did other hon. Members, including my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller).

As of summer 2010, the UK had the fourth largest refining capacity in western Europe. According to the UK Petroleum Industry Association, the UK's eight major operational oil refineries supply about 33% of the energy used in the UK, and approximately 90% of the petroleum products sold in the country. As hon. Members said, all that is done as a result of a significant investment in 150,000-plus jobs. As has also been said, the industry itself has invested significantly. While creating those jobs, it has invested an average of £350 million a year over the past five years in reducing the environmental impacts of its products and operations, and we have heard constituency examples of how that has been made real. As the Minister's colleagues in the Treasury will be aware, the industry also contributes to Treasury coffers about £30 billion a year in fuel duty and VAT.

Trying to maintain and build the competitiveness of the vital oil refining industry at the moment can be described, at best, as extremely challenging. UK refineries, in common with those in the rest of the EU, are under enormous pressure due to: a very difficult operational climate; fluctuating demand for oil products; increased competition from export refineries, particularly in Asia; structural imbalances in supply and demand; and a challenging and complex legislative background.

In 2007, a Wood Mackenzie report for the old Department of Trade and Industry said that relative to other EU refineries, for a range of reasons, UK refineries were mid to low performers on competitiveness. It remarked that the UK oil refining industry consequently failed to secure discretionary investment and was hampered by a shrinking pool of work force talent, which we know can be followed by a spiral of downward decline. At that time the UK ranked 17 out of 26 countries, which was behind many in central and eastern Europe, but ahead of France, Norway and Ireland. The report noted that countries such as Hungary, the Slovak Republic and Poland were

> "highly competitive, partially as a result of large investments which were carried out, frequently with assistance from the European Bank for Reconstruction and Development, in order for each country to satisfy EU accession requirements."—

in effect, they had a leg-up. The report said that the UK's position reflected our specific national characteristics of high-cost crude and significant exports.

It is worth noting that the average net refining margins in the UK industry fell from the equivalent of $2.79 a barrel in 2008 to just $1.11 in 2009, which was the lowest recorded figure for 13 years. The effect of that was that the 2009 UK refinery output was the lowest recorded, but that is not a new trend—the key point is that it goes back decades to the 1970s. If clearer indications are needed of the challenges facing the industry today, we need look no further than decisions taken by major refining companies in recent years to withdraw from the UK. BP has sold its two refineries in the last four years, Petroplus has closed its Teesside refinery, and Shell, Chevron, Total and Murco have sought buyers.

Given those challenges, what can be done to improve the UK oil refining industry's long-term competitiveness and secure the jobs that rely on it? I shall pose a series of questions to the Minister on the competitiveness of oil refining industry and future investment in the sector. I hope that he will answer them as fully as possible. If not, perhaps he will write to me and to other hon. Members who are taking part in the debate.

First, the UK oil refining industry recommended a single benchmarking system under phase 3 of the post-2012 EU emissions trading scheme for all 98 EU refineries, based on the complexity-weighted tonne. That system was supported by the European Commission and has now been adopted. However, even with a proportion of free allowances allocated under the benchmarking system, early estimates of the cost of purchased allowances to UK refineries are around €70 million a year at current prices. Given the nature of international competition and recognising that qualifying for free allowances under the EU ETS is paramount, the risk remains, as hon. Members have said, that the UK may be disadvantaged compared with refineries in non-EU countries that can export to the UK. Do the Government plan to support the industry's ongoing eligibility for free allowances under the benchmarking system, and do they intend fully to address the risks of carbon leakage?

Secondly, on biofuels, the EU renewable energy directive requires, by 2020, 10% by energy renewable content in fuels, and the EU fuels quality directive requires

[Huw Irranca-Davies]

6% greenhouse gas emissions by 2020. The renewable transport fuel obligation in the UK sets a requirement of 5% biodiesel from April 2013. Stakeholder consultation is ongoing on how to transpose those directives into UK law while at the same time maintaining competitiveness in the downstream industry. Will the RED, FQD and RTFO targets be set so that all suppliers can comply on a stand-alone basis, recognising that they operate in different markets? Will a carry-over of energy and carbon certificates, trading and buy-out options be included to provide flexibility for refinery shutdowns and supply chain issues?

Does the Minister accept that the delay until the autumn in announcing the carbon and sustainability criteria, which are required for biofuels to meet the RED, will leave little time for suppliers to make arrangements for the new criteria to be implemented in December 2011? If so, what can he do to help the industry to prepare for that on a vastly condensed time scale?

Achieving the 2020 biofuel targets may require four grades of fuel on larger petrol station forecourts after 2015, with two high bioblends at least for petrol E10+ and diesel B10+. Smaller sites might be disadvantaged as they can accommodate only protection grades for older cars that are unable to take the higher grades E5 and B7. That disadvantage could risk the closure of rural and small sites, so does the Minister intend to take any action to help smaller and rural petrol station sites to adjust to the new biofuel regulations and to ensure the future of their businesses?

On the compulsory stocking obligation, the Government have been reviewing the arrangements under which the UK meets its EU and International Energy Authority obligations for compulsory stocks of oil products. The requirement currently stands at 67.5 days and will rise to 90 days post 2014. With the slow decline of UK oil production, there will come a point towards the end of the decade when the UK's derogation will cease and we will be faced with an increased oil stock obligation. I understand that the downstream industry strongly favours a move to an independent and industry-funded oil stocking agency with the aim of providing greater transparency and certainty in the way we meet our obligations in future, as well as of improving resilience of the current supply infrastructure. With that in mind, will the Minister tell us whether he is considering any of those proposals and, if so, when they will be published?

I am aware that DECC's downstream oil and industry forum task group recently undertook a number of reviews of the UK's oil market, including on supply and demand balances, safety, planning and regulations, supply infrastructure, and the refining market. I understand that officials will shortly submit advice to Ministers on areas of public policy that could be addressed to ensure that we have resilience and security of supply. Will the Minister give an update on this matter with particular regard to the future competitiveness of the UK oil refining industry?

Michael Connarty: My hon. Friend referred to supplies to petrol stations in remote areas. Is he aware that there is deep concern that the infrastructure of terminals where stocks are held is being threatened? I am told that one reason why that happens is that if a UK refinery wants to ship to a UK destination, it is taxed on the volume in the tanker when it leaves the terminal, but anyone coming from abroad to the UK is taxed on what they offload. That can add £2 to £3 a tonne to the cost of shipping within the UK, so terminals do not do that. To secure terminals, surely the Government should allow those who ship out of refineries such as Grangemouth to a terminal in the north of Scotland to be taxed only on what is offloaded at the terminal in the north.

Huw Irranca-Davies: I was going to come on to that pertinent point, and I hope that the Minister will address it. If he does not have the details, because they require dialogue with Treasury colleagues, perhaps he will write to me and other hon. Members in the Chamber. The matter is important, and involves trying to achieve a level playing field so that the UK industry can compete effectively.

Does the Minister intend—his officials might be doing so already—to consider providing a long-term policy platform that will provide a level playing field for UK refineries to compete with both EU and non-EU competitors, while ensuring security of supply of petroleum and other products at competitive and affordable prices? Is there any consideration of a coherent policy platform for the industry?

The DOIF study outlined the growing imbalance between petrol and diesel demand and supply in the UK. The UK currently imports around 3.5 million tonnes of diesel and around 6 million tonnes of jet fuel, and those imports are forecast roughly to double by 2020, even if refining capacity remains the same. At the very least, new investment will be needed for import facilities or for desulphurisation of fuel as demand grows. Does the Department have any plans to address that growing imbalance, either by incentivising new investment in import facilities, or by improving the uptake of petrol? If so, when will the details be published?

[Mr Lee Scott *in the Chair*]

On training, the 2007 Wood Mackenzie report for the DTI stated that the UK oil refining industry was hampered by a shrinking pool of work force talent, and similar concerns have been raised in other parts of the energy industry. Will the Minister update us on the current state of play for the availability of a talented work force for the UK oil refining industry? Is he involved in active discussions with the industry about improving and developing skills that are suitable for a competitive UK oil refining industry in the long term? As has been noted, some of those points are highly applicable to BIS Ministers as part of our industrial strategy, but I am sure that the Minister will be more than able to answer questions on skills, training and work force talent.

One interesting aspect of North sea oil and gas concerns the upstream perspective on the competitiveness of the UK oil refining industry. More and more of the world's remaining crude oils are likely to be heavier than those of today, which are finer and sweeter, and that change in the character of future crude oils will make them more complex to refine. As the Minister knows, the UK continental shelf tends to produce finer and sweeter crudes, although I know that heavier oils are found west of Shetland, and some heavy oils are, we hope, awaiting development in the North sea. Therefore,

sustaining investment in the UK continental shelf to maximise the safe recovery of high-grade oil found around the British isles is helpful in providing feedstock for north-west Europe's refineries, including those in the UK. Does the Minister believe that the Chancellor's decision to impose an increased tax burden on UK oil and gas production could have unforeseen consequences—I hope they are unforeseen—for the industry and the future viability and competitiveness of UK refineries?

Eric Joyce: UKPIA, the union Unite and others have pointed out that the carbon price floor will lead to an additional cost across Europe of about £36 per tonne. In the UK, it will be more like £54 per tonne, which in Grangemouth alone could lead to an initial cost of £10 million. That has enormous implications for a unit of that size.

Huw Irranca-Davies: Indeed, and when the Minister responds, it would be helpful if he would consider the implications for the downstream industry, which is the subject of the debate, of the announcements in the recent Budget. A range of implications have been noted by the industry, including direct costs to it, and the potential effect on investment and jobs.

Michael Connarty: My hon. Friend will have heard me mention the shock rise in electricity prices of £3, which is equivalent to a 5% increase. ICIS Heren, which analyses the prices of gas and electricity, stated:

> "The planned introduction of a carbon tax from 2013 in the UK remained the key driver with all contracts from Summer 2013...climbing at least £2.20/MWh."

That is the effect of the carbon tax on forward purchasing, which people have to do to guarantee supplies of electricity to the UK refining industry. That is perhaps an unintended consequence, but it affects the cost base of our refining industry.

Huw Irranca-Davies: As far as I am aware, this is the Minister's first opportunity—both personally and on behalf of the Department—to speak about the carbon price floor. In his response, perhaps he will tell us how well or otherwise that is linked to the EU scheme. If it is linked closely, some of the negative effects could be avoided, but if it is disjointed and there is a splitting of ways, there could be a significant impact. This is not only about costs, important as those are, but about carbon leakages. In effect, we export our carbon emissions. My hon. Friend makes his point well, and rather than us waiting for a response from the Treasury, I hope that the Minister will take the opportunity to address it. He is the right person to tell us what thought has been given to the competitiveness of UK industry, including the refining sector, compared with that of other EU nations and their industries.

I have outlined a series of questions for the Minister, but my comments could be summed up in two questions: first, does the Minister have any plans to formulate a coherent future policy framework for the UK oil refining industry that ensures long- term investment in, and the future competitiveness of, the industry; and, secondly, how would any such framework fit in with the UK's overall energy policy objectives? I do not doubt that the UK oil refining sector can be competitive in the future. For decades, the downstream industry has enhanced the security of the nation's energy supply through the consistent provision of a range of fuels and industrial feedstock at competitive prices, and it can continue to do that. However, the industry has many questions for the Government at this point in time, so I hope that the Minister has the answers.

12.5 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a pleasure to serve under your chairmanship, Mr Scott. It has been a constructive and well-informed debate and there has been a considerable amount of agreement from hon. Members from all parts of the country and different political parties on the critical importance of the downstream oil industry, the role it plays in constituencies across the country, and the vibrant and important future we want it to have.

I congratulate the hon. Member for Linlithgow and East Falkirk (Michael Connarty) on securing the debate. He paid tribute to and thanked some of the people who have helped him, particularly on a local level. I add my thanks to UKPIA for the work it has done, and for its constant engagement with me, my officials, and hon. Members across the House. It makes us aware of the issues faced by the industry in a constructive and thoughtful way.

The hon. Gentleman spoke about the start of his career when he worked in the refinery. I had a similar experience at the other end of the chain because my first job was working as a petrol pump attendant on the outskirts of my constituency. Petrol cost 36p a gallon for five-star—we do not even have that any more. That shows the incredible change that has taken place, although I am not as old as I look. The hon. Gentleman raised a range of important issues, and other hon. Members have taken part constructively in the debate.

The hon. Gentleman asked why the matter has not been taken up by the Department for Business, Innovation and Skills. I see all issues that affect the industry as integral to the work of the Department of Energy and Climate Change. In all aspects of the energy supply chain—upstream through to downstream—it makes sense for a single Minister to have responsibility for what goes on, rather than saying, "I can't go into that issue too much, because another Department deals with it."

The other point on which I wish to reassure the hon. Gentleman and other hon. Members concerns the cross-departmental work carried out by the Treasury, BIS and DECC to look at the challenges of potential carbon leakage, and ensure that we fully understand the consequences of measures that are discussed either in this place or in Brussels, and the wider impact they may have on British industry. It would be unfortunate and irresponsible for measures to be implemented that resulted in the sort of changes outlined by the hon. Gentleman, where companies decide to stop working in the UK and go somewhere else, meaning that carbon emissions are greater and we lose jobs and income. That is why we are determined to focus on that issue in our cross-departmental work.

Michael Connarty: The Minister complemented UKPIA, and I echo that. How does he divide his focus, commitment and responsibility between the environment and competitiveness? The climate reduction commitment,

[Michael Connarty]

which was designed by the previous Government after a great deal of discussion with industry, has been described by UKPIA:

"With revenues now going to Her Majesty's Treasury, the scheme is now looking like a burdensome additional tax that does little to encourage energy efficiency beyond what prudent businesses do already."

Surely the Minister should be arguing for the abandonment of that tax as called for by UKPIA. It has no effect on climate change.

Charles Hendry: The other side of that coin is found in other things that were expected to be charged on people's bills. For example, the refinery industry was extremely concerned about the renewable heat incentive and its impact on bills, but the Government have now said that there will no longer be a direct charge on bills as the initiative will be funded out of general taxation. If we want such policies to continue and believe it is right for them to be funded out of general taxation, it is equally right for some of the funding to go directly to the Treasury to be divided up and spent on those different projects.

Michael Connarty: The Minister is coming dangerously close to saying that he rejects the argument I have set out and that he is not willing to argue with the Treasury that this measure should be scrapped if it does not affect climate change and energy use; he is taking the side of the Treasury against the industry.

Charles Hendry: I am sorry the hon. Gentleman has chosen to introduce that tone. We had good discussions with the Treasury, based on discussions I had had with UKPIA about its concerns regarding what the renewable heat incentive would do to the industry's costs and competitiveness. The Treasury listened to those concerns and decided that the RHI should be funded not by a charge on bills, as planned by the previous Government, but out of general taxation. That was an example of DECC, the Treasury and the industry working together co-operatively to deal with issues as they emerged. I am in no doubt that that is the right way for us to deal with these issues as we go forward.

My hon. Friend the Member for South Basildon and East Thurrock (Stephen Metcalfe) talked about skilled jobs, the nature of these employers and the attractiveness of the work they provide. He rightly reminded us of the importance of striking the right balance between the need to move towards a low-carbon economy and the need to protect industries with tremendous strategic, regional and local significance. I very much welcome his support.

My hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) talked about the role of the Health and Safety Executive. I am delighted that the hon. Member for Ellesmere Port and Neston (Andrew Miller) is one of the people who will look into the way in which the HSE works to make sure that the rules and regulations it puts in place and the way they are interpreted are appropriate. I hope that hon. Members will make not only the hon. Gentleman, but myself and ministerial colleagues in the Department for Work and Pensions, which looks after the HSE, aware of concerns should the HSE be seen to be overly heavy-handed. I will come to some of the points made by the hon. Member for Ellesmere Port and Neston, but I would be grateful to meet Essar through him and to have a chance to hear first hand some of its plans.

We have had a good debate, and I should say how pleased I am to see my hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) in his place. Although he is bound and gagged and not allowed to speak in such debates, he is an effective and articulate advocate of the industry's interests, and I was pleased to have the chance to go with him to talk to Murco some while ago so that I could hear first hand the issues that the industry faces.

There is no doubt that we understand the crucial role that petroleum products play in the daily lives of people in this country. DECC's data show that the total consumption of petroleum products in the UK was about 80 million tonnes in 2009. Our projections for primary energy demand to 2025 show an important, continued role for oil in the energy mix. Indeed, annexe H of DECC's updated emissions projections for 2010, which I am sure Members have studied, looks at the central price scenario and shows that oil was 36.3% of total primary energy demand in 2010 and is projected to be nearly 38%—a slight increase—by 2025.

As Members have said, the UK operates in an international market for petroleum products. Although imports and exports have fluctuated over the past decade, a significant proportion of the products consumed in the UK are imported, and a similar level of UK production is exported. Overall, the UK has been a net exporter of products almost every year since 1974, although with different balances between products.

As others have said, the UK market is mature. Levels of overall demand are projected to remain flat for the next 15 to 20 years. Equally, the market has been characterised by increased and sustained levels of competition. Perhaps the most visible trend over the past few years has been the entry of supermarkets into the fuel retailing market. The UK's refining sector has evolved over time. Industry data show a gradual contraction in the number of refineries, from 19 in 1975 to the eight primary operational refineries we have today.

Consumers benefit from a well-developed distribution infrastructure, which comprises more than 50 primary fuel distribution terminals, 3,000 miles of product pipelines and about 8,700 service stations across the country. The sector is a major employer in the UK, with more than 16,000 people directly employed by the major oil companies alone. In addition, more than 150,000 people are employed in other roles, such as service station staff, contractors and road tanker drivers. As has been said, refinery jobs offer a considerable productivity premium over jobs in comparator industries, and work conducted for DECC by Deloitte LLP in 2010 suggests that that could account for as much as £270 million per annum.

Over recent years, however, the refining sector in the UK and internationally has faced considerable challenges. Since the 2008-09 global economic recession, there has been a significant downturn in European and US product demand, with a major impact on European refining margins. DECC data show a reduction in overall petroleum product consumption by consumers of 5% during 2007-09. That constitutes the largest single consumption contraction since 1985 and it appears to be driven largely by the

economic slow-down. Industry projections suggest that regional refining margins are unlikely to recover significantly before 2015. In its 2010 medium-term oil market report, the International Energy Agency bears that analysis out.

Over the past 10 to 15 years, the UK's demand for oil products has changed. That has been driven by the growth in the aviation sector, the increasing number of diesel vehicles and a reduction in the use of oil for power generation. DECC data show that petrol constituted about 30% of total UK petroleum product demand in 1990; by 2009, however, that had reduced to about 22%. Similarly, diesel and jet fuel combined accounted for about 22% of total petroleum product demand in 1990; by 2009, however, that had risen to nearly 44%. Compared with current UK demand, UK refineries produce a surplus of petrol and fuel oil and relatively little in terms of middle distillates, as they are configured to meet historically higher levels of petrol demand.

DECC has worked with the industry over the past few years to gain a better understanding of it and the challenges it faces. Work conducted in 2009 and 2010, much of it in conjunction with the downstream oil industry forum, focused on the sector's resilience. A key contribution to DOIF's work was made by a report produced by Wood Mackenzie, which looked particularly at the industry's infrastructure. Together with work produced by UKPIA on the refining sector, that valuable work has allowed us to develop a clearer picture of the sector.

Wood Mackenzie concluded that the position of UK refineries is middle to low relative to their European competition, as the hon. Member for Ogmore (Huw Irranca-Davies), who speaks for the Opposition, said. That is due to structural factors, such as the fact that central European markets are landlocked and hence less open to imports and competition, and the fact that UK refineries process North sea crude feedstock, which is higher quality and therefore higher cost than is the case in much of Europe. Overall, the work identifies a long-term trend towards rationalisation in the UK refining industry, low levels of non-discretionary investment in the downstream oil infrastructure, static total UK oil demand, and supply and demand imbalances. Those are all factors.

Although that work has not focused in detail on regulation, it has noted certain policy areas that may enhance the likelihood of future investment in the sector as a whole. Those include legislation governing refinery emissions, the implementation of biofuels policies and legislation governing compulsory oil stocks, and all those issues have been brought up in the debate. A key finding of the work is the importance of encouraging a level playing field in the EU by avoiding disadvantaging the UK refining base relative to its competition.

In addition, work conducted last year for the Department assessed the UK sector's capacity to withstand a range of supply constraints. The report considered seven scenarios involving supply interruptions for the UK. Those ranged from crude and refined product import disruptions through to a UK refinery outage and a fuel terminal-related incident. The report found that, in the short term, the UK downstream oil market should be resilient to a range of disruptions, although product prices were likely to increase to balance supply and demand. The work noted that the retention of a UK refining base enhances resilience by reducing dependence on refineries outside the UK, although it is likely in practice that the UK will increasingly rely on imports for diesel and jet fuel.

As many of those who have spoken have said, a number of operators have signalled their intention, are negotiating deals or have concluded deals to sell refining and related assets. As the hon. Member for Linlithgow and East Falkirk said, INEOS recently announced a joint venture agreement with PetroChina regarding the Grangemouth refinery and related assets. Shell has recently reached agreement on the sale of Stanlow refinery to Essar Energy, and, as I said, I would be keen to meet Essar's representatives in due course. Chevron Texaco has announced an agreement for the sale of the Pembroke refinery and related downstream assets to Valero Energy Corporation, which is extremely good news for the local community, which is so dependent on the energy sector. Last year, Total announced that it was seeking buyers for the Lindsey refinery and, separately, for a number of related downstream assets. As Murco announced last year, it is seeking to sell the Milford Haven refinery and some related UK downstream assets.

We all recognise that these trends can be unsettling; they certainly indicate a significant shift in the ownership profile of the UK's refining base away from household name, international oil companies. In many ways, that reflects what we see happening offshore as well, where much of the new work developing reserves in the North sea is being done by smaller, more specialist companies rather than the international oil companies. We should welcome how the market is adapting to the challenges. The trend has been under way for the past few years, and PetroPlus and INEOS have both purchased refining assets in the recent past.

We must be open to new investors. Different companies have different strategic priorities and target markets, and will find different synergies between UK assets and those they hold elsewhere. I am encouraged by the initial plans that have been shared with my Department already, and I look forward to learning more as the negotiations under way bear fruit. It is clear from the contributions to the debate this morning that, for those people who have been talking to the inward investors, it is about the ideas and plans. They want to build on the assets and to see the industry become critical to this country.

As we have seen, the sector is going through a particularly difficult period, both in the UK and internationally. It is an internationally structured sector and is subject to competitive forces. The market is international, and the UK will continue to rely on a mixture of indigenously refined and imported products. I absolutely believe that the retention of a refining sector in the UK enhances security of supply, as it balances product reliance between the market for crude oil and refined products. However, I do not believe that the precise balance between the two can be centrally defined. Operators and investors in the market are ultimately best placed to determine how best to meet evolving product demand.

Earlier this year, my officials launched additional work with consultants to examine in more detail the evolution of the UK's downstream oil market over the next 20 years and, in particular, to evaluate more closely the relative levels of competitiveness between UK and competitor refineries, and the likely evolution of the

[Charles Hendry]

international market for petroleum products and its implications for the UK. That takes us in the direction in which hon. Members want policy to evolve. The work will build on the conclusions of the earlier studies mentioned and will evaluate some of the longer-term security of supply implications in the models. Once complete and evaluated, I will be happy to share the work with the House and industry representatives.

I very much recognise the concerns the industry has raised about legislation and regulation. There are many relevant areas of policy, some of which are owned by DECC and others are owned elsewhere in Whitehall. Some areas are EU-led and some are the preserve of the UK Government. I want to pick up on those areas that have been referred to in the debate.

The hon. Member for Ogmore mentioned biofuels. Biofuels policy raises challenges and opportunities for companies in the sector. The Government are progressing implementation of legislation in this area in a balanced way. We have ambitious climate change and renewable energy targets to meet, but equally we recognise that there are still questions to answer on the best way to deploy biofuels across the different transport sectors. The consultation on proposals to implement the transport element of the renewable energy directive and the greenhouse gas savings requirements of the fuel quality directive was launched on 10 March 2011, and the consultation period will run until 2 June. Consultation documents are on the Department for Transport website and elsewhere.

We need to think about where biofuels will be best deployed across the transport sector. It may be best for the limited supplies of biofuels that can be sourced sustainably to be focused on the transport modes for which no other low carbon energy sources are viable, such as aviation and heavy goods vehicles. It is undoubtedly an area in which we have more work to do and more to learn.

We are also aware of the need to address questions regarding accounting for life-cycle greenhouse gas emissions from transport fuels under the fuel quality directive. The European Commission is assessing options for a methodology, but we have made it clear that, in our view, any approach should be based on robust and objective data and should treat all crude sources equally. The Department for Transport is conducting a consultation, and I hope that people will take part in the debate.

Andrew Miller: The Minister has covered a series of areas fundamental to the research and development of the industry, so will he now respond to the point I raised about Thornton research centre?

Charles Hendry: That is one point on which I will write to the hon. Gentleman, if that is all right. As he is aware, we need to discuss the matter directly with Shell and be aware of what its plans are, rather than speculate over what they might be. I hope he understands if I write to him and other hon. Members on the exact position of the centre.

Compulsory stock obligations were also mentioned. DECC is reviewing our future approach to meeting our international obligations on compulsory oil stocks. As has been said, EU member states have different approaches to implementing the obligations. The UK is one of the five member states that meet their obligations via an industry-based obligation, and I acknowledge the industry's preference for some form of agency-based system as the desired way forward. Industry work on the costs and issues associated with different options is being assessed by DECC, and although we retain an open mind on the different policy options, we must ensure that our stock-holding obligations are met and that any public finance implications are understood. We will announce our conclusions in due course.

Concerns have been raised over the funding of other schemes—for example, there has been coverage of the EU emissions trading scheme. We recognise that the refining sector is one of a small number of sectors at serious risk of carbon leakage. As such, for the next phase of the ETS, the sector will still receive a level of freely allocated emissions allowances up to the level of a sector-specific benchmark, rather than having to buy increasing numbers of allowances by auction. We have worked closely with the industry to develop the allocation methodologies necessary to bring that approach into effect. We recognise the challenges it might pose for individual installations, but overall we believe that it is an acceptable approach to take across the EU.

Michael Connarty: The Minister knows that I hold him in high regard, but frankly there has been a lot of bluff and bluster so far and no effort to answer the questions the industry asked. I understand that DECC and BIS together are studying the impact of climate change energy policies, and I have been told that no one from the industry—the companies—has been at the table. Perhaps they are talking to some oil industry forum, but the complaint is that they are not talking to the people who will carry the burden

A long time ago in his speech, the Minister mentioned a level playing field. My hon. Friend the Member for Falkirk made a point about the difference in the carbon price in the UK compared with the EU. The impact of taxation on the industry is a burden, which is already showing in the price of electricity. When will the Minister deal with the main problem? He can write to me if he likes. The industry has been burdened with climate change taxes that are not justifiable and make it uncompetitive with the EU or the rest of the world.

Charles Hendry: I may have to write to the hon. Gentleman on some of those issues because he has almost squeezed out the opportunity for me to refer to them now. We continue to talk to industry—not only the refinery industry but all aspects of the energy sector. We see that as a fundamentally important part of our role, and we do it across other Government Departments as well. DOIF does critically important work, and we are looking at how to make it more constructive and how to do even more important work in that area. We are absolutely committed to building strong, close working relations with the industry in order to understand the challenges it faces and to ensure that we keep the UK as a competitive place where people wish to invest.

We are encouraged by the degree of investment that has come forward. We want more investment coming in and to work actively with the new players in the market. We will drive forward that determination, and will do so through consultation with the industry and working in

partnership with it, because that is the best way to deliver the long-term stability and security that the hon. Member for Linlithgow and East Falkirk and everyone who spoke in the debate called for.

Camp Ashraf

12.30 pm

Mr David Amess (Southend West) (Con): Before starting my speech, I wish to thank my hon. Friend the Minister for his statement of 8 April, in which he condemned the attacks on Camp Ashraf. However, I am appalled by what I regard as a conspiracy of silence on the matter. I am at a complete loss to understand why the British Broadcasting Corporation and others have not reported on the subject. It is deeply disappointing and most insulting to the relatives of those who were injured in the recent attacks.

The House will be aware that on 8 April, following direct orders from Nuri al-Maliki and at the behest of the Iranian regime, 2,500 Iraqi armed forces used 140 armoured vehicles to carry out a vicious assault on Camp Ashraf. The camp was home to 3,500 Iranian dissidents, members of the People's Mujahedeen Organisation of Iran, including 1,000 women.

I take this opportunity to add my voice to the international condemnation of that brutal and callous attack, a military assault against defenceless unarmed civilians. It led to the death of at least 35 residents, including eight women, the majority of whom were in their 20s. A further 350 were wounded. Of the 35 killed, 32 were shot in the head, chest or abdomen, and the other three were deliberately run over by Humvees and other military vehicles. At least 225 of the 350 injured suffered gunshots from the Iraqi forces.

The April attack is not over. Iraqi forces are amassing inside the camp, and several Iraqi engineering battalions have completed a 6 km embankment on the northern edge of Camp Ashraf's main road. Malcolm Smart, the director of Amnesty International's middle east and north Africa programme, stated:

> "Given the nature and scope of these new military installations, we're very concerned what Iraqi security forces may be planning."

I strongly urge the Government to convey the demands that I shall list today to the Iraqi Government and their armed forces. They must stop any form of violence, aggression or attacks, especially using live ammunition against those civilised and unarmed refugees. Further, they must immediately withdraw all armed forces from Camp Ashraf.

Mr Brian Binley (Northampton South) (Con): Does my hon. Friend believe, as I do, that the Iraqis cannot now be trusted to uphold human rights in Camp Ashraf, and that the Government not only need to act but should act under international law?

Mr Amess: I agree with my hon. Friend, but I would go further. I am most disappointed with the American Government's role in the matter. I am puzzled about a number of aspects, which I shall mention shortly. None the less, I agree with my hon. Friend.

I emphasise that the Ashraf residents have resided in the camp for 25 years. They have turned a desert patch into a small town using their own resources and money. The receipts for all their expenses still exist.

I turn to the Iraqi Government's position. Iraqi officials claimed that only three residents were killed and that no live ammunition was used during the attack. However, I refer the House to the numerous footages posted on the

[Mr Amess]

YouTube website and aired by international television stations, which clearly show Iraqi forces indiscriminately shooting at and running over unarmed residents.

In a statement condemning the attack, the United Nations High Commissioner for Human Rights confirmed that, of those killed,

"Most were shot, and some appear to have been crushed to death, presumably by vehicles."

Simply put, an unarmed civilian population was slaughtered. I shall give my hon. Friend the Minister photographic evidence showing those who were injured in that disgraceful attack. The Law Society's human rights committee confirmed in a statement condemning the attack that, in footage of it, Iraqi security forces were seen opening fire on unarmed residents, while others were ploughed down by heavy military vehicles.

The US State Department said in a statement on 8 April that

"this crisis and the loss of life was initiated by the Government of Iraq and the Iraqi military".

That is all well and good, but what is it doing about it? Why was no assistance given by the hospitals, which could have tended the injured? I remind the House that, when the Iraqi Government took over protection of the camp in January 2009, US officials publicly announced that Iraq had given a written assurance to treat the residents humanely and in accordance with Iraq's constitution, laws and international obligations. I have evidence of people being killed or injured, but what are the US Government doing about it?

Jim Shannon (Strangford) (DUP): Is the hon. Gentleman aware of the United Kingdom Government making representations to the United States? Ever mindful of the fact that the UK and the USA fought together in Iraq as a coalition, is it not time for them to do something more constructive? Have our Government made representations to the USA?

Mr Amess: The hon. Gentleman makes an extremely good point. I have said umpteen times that I very much regret voting for the war with Iraq, but he is right. The United States of America encouraged Britain to become involved. I hope that when the Minister replies to the debate he will give us an indication of what pressure is being placed on the US Government to help.

The attack of 8 April is the second time that the Iraqi Government have resorted to using live ammunition and violence in brutally attacking defenceless and unarmed residents.

Mr Joe Benton (Bootle) (Lab): I thank the hon. Gentleman for giving way. I share his sense of horror at the activities going on in Ashraf. I hear all sorts of appalling stories of terrible crimes against humanity. He may be coming to this point, and I apologise if that is so, but I am most concerned about the treatment of the wounded, the sick and the injured. It is another example of inhumanity to neglect such people, given that they will be non-participants in any shape or form, and I find it appalling. I have no doubt that the hon. Gentleman has it in mind, but I do not want the opportunity to go by without raising the matter.

Mr Amess: I know the hon. Gentleman to be a good and compassionate man. He is right. Indeed, as a result of the lack of treatment, another injured person has died. I understand that there are further difficulties in seeking adequate treatment, but I shall come to that in a moment.

On 20 April 2009, the Iraqi Interior Ministry signed a statement confirming that it had used its own police dogs in a search of Camp Ashraf and that no explosives or weapons were found. I have a copy of that document and I will hand it over to the Minister. It is crystal clear that the Iraqi Government have neither the intention nor the capability to protect Ashraf residents. The Government are far too weak and they have many Iranian proxies in their ranks. At the end of the day, they cannot be relied on to provide proper protection for their residents in accordance with international law and it would be naïve for anyone to claim otherwise.

On behalf of the majority of Back-Bench MPs and of 200 Members of the other place, I urge our Government to call on the United Nations to take responsibility for providing protection for the camp to ensure that the rights of the residents are not violated and to station a permanent monitoring team at the camp. To avoid any further loss of life or violent attacks, the Iraqi Government should immediately withdraw their armed forces from the camp, which is an unarmed civilian zone.

The Iraqi Government have often justified their totally unacceptable treatment of the camp residents under the pretext of imposing their sovereignty as a Government. Let me state clearly that the residents have respected Iraq's sovereignty. Ashraf has been their home for 25 years. Photos and films exist to prove that. It is a well-documented and well-known fact. Furthermore, this sovereignty in no way can allow Iraq to breach international law and the residents' fundamental rights under international human rights laws and the Geneva conventions. I have a copy of a protected person's status card belonging to one of the residents, which was issued by the multinational force in 2004. It states that, until their final disposition, they are recognised as protected persons.

In a statement condemning the attack, Senator John Kerry, chairman of the US Senate Committee on Foreign Relations, described the attack as a "massacre", and a massacre is exactly what it was. It was the cold-blooded murder of defenceless civilians by Iraq's military. The UN High Commissioner for Human Rights said:

"There must be a full, independent and transparent inquiry, and any person found responsible for use of excessive force should be prosecuted."

I demand that an international fact-finding mission, rather than one formed by Iraq, which was responsible for the brutal attack, carry out that task so that the perpetrators of this crime against humanity who ordered and carried out the killing of unarmed civilians are brought before international courts to face justice.

I have a list of 11 critically wounded Ashraf residents who could lose their lives, which I will give to the Minister along with a copy of my speech and the DVD of the attack. I ask that he takes action on the demands that we have raised today.

Furthermore, I have some details for the Foreign Office Minister with responsibility for our relationship with the UN. Following the massacre in Rwanda, there was regret that the international community did nothing

to stop it. In a world summit in 2005, a law was ratified stipulating that it is the responsibility of a sovereign state to protect the population in its territory and that if there are any signs that crimes against humanity, genocide or war crimes are about to happen, every UN member state has a duty to intervene to stop it. Such intervention does not violate the sovereignty of a Government. Rather it provides support for a state to realise its responsibility to protect its population. A massacre has already occurred in Camp Ashraf and there is every sign that the Iraqi Government have not fulfilled their commitments towards Ashraf residents. Instead, they have launched a massacre that has so far killed 35 and wounded hundreds.

I have four points on which I should like the Minister to reflect. First, we call on our Government to demand that the UN take responsibility for providing proper protection for Camp Ashraf and set up a permanent team in the camp. Secondly, the Government should demand that Iraqi forces immediately leave the camp and halt all further such attacks and aggression. Thirdly, I hope that the UN will form an international investigative mission for the perpetrators of this crime to face justice. Finally, the US should urgently provide medical assistance to the injured.

I urge the Minister and the Government to forward those basic demands to the highest levels within the UN, the European Union and the US Administration. I know that there is overwhelming support in the House of Commons and in the other place for the residents of Camp Ashraf to be protected. I cannot understand why there is so little reporting of this situation on TV and on the radio and in our newspapers. Why is there that conspiracy of silence? As far as international jurisdiction is concerned, right is entirely with these poor people in Camp Ashraf.

Following the Minister's statement on 8 April, I know that I can rely on him to do the right thing and ensure that the injured and wounded in Camp Ashraf are dealt with and that permanent protection through the United Nations is given in future.

12.48 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): It is a pleasure to serve under your chairmanship, Mr Scott. Let me begin by thanking my hon. Friend the Member for Southend West (Mr Amess) for securing the debate and for his courtesy in sending me a copy of his remarks in advance. I know that the situation of the residents of Camp Ashraf is important to him, as well as many Members of this House and the other place. I also thank other colleagues who have contributed to the debate. The recent incident at Camp Ashraf is a matter of great concern for the UK Government and others.

The Government have closely followed events at Camp Ashraf for some time. Staff at our embassy in Baghdad have made consular visits to Camp Ashraf to inquire about the welfare of those who may be entitled to UK consular services or protection. The last of these visits by embassy staff was on 16 March 2011. We believe that a small number of residents there have some connection to the UK, although no one has yet come forward to request consular assistance. In addition to those consular visits, we hold regular discussions about the situation at the camp with EU and US colleagues, and the Government of Iraq.

The situation poses complex challenges and, as hon. Members will appreciate, there are no easy answers. It has lasted a long time and is very far from clear cut. The Iraqi Government have a long-standing commitment to close Camp Ashraf and they have made that clear to the camp's residents. Iraq's sovereignty extends across all its territory, including Camp Ashraf, but along with our EU colleagues, we believe that using force is not the way to resolve the situation at the camp, and I shall say more about that in a moment. However, it is the Iraqi Government's responsibility to respect and protect the human rights of the camp's residents.

I want to say something about the residents of Camp Ashraf, who number nearly 3,500, the organisation to which they belong, and why they are there. Camp Ashraf is controlled by the People's Mujahedeen Organisation of Iran—the PMOI. As I am sure hon. Members know, the PMOI is an Iranian opposition group with extreme leftist origins that was founded in 1965. It is also known as the Mujaheddin-e-Khalq, or MEK. The PMOI is often referred to as the main opposition group to the Iranian regime and it works vigorously to promote that view of itself. However, the UK Government believe that it has little or no support within Iran and that it is not considered a legitimate opposition group by the Iranian people. Furthermore, we are unable to forget the PMOI's violent history. It was responsible for a number of serious terrorist attacks that led to the deaths of many Iranian civilians. The violent history of the PMOI led to it being proscribed by the UK as a terrorist organisation. The UK Government have strongly opposed the PMOI's de-proscription on two occasions: first, domestically in 2008; and, secondly, in the EU in January 2009. The organisation remains proscribed in the US. Nevertheless, whatever the history of the PMOI, our views and concerns about Camp Ashraf, the rights of its residents and the violence of the recent incident in the camp are clear.

My hon. Friend the Member for Southend West made the point very strongly that, out of concern for the welfare of the residents of Camp Ashraf, the UN and the US should intervene to establish some form of presence there. However, as I am sure he is aware, it was always clear that following the expiry of the UN Security Council resolution mandate at the end of 2008, responsibility for the security and administration of the camp and its residents would pass from the US to the Government of Iraq. Before the handover took place, the US received assurances from the Government of Iraq that outlined their commitment to the humane treatment and continued well-being of the camp's residents. We recognise that Iraq is now a sovereign democratic state and that responsibility for the residents of Camp Ashraf lies with the Iraqi Government, but we also expect Iraq to act in accordance with its legal obligations. The UN makes weekly visits to the camp and has regular telephone contact with representatives of residents of the camp. The UN also holds weekly meetings with the Government of Iraq's Ashraf committee.

We are aware that there have been calls for the residents of Camp Ashraf to be considered as protected persons under the fourth Geneva convention. However, under international humanitarian law, that status applies only

[Alistair Burt]

when there is an international armed conflict or a situation of occupation. Neither of those scenarios applies in Iraq now, but that does not mean that there is a legal vacuum. As I have said, Iraq is obliged to treat residents of the camp in accordance with Iraqi law and the international human rights treaties to which it is a party.

I now turn to the events of 7 and 8 April. Along with our international partners, we have been active—and we continue to be active—in calling on the Government of Iraq to stop the violence against residents of Camp Ashraf. My hon. Friend the Member for Southend West was good enough to mention the statement that I made on 8 April, but it bears repeating so that it is in *Hansard*:

"The UK Government is disturbed to read reports that a number of civilian residents have been killed and many more wounded at Camp Ashraf yesterday. I absolutely deplore any loss of life and my sincere condolences go out to the families of those involved."

Mr Binley *rose—*

Alistair Burt: May I finish reading out the statement before I give way to my hon. Friend?

My statement continued:

"The Iraqi Government has provided us with assurances on several occasions that it will treat individual residents of Camp Ashraf in a humane manner, act in accordance with Iraqi law, the Iraqi Constitution and its international obligations. We urge the Iraqi Government to uphold this commitment. Our Ambassador in Baghdad has been expressing our concerns to the Iraqi Ministry of Foreign Affairs at the highest levels. We call on the Iraqi Government to cease violent operations in Camp Ashraf immediately and to ensure that the residents have full access to medical care."

That last comment about medical care addresses the point made by the hon. Member for Bootle (Mr Benton) and a number of other hon. Members. The statement went on:

"It is important that the Government of Iraq takes immediate steps to calm the situation and ensure that the human rights of the residents are respected. We are aware of a request by UNAMI"—

the United Nations Assistance Mission for Iraq—

"to send a humanitarian monitoring mission to Camp Ashraf as soon as possible. We fully support this request and therefore urge the Iraqi Government to quickly grant permission. We call on all sides to engage in a constructive dialogue that can lead to a lasting resolution to the situation."

Mr Binley: I am most grateful to my hon. Friend for giving way. I respect him immensely, so I am surprised that the Foreign Office is continuing to argue against the findings of the Proscribed Organisations Appeal Commission, which dismissed the Government's view of the PMOI totally out of hand at the time. Furthermore, for all the talk about international law, at the end of the day Britain and other nations committed themselves and made sacrifices to create the Government of Iraq in the expectation that that Government would be democratic and free. We now know that the Iraqi Government are not willing to uphold international law, and I believe that we ought to be doing much more than the Minister's statement of 8 April suggests. If I may say so, I believe that the Minister secretly thinks that too.

Alistair Burt: I appreciate my hon. Friend's comments. On the first part of his intervention, I stand by the Foreign Office's belief that the PMOI's background, history and present activities require it to remain proscribed by the UK—that is our view. Nevertheless, as I indicated very clearly, the history of the organisation does not relate to what is happening on the ground now, which is a matter of fundamental human rights and of ensuring that people are treated properly and decently, as well as having proper access to medical care. The injunctions of my hon. Friend and others in that regard are absolutely right, and we are seeking to ensure that the Iraqi Government uphold that commitment.

The second part of my hon. Friend's intervention was about the difficult issue of how a sovereign Government, once they have been established, meet their obligations when they have a particular responsibility. It is not the responsibility of those outside the country to do the things that are required to be done by a sovereign Government. The process is difficult, but it is absolutely necessary to get the sovereign Government to live up to the obligations that have been set out. We and our international partners must continue to make that clear.

This is a frustrating situation. The circumstances of Camp Ashraf, including the living conditions of its residents, must be extremely difficult, but it is a complex situation. The history of the organisation involved cannot be completely ignored, which was why I set it out, but our position on the immediate recent issue has been clear, and I have stated both what we did at the time and what we are attempting to do now.

Mr Amess: I know that my hon. Friend has very little time left to respond, but I must say that the fact that the PMOI is a proscribed organisation is absolutely ridiculous. One only has to consider the way in which we deal with the Irish Republican Army to see how facile the position on the PMOI is. However, does my hon. Friend think that the Foreign Office could facilitate a small group of British parliamentarians going to Camp Ashraf to see the situation at first hand?

Alistair Burt: I will not answer my hon. Friend's question directly, because clearly I would need to take some advice on colleagues' safety, background and everything else. Ultimately, it would be a matter not for us but for the sovereign Government involved. However, I hear what my hon. Friend says and I will consider it.

In addition to my making my statement of 8 April deploring the loss of life and injury, which I have just read out, Cathy Ashton, the EU's high representative, did much the same. UK representatives on the ground reinforced the message. The ambassador in Baghdad and EU heads of mission met the Iraqi Prime Minister on 4 April to discuss Camp Ashraf. Our ambassador hosted a meeting with the UN, the US and the EU on 7 April to discuss concerns, and he phoned the Iraqi Foreign Minister to urge the Government of Iraq to allow immediate access for a UN mission to Camp Ashraf. We also called for the violence—from whatever source—to stop immediately, so we have made our position as clear as we can.

Latest reports indicate that the situation in Camp Ashraf remains tense but calm. The Government of Iraq allowed a small US medical team access to the camp on 10 April. I understand that, following international pressure from the UK and other countries, the Iraqis have subsequently allowed medical access. A visit to the camp by UN officials took place on 14 April. Although the Government of Iraq did not allow other missions to

participate in the UN mission, a UK military adviser to UNAMI was present. The UN visited a makeshift mortuary within the camp and photographed 28 dead. Yesterday, the UN confirmed to our embassy officials in Iraq that 34 people were killed in the recent incident and more than 70 people were injured. I repeat that we deplore those events.

The current situation in Camp Ashraf is of great concern to the UK and we remain fully engaged with the issue. We hope that UN missions, including the British embassy, will be allowed to visit Camp Ashraf to assess the situation in the near future. We will continue to work with our international partners to press the Government of Iraq to respect the rights of the residents of Camp Ashraf.

Reddish Business Incubator

1 pm

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to see you in the Chair today, Mr Scott. I would like to place on the record my thanks to Mr Speaker for granting me this debate.

I wish to raise a number of issues about the Reddish business incubator, a business support project that has been operational in the Stockport part of my constituency since 2008. When I secured this debate, there was confusion among officials in the Department for Communities and Local Government about whether the debate should be for them or whether it fell under the remit of the Department for Business, Innovation and Skills. I can assure the Minister, for whom I have great respect, that it most certainly falls within his Department's responsibilities, because most of what I want to say concerns the ineptness of the Liberal Democrat-run Stockport metropolitan borough council.

I would like to highlight a number of the irregularities that have dogged the business incubator project since its inception and continue to do so to this day and, more importantly, the consequences for Stockport's hard-pressed council tax payers. The situation is so serious and complex that it is difficult to do it full justice in the time allotted for the debate, so I will briefly outline the main issues.

Some of the main points are: for a long time the business rents on the incubator units have not been collected; there are ongoing financial problems with the whole project; and there is a complete lack of transparency in how it has operated finically in the recent past and how it will do so in the future. This series of failures has ultimately led to Stockport metropolitan borough council having to offer additional financial assistance, and to take over the project just to keep it afloat, despite Councillor Dave Goddard, the leader of the council, being on the company's board—a real conflict of interest, which I will explore further in my speech.

The project's troubled history began back in 2008 when the Stockport Business Incubator Community Interest Company, a provider of business incubation facilities, started trading as a social enterprise, owned 50% by Stockport council and 50% by Broadstone Mill Ltd. At that time, Stockport council matched Broadstone Mill Ltd's £315,000 investment—a substantial amount of council tax payers' money. The council subsequently invested an additional £150,000 via the local authority business growth incentive, further to extend the incubator and develop the Stockport enterprise centre, which, in January 2010, resulted in the incubator moving to the third floor of Broadstone Mill. Almost £500,000 of local taxpayers' money was therefore invested in the project.

Let me clear: it is not a bad thing that local councils want to invest in business support and help businesses through these tough economic times; indeed, neighbouring Tameside council, which is also part of my constituency, did just that with its very laudable Tameside Works First programme, and Stockport followed suit with Stockport Boost. Nevertheless, I and a number of others in Stockport have for some time had serious doubts about the Reddish business incubator and its financial viability. Those fears are justified because, as the incubator

[Andrew Gwynne]

was set up as an arm's-length company, there has always been an unclear understanding of exactly how its financial dealings could effectively be scrutinised.

I know that the Minister champions valiantly the cause of open government, and that he will understand the concerns of my constituents who have paid a lot of their money into supporting the project. Here is an issue for him: Stockport council has failed properly to scrutinise the running of the facility. An inspection of the company's board meeting minutes, which were released under a freedom of information request, paints an interesting picture. We are told that in October 2008 the build costs had stayed within the £630,000 budget, and so all appeared to be fine and well. Even so, early concerns were expressed about the failing global economic situation, and in late 2009 there were concerns that the occupancy take-up at the incubator had not been as high as anticipated, and that the flow in the pipeline of new-entrant companies had stalled during the year. By this time, we are told, working capital had been hard to secure. Indeed, that was such a concern that the board started to operate a policy of ensuring that new-starting companies had at least several months' working capital. However, despite the warnings, the business incubator company minutes of March 2010 show that things were still okay at the mill, with a 70% occupancy rate. Indeed, board members, including the leader of the council, were also informed that the project would financially break even by March 2011.

Here is the real irony: just a few weeks after the general election in May 2010, the newly appointed Secretary of State for Business, Innovation and Skills, the right hon. Member for Twickenham (Vince Cable), was only too happy to hot-foot it up north to visit the incubator, as an example of the Liberal Democrats in action and, as was reported in both the *Manchester Evening News* and the *Stockport Express*, he was only too happy to praise the project. As well as stating that it was a shining example of what could be done to help economic growth, he said:

"Local initiatives like these are exactly what the country needs."

Given his party's subsequent actions regarding the education maintenance allowance, tuition fees and the cuts to council budgets, the support of a Liberal Democrat Cabinet member was pretty much a kiss of death to the Reddish business incubator project.

I must congratulate the persistence of the Stockport council Labour group, and particularly that of Councillor Philip Harding, who had real suspicions about the project's finances and put in freedom of information requests to shed some light on how the project was operating. As a result, we now know that concerns were raised by the Reddish incubator company's board in September 2010, when two tenants' unpaid rents totalled approximately £20,000 and there were further reported cash-flow problems, leading to wider questions about why the project was facing a financial deficit. The documents released under the Freedom of Information Act show that concerns were raised at a very senior level about the governance issues, and about how they should be looked at as part of a financial review, and that there were concerns that roles and responsibilities in the venture should be made clear for all parties and individuals concerned.

Stockport council Labour group's suspicions proved correct when we saw reported in the *Manchester Evening News* that in September 2010 a further £38,500 of Stockport council tax payers' money, which could well have been used to protect vital local services, was transferred across to address the increasingly perilous cash-flow situation. However, as we were to see, that was not even enough to balance the books. Meeting notes from October 2010 show that further questions were asked about why the business incubator's financial situation was so poor when a report to the March 2010 board meeting had suggested that the incubator should have broken even by March 2011. They also outlined how monthly project expenditure was significantly exceeding income.

By November 2010, it was becoming clear that there were very serious financial problems with the Reddish business incubator, that ongoing difficulties with collecting rents and other factors were making it run deeply into the red, and that it would need immediate payments to become economically viable. Furthermore, the board minutes show that for the incubator to run as a viable project it would have needed to attract 80% occupancy by March 2011, to rely on significant and difficult-to-achieve cost reductions, and to recover all previous bad debts. As we have seen in a leaked council cabinet report in the *Manchester Evening News*, in March this year it fell yet again to Stockport council financially to bail out this ill-fated project. Indeed, the confidential report to the council's executive tells us:

"The company is projected to be in deficit by £160,000 by the end of the current financial year"

due to both

"lower than expected income"

and

"higher than expected expenditure".

The report adds:

"The company does not have sufficient funds to clear the outstanding deficit."

The leaked report also recommended that the council should directly oversee the future management of the incubator facility with a business plan to make the facility viable by 2011-12, and that Stockport council should take out a new 25-year lease with the landlord of Broadstone Mill. That is a shocking situation for the Liberal Democrat-run Stockport council to find itself in. It will effectively have to bail out its own scheme entirely from Broadstone Mill. Then again, the council certainly has form when it comes to wasting council tax payers' money shamefully. Only last year, the arm's-length organisation responsible for managing Stockport's council homes spent £20,000 throwing a massive birthday party for itself, to which it invited some 370 revellers. The Minister will no doubt be pleased to hear that I declined my invitation.

We must put the matter into the context of today's economic background and all the cuts that Stockport council plans to implement. So far, Stockport council plans reductions of about £17 million this year, and about the same amount is due to be cut from its budget the following year. That means that £123,000, allegedly in efficiency savings, will be cut from the welfare rights and debt advice service, and £250,000 will be saved by effectively doing away with the community meals service, or meals on wheels, in its current form. Perhaps worst of all, £100,000 will be cut from the school crossing patrol budget, which might mean that one third of the lollipop ladies and men in the borough will be lost.

There are important questions that must be answered, given that Stockport council seems intent on throwing good money after bad. The council must come clean and tell us exactly where the £160,000 will come from to keep the Reddish incubator afloat. It also seems that the council's strategy to keep the project running banks heavily on increasing the number of businesses operating in the centre, although no increase is certain. The plans to make the scheme a success seem to be based on an assumption that the current financial position will be turned around, but no thought seems to have been given to the possibility that the scheme will just rack up more debt and become an even bigger burden to the council tax payers of Stockport.

As the council's own report indicates, it runs significant risks in taking on the scheme itself. It needs a significant increase in rental income, vastly improved occupancy rates and robust rent collection activities, all on top of a marked reduction in expenditure and rigorous cost control. Given that Stockport council was naive enough to invest £500,000 in this folly during some of the worst economic times in recent years, the latest development does not inspire many with confidence for the future. It is recommended that the council bail out the project at a cost of £160,000 and take over its running entirely. As I understand it, that could well be on a 25-year lease, with no first break for 10 years, so the council tax payers of Stockport might have to prop up the project for the next decade or more.

Councillor Dave Goddard, the Liberal Democrat leader of Stockport council, has been a member of the board of that rotten council tax-sucking company, which I feel raises many uneasy questions about conflicts of interest. Councillor Goddard should be ashamed not only to have been a member of the board of a community interest company so financially inept that it has failed miserably to collect rents or even cover its own costs, but to have ensured, as leader of Stockport council, that his administration wrote blank cheques to keep the scheme running. Now the council is effectively being authorised to take it over completely. It is frankly wrong that members of Stockport council have been kept in the dark about that costly but cosy arrangement, and that it took freedom of information requests and a leaked cabinet document for it to be placed in the public domain. Frankly, it stinks.

It also raises a question about the relationship between Stockport council and the scheme landlord, Broadstone Mill Ltd. As the Reddish incubator is owned 50:50 by each, will the Broadstone Mill share benefit financially by being effectively bought out by the council? We certainly need more transparency and clarity about the financial links between the two and what payments have been received to date. To recap, some of the payments that we know have been made between the two include rents, loans of about £40,000 to Broadstone Mill for lift refurbishment and extra payments to make up the revenue deficit on the business incubator. Although those extra payments might not be financially irregular, they must at least be scrutinised fully to eliminate any lingering suspicion of financial impropriety.

I would be interested to hear the Minister's views on whether the Reddish business incubator scheme does not raise a wider issue about community interest companies, which are funded by local authorities but run at arm's length from them. It is difficult, if not all but impossible, to scrutinise them effectively until it is way too late or, as in the case of the Reddish business incubator, until one has run into significant financial problems.

I know that the Minister is a great champion of open local government, as is his boss, the Secretary of State. I am sure that he will take a dim view of the goings-on at Stockport council regarding the scheme. I have every confidence that his Department will take a close look at what has happened and continues to happen there, and I am sure that that will further his resolve to ensure that proper scrutiny arrangements are developed for all arm's-length companies and trusts that operate council services and spend council tax payers' money. Under his Government's big society plans, it is likely that even more local services will operate under such loose arrangements.

Councils need the power to scrutinise. To return to Reddish, it is Stockport council tax payers who are bearing all the risk of the scheme and effectively picking up the bill for the inept failures of the community interest company, the council leader and the Liberal Democrat council executive. I am grateful for this opportunity to raise these serious issues in the House, and I look forward to the Minister's response to the points I have raised.

1.18 pm

The Minister of State, Department for Communities and Local Government (Greg Clark): It is a pleasure to serve for the first time under your chairmanship, Mr Scott. I congratulate the hon. Member for Denton and Reddish (Andrew Gwynne) on securing the debate. To judge from his suntan, he comes hot from the campaign trail. It has been a beautiful weekend to be out on the hustings, and I detected a hint of the hustings in his remarks, if that is not too churlish an observation.

I shall address the context of the business incubator before I turn to the specific issues that the hon. Gentleman raised. As he acknowledged, the Government's policy is one of localism. It is important that local authorities' behaviour and policies are held to account by local people—as a local representative, he is taking the opportunity to do so today—but it is not for central Government to comment on the detailed policies and practices of local authorities. They are, rightly, independent of central Government, responsible for their own finances and free to make their own decisions.

As the hon. Gentleman said, the Localism Bill will increase opportunities for local authorities to be relatively free to take decisions and to be scrutinised on them locally. Indeed, we want to go further than that. Beyond the Localism Bill, the local government resource review, which has kicked off, is considering options to allow authorities to keep their business rates precisely so that there can be a better relationship between the opportunities for new business in an area and the rewards that an authority receives from them. It is important that we consider and expand the opportunities available for local councils to engage with their businesses so that there is encouragement for more to be set up.

The potential for increased control of local finances will mean that local councils will be able to consider whether business incubators—or innovation centres, as they are sometimes called in other authorities—are right for them. There is no reason why such types of

[Greg Clark]

activity should not be provided by the council or with close council involvement. It was not clear from the hon. Gentleman's remarks whether he thinks that the innovation centre—the business incubator—should be closed down and its activities ceased, whether it should not have been established in the first place, or whether it should be run in a slightly different way. I will be happy for him to intervene if he can clarify that.

Andrew Gwynne: I mentioned that I was supportive of local authorities supporting local businesses. I also mentioned Stockport Boost and Tameside Works First, which are good examples of where that happens in my constituency. What I am concerned about is the bottomless pit that seems for ever to be filled by council tax payers' money in Reddish. We need to get a grip on this. More importantly, the local community, through the local council, needs to scrutinise that effectively. The real problem in Reddish is that there has not been effective scrutiny.

Greg Clark: I am grateful for the hon. Gentleman's clarification. I take it from that that he is in favour of incubators and of them succeeding. I think that he would want to be the first to congratulate the council on securing valuable jobs. Some 140 people are employed in the incubator, and I think it is important to recognise the potential for increasing employment in small businesses in a part of his constituency that is relatively deprived. I hope that he supports the principle of an incubator, although it would be reasonable for him to set out any concerns about how it has been managed in the past and how it will be managed in the future.

The hon. Gentleman will be aware that the incubator model is typically not financially self-sustaining. Most of those that have been established involve some degree of public support, whether from European funds, as is sometimes the case, national Government funds or local authority funds. For example, his Labour colleagues in Darlington are keen to establish a business incubator and are looking for central Government funds to support that. The model of a business incubator usually involves some commitment of public funds with the intention that that should create jobs and reduce other demands on council revenue and expenditure so that a virtuous cycle is generated.

The hon. Gentleman is a reasonable man and I think that he would be the first to acknowledge that, in times of economic difficulty, small businesses will be affected—perhaps more so than larger businesses, in some ways. I am sure that he would agree that it would not be right to take away something of particular importance at a time of economic difficulty. It is right to keep faith with small businesses, rather than exacerbating the difficulties they might have due to the state of the economy by introducing jeopardy into an arrangement that exists to make sure that there are jobs to replace those that are lost elsewhere in the economy.

Andrew Gwynne: I take on board what the Minister says about business support, but does he think that the obligation of the community interest company to the local taxpayers of Stockport should be at least to collect the rents from the businesses in the business incubator?

Greg Clark: Of course, and I will talk about the hon. Gentleman's point later. Any administration of any organisation should be run to standards of good practice, and it is important that that continues. It was the hon. Gentleman's Government who established community interest companies as a model in which the voluntary sector, communities and the local public sector could come together to pursue not-for-profit opportunities of local benefit, so I hope that he is not suggesting that there is something inherent in the structure of CICs from which we should back away. Obviously, he is right to ask questions and he has obtained information on the running and the practices of the organisation.

The hon. Gentleman will be aware that his council in Stockport and other Greater Manchester authorities have come together to make a successful and impressive proposal, which I think he supports, on the local enterprise partnership for Greater Manchester. The document that was successful in achieving authorisation is clear that the No. 1 ambition of the LEP is to develop Greater Manchester

"as a powerhouse for entrepreneurs, business start ups and innovation".

I think that incubators such as that under discussion can play an important role, as all Greater Manchester councils, whatever their political complexion, would recognise. I do not think that this is a question about the principle of business incubators or about having community interest companies.

The hon. Gentleman asked about the performance of the incubator in question. On accountability for public funding or any other type of initiative, it is established that there are means—for local councillors, and for local representatives such as him—by which to obtain information and to shine the spotlight on the way in which organisations operate. He has done that by securing this debate, and I know that he has done so locally as well.

When considering Stockport council's decision to support the business incubator project, it is worth remembering that every authority has a structure in place whereby it has to account for public sector funds. Indeed, legislation requires, and will continue to require, all local authorities to make arrangements for the proper administration of their financial affairs, to ensure that their financial management is adequate and effective, and to have in place a sound system of internal control that includes arrangements for the management of risk. I believe that this particular project was called in by the council's scrutiny committee and considered in detail. Information has been disclosed through the freedom of information process and the future plans for the organisation have been established. I can tell the hon. Gentleman that, after looking at the matter closely, nothing has led me to believe that Stockport council has not exercised the proper degree of scrutiny. Nothing that the hon. Gentleman has said today has established that the council has been derelict in any of its responsibilities.

Andrew Gwynne: Will the Minister give way?

Greg Clark: I will not, because we have only a couple of minutes left and I want to conclude my comments. It is not a question of passing judgment on whether Stockport council was wasteful in its decision to provide support to the incubator. That decision has been made by a democratic and independent organisation and by a

local authority aiming to help businesses to start up and grow in its area. As central Government, we should respect that.

The hon. Gentleman is right that we should make use of the powers available. He said at the beginning of the debate that I believe in transparency. The measures in the Localism Bill will increase the transparency to which local authorities are subject. I am keen that local people should be able to see what is being done with taxpayers' funds. The local authority's business plan for the incubator is in the public domain and people can take a view on whether it is an acceptable way to proceed. If they look at other business incubators throughout the country, they will see that it is rare for an incubator to operate at 100% capacity. The point of an incubator—almost—is to have some space available so that prospective businesses can locate there, so this situation is not out of the ordinary.

I know that that the local enterprise partnership will take a particular interest in the matter. It has made it clear that the facilities will be important for the full employment potential of Greater Manchester to be realised. I hope that the hon. Gentleman and his colleagues in Greater Manchester, including the other authorities, will consider how this particular incubator can be part of a network that the LEP may look to establish across the city so that it can realise the undoubtedly great potential for the small businesses of Greater Manchester to lead the way out of the economic difficulties from which they are suffering. I am grateful that I have had the opportunity to address the hon. Gentleman's remarks.

Sikh Turbans (Airport Searches)

Mr Lee Scott (in the Chair): Before we begin the next debate, I would like to say that the sheer volume of hon. Members in the Chamber means that all interventions should be as brief as humanly possible to give the Minister the chance to respond fully.

1.30 pm

Paul Uppal (Wolverhampton South West) (Con): It is a pleasure to serve under your stewardship, Mr Scott. I thank my hon. Friend the Member for Dartford (Gareth Johnson), who helped me in securing the debate. Protocol dictates that I refer to him as an hon. Friend, but I genuinely feel that I and the Sikh community as a whole have established a deep friendship with him. He is a valuable asset to the debate and to the House.

The world seems to be in a challenging season at the moment. There are natural disasters and Government instability all over the globe. Security checks have become a way of life, and will be for the foreseeable future. We, as citizens of this challenged world, are tasked with finding the balance between security and freedom. Problems have arisen in the past few months regarding the hand searches of Sikh turbans in airports based on new EU regulations. Under EU regulations, airport security is allowed to insist on a hand search of the turban if the passenger in question either sets off the metal detector or is chosen at random for a search.

As a Sikh, although I do not wear the traditional turban, my father is turbaned and I understand the Sikh community's great distress at the thought of having turbans either publicly hand searched or, in some cases, physically removed. That is seen as deeply disrespectful in the Sikh culture and is perceived in almost all the community as a humiliating breach of personal privacy. The Department for Transport has taken the lead in trying to rectify the situation by establishing a trial that would have airports offering swabs of turbans for explosive residue.

Chris White (Warwick and Leamington) (Con): I congratulate my hon. Friend on securing the debate. Does he agree that the implementation of that practice is taking too long and that the Department for Transport should press all UK airports to implement it at the earliest possible opportunity? Airports should also ensure that proper training and equipment are put in place for staff.

Paul Uppal: I agree wholeheartedly with my hon. Friend and echo the sentiments he has expressed. I am taken aback by the number of hon. Members who want to intervene and speak in the debate, so I will be very brief in my comments.

The trial was well received by the Sikh community, but it is still not the norm in airports. The trial is optional in airports but, even in participating airports, some staff are loth to allow Sikh passengers the option. I am proud that the Government have advocated on the issue and have put in place alternatives without sacrificing the safety of their citizens.

Emma Reynolds (Wolverhampton North East) (Lab): Is the hon. Gentleman concerned—as I am given the consultation I have had with the substantial Sikh community in Wolverhampton—about the inconsistency of the application of the principles and guidelines that

[Emma Reynolds]

have been issued by the Government to the airports? That is a matter of great concern. Even in those airports that have opted in to the trial, not all staff are carrying out the procedures as they should.

Paul Uppal: I will cover some of those issues in parts of my speech that I intend to reach. However, I understand the sentiments that the hon. Lady is expressing.

In particular, some of the concerns have focused around Italy and Poland, where there have been problems. Perhaps I can illustrate the strength of feeling on the issue by quoting the Indian External Affairs Minister, Mr S.M. Krishna, who said:

"Wherever there is an insult to Sikhs, we take it as a national insult."

That related to an issue involving the removal of the turban of Amritinder Singh, who is the coach of Sikh golfer Jeev Milkha Singh, at an Italian airport. He was made to physically remove his turban and place it with other security items in a tray.

Mr John Spellar (Warley) (Lab): The hon. Gentleman is illustrating the core of the problem. The UK has a substantial Sikh population, whereas hardly any of the other European Union countries do. There is a real lack of understanding of the culture of the Sikh community and, indeed, of the Sikh faith in some European countries. In the UK, our shared history and our substantial Sikh population mean that we do understand. Is it therefore not utterly incumbent on Ministers and officials to fight on the issue strongly at European level to make sure that those concerns are heard, understood and acted upon?

Paul Uppal: I completely understand the sentiment expressed by the right hon. Gentleman. Towards the end of my speech, I will echo such points. The UK can take a lead on the matter and provide a way forward for a lot of our European partners on the issue. I will come to that during the denouement of my speech.

There is still discussion among Sikhs on the issue and many hon. Members are being contacted by Sikhs in their constituency, which is why I have secured this Westminster Hall debate. I hope that we can get clarification on the things that remain ambiguous, as well as enter into a frank discussion between ourselves and the Minister on what needs to happen in future.

Mary Macleod (Brentford and Isleworth) (Con): I have had such discussions with my Gurdwara in Hounslow. There is a major concern that the fact this is a trial means that many airports are not taking part in it, including Luton and London City. In total, we are talking about 18 million passengers. A lot of Sikhs are going through airports that are not part of the trial.

Paul Uppal: I completely understand the sentiments expressed by my hon. Friend. She has also campaigned on Sikh issues and is actively engaged with them. I echo that comment in saying that the current trial is not a long-term solution and there are still screening problems at airports in the UK and all over the world. It is my hope that the swab test will be the standard test all over Europe in the near future and that it will be offered first, rather than attempting to force people into a hand search.

There is always hope for tomorrow. New technology is being developed from X-ray machines and will be more sophisticated than swab tests. That could make the problem a thing of the past. However, until that happens, we must work together to increase awareness both in the Sikh community regarding their right to ask for a swab test and in airports to ensure that all passengers are treated with respect regardless of their choice of religious dress.

Nicky Morgan (Loughborough) (Con): My hon. Friend talks about new technology. Is this issue the reason that new technology should be explored more quickly? I am thinking particularly of a company in my constituency called Laser Optical Engineering, which could produce a system of lasers that would scan passengers, both Sikhs and non-Sikhs, for explosive substances. The technology already exists and it is incumbent on the Government to adopt such technologies to help to solve these issues.

Paul Uppal: I agree with my hon. Friend. Technology will be the way to solve the problem and the need for it is paramount. I wholeheartedly agree with her perspective.

I shall be very brief because I can see that many hon. Members want to speak. I shall sum up with this last paragraph, which is personal to me and is something I saw with my own eyes. In the aftermath of 9/11, two individuals were killed in the US after reprisal attacks because they were turbaned. The people who attacked them assumed that they were terrorists because they were turbaned. Such a view breeds on misconception and ignorance, and I want to highlight in today's debate the need to tackle such opinions head on. I want to champion the fact that we have a long-established Sikh population in the UK, as mentioned by the right hon. Member for Warley (Mr Spellar), and that we have a respective history.

Mr Virendra Sharma (Ealing, Southall) (Lab): I represent a constituency with the largest Sikh population, where a large number of people work at Heathrow airport, and they also work at other airports around the country. When we are talking about new technology, security is the prime issue. Does the hon. Gentleman agree that, after the five K's, the turban is the most respected symbol of identity among the Sikh community and that the majority of Sikh people have proven to have integrity and respect for the security of the world in general? Does he also agree that airport staff and other European nations need to be told to be more respectful towards that fact when we are trying find solutions? The Government should be negotiating with European Governments to ensure that that happens.

Paul Uppal: Perhaps I can answer that by specifically referring to this philosophical point. In a sense it is obvious for me, as a British Sikh, to speak about this issue. One has to be very careful, because one can be stereotyped. It is important, however, to come to all such issues from a philosophical point. We very rarely, in legislation or in other things we do, understand anybody else's pain. I assure hon. Members that I

understand the pain of Sikhs on this specific issue, because it is something that I have seen and experienced in my own family.

I will sum up quickly, because I feel that there is a groundswell of hon. Members who wish to speak. We, in Britain, have a rich and deep historical perspective and understanding of the Sikh contribution to British history.

Gareth Johnson (Dartford) (Con): I want to congratulate my hon. Friend on securing the debate. I know that he feels very strongly about the issue. Does he agree that it is key to ensure that we have a balance between the security concerns of the travelling public and treating people with respect? It seems to me, and to the Sikh community in Dartford, that we can achieve that balance through the use of modern technology, which has been mentioned, rather than simply having Sikhs manhandled in airports around the country.

Paul Uppal: My hon. Friend makes an excellent point. That is the balance that we are talking about. Nobody taking part in this debate, nobody to whom I have spoken in a Gurdwara and nobody I have met in my constituency wants security watered down in any way. That is the furthest thing from any right-minded person's mind, but there has to be a balancing act. That balance is the point, not just in what we do in Britain, but in what is done across Europe. I have mentioned the fact that we have a deep history here. I wanted to raise that point because it would be remiss of me, as a British Sikh, not to remind our European partners of the unique contribution of the Sikhs—not just to British history, but globally—through what they do and their values.

1.42 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): I want to congratulate my parliamentary neighbour, the hon. Member for Wolverhampton South West (Paul Uppal), on securing the debate. I agree with him that this is an issue of deep concern to our Sikh constituents and it has been raised with me many times. A petition was presented to me with several hundred signatures from the Guru Nanak Sikh Gurdwara in my constituency, and I know that that view is reflected elsewhere.

There is one issue at the core of this, which is that we all agree that there is a need for adequate security at airports for all passengers, but it is surely better to implement it in a way that respects cultural traditions and does not offend people of a particular faith. To that end, the Department organised meetings with Sikh representatives in the run-up to implementing the decision. Those representatives thought that agreement had been reached at the beginning of February about how to implement the directive using swab and wand technology and using searches only as a very last resort. The core of the problem has been an inconsistency in the application of that, a lack of communication on how that is to be done, difficulties for Sikh staff working at airports as well as Sikh passengers passing through airports, and an ongoing dissatisfaction and deep distress and concern in the community about how this is unfolding.

Will the Minister, in her summing up, say whether she understands the distress in the community? Why was the implementation in February not preceded by proper information for both passengers and staff on how to implement the new procedures? Why has there been such inconsistency between one airport and another—surely the security requirements are the same throughout all airports?

Fiona Mactaggart (Slough) (Lab) *rose—*

Mr Lee Scott (in the Chair): Order. I am sorry, this is actually an intervention. There has not been an application to speak, so there cannot be an intervention on an intervention.

Mr McFadden: I stand corrected, Mr Scott. I will briefly come to a conclusion. Does the Minister agree that the exchange of correspondence between Ministers and Sikh representatives has not resolved the issue since February? Is the time now right for a meeting at ministerial level between Ministers and Sikh representatives? I am sure that I and the hon. Member for Wolverhampton South West and other hon. Members with many Sikh constituents would be happy to facilitate and attend such a meeting if that were helpful. It would be important if the Minister were to do that.

I echo the point that, because of the long history and tradition of the Sikh community in the UK, other countries in Europe will look at how we implement the directive. So far, that has not been done in a way that the community has consented to. I suggest that the Minister has that meeting and that the UK implements the directive in a way that enhances security at airports, that the community can go along with, and that means that other countries in Europe will look at our lead in implementing the directive. If that is not the case, we will have ongoing concern and distress in the community, and other countries in Europe perhaps going even further in causing distress to Sikh passengers passing through their airports.

1.46 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): I am delighted to serve under your chairmanship, Mr Scott. I congratulate my hon. Friend the Member for Wolverhampton South West (Paul Uppal) on securing the debate on this very important issue.

I should first respond straight away to the request for a ministerial meeting. I am very happy to agree to meet representatives of the Sikh community to discuss the issue. I will also respond to the questions about the Government's approach. I emphasise that the Government are fully aware of the major importance of this issue for so many hon. Members who have turned up today and for the Sikh community. I appreciate and understand, as do my right hon. and hon. Friends in the Government, the pivotal role of the turban in Sikh culture and religious observance, and the distress and concern caused by the possibility of a public hand search of a turban.

Mr Tom Watson (West Bromwich East) (Lab): All of us in this Chamber, when we see a turban, understand the spiritual nature that it signifies. Does the Minister agree that the values of Sikhism—tolerance, self-discipline and respect for others—would, when applied to this policy, sort it out straight away? What we actually need is for our European partners to be told in no uncertain terms that we stick by the Sikh community in Britain and we want them to be shown respect.

Mrs Villiers: Absolutely. As I shall go on to outline in my speech, the key to resolving the issue in a way that the Sikh community are happy with is to secure a change in EU rules. The Secretary of State is focused on that, as am I, and I will outline what we are doing on that in my remarks. We are anxious to resolve the issue in a way that is consistent with Sikh beliefs and values.

Jim Shannon (Strangford) (DUP): We are considering those in the Sikh community, and we appreciate and understand their circumstances. May I suggest that the Minister should also look at the issue of Christians having to go through a body search whenever they go through airports? I make that comment because some of my constituents have come to see me about this issue. Some have had metal parts put into their bodies through medical procedures, and have to be subjected to a strip search every time they go through an airport. We are looking at the issue in relation to Sikhs; will the Minister look at it in relation to Christians as well?

Mrs Villiers: We always keep security arrangements under constant review, but I think that all of us here would agree that this issue has special resonance and concern for the Sikh community. Protecting air passengers from the threat of terrorism is crucial. Although several high-profile attempts to blow up commercial airliners have been foiled since 9/11, aviation remains, I am afraid, an iconic and enduring target for terrorists. The recent cargo bomb plot demonstrated once again that those wishing to launch attacks on aviation are well informed about the processes in place—any potential vulnerabilities could be exploited by terrorists.

As the threat evolves and as the terrorist groups devise more sophisticated plans to attack aviation, so our response must evolve. Working closely with airports, we regularly reassess our security regime to ensure that passengers and cargo are effectively screened, and that we comply with our international obligations. However, at the same time, we are very aware of the impact of screening measures on all communities and on the travelling public generally. We are always open to ideas on how to reduce inconvenience for passengers and to improve screening.

Fiona Mactaggart: I note the Minister's point. I challenge my constituency neighbour's claim to represent more Sikhs than any other Member in the south—they have all moved to Slough now, and I represent them.

The issue is not only about getting European agreement but about consistency in UK airports. Previously, Heathrow had agreed to abide by the wand and swab arrangement, yet I hear from constituents working or travelling through there that it is not consistently applied. Would the Minister, in advance of any meeting with the community, meet with airport operators to ensure consistency within the individual airports?

Mrs Villiers: The DFT is of course in touch with airports. There were some teething problems associated with the trial of alternative screening methods, but we are anxious to ensure that they are resolved.

In April last year, new European rules on the screening of headgear came into force, requiring headgear to be searched by hand whenever a passenger or member of staff triggers a walk-through metal-detector alarm or is selected at random for a search when entering a secure restricted area. The new rules immediately triggered serious concern in the Sikh community.

The coalition Government were not in office when the rules were adopted in Europe, but we acted swiftly in response to the opposition expressed by Sikhs about how the new rules were operating. Meetings with the Sikh community were held, and my right hon. Friend the Secretary of State asked UK airports to delay implementation of the new EU rules while we discussed with the community how to address its concerns. The Department also raised the issue with the European Commission, and further meetings with representatives of the Sikh community were held.

Following those meetings, we conducted laboratory tests using explosive trace detection equipment to identify, if possible, an alternative to a hand search that would give equivalent protection. I am grateful to all the members of the Sikh community who took part in those tests. Initial results indicated that the most effective alternative process involved the use of ETD coupled with a hand-held metal detector. Although the lab work produced some encouraging results, scientists recommended that a larger on-airport trial would be required before any final conclusions could be drawn. We then acted quickly and got permission from the European Commission to proceed with a larger trial, to establish formally whether a combination of ETD equipment and hand-held metal detectors could provide an effective screening method for religious headgear as an alternative to the EU rules which had caused such concern.

The Commission agreed to our request and the trial started on 14 February. It will last for 18 months and represents a crucial step forward towards the solution that everyone present in the Chamber wishes to achieve. Heathrow, Gatwick and Stansted are all taking part, along with 19 other airports around the country. The trial is now in progress or due to commence shortly at most major UK airports. Seventeen of the top 20 airports are taking part, including Birmingham, which serves the region including the constituency of my hon. Friend the Member for Wolverhampton South West.

Once the trial had been approved by the European Commission, I am afraid that we could no longer postpone the implementation of the April 2010 rules, which I know caused disappointment—I fully recognise that—but our obligations under the EU treaty meant that we had no choice. Airports had either to comply with the EU regulation or to volunteer for the trial of the revised procedures for screening headgear. We were left with no other course of action.

Mary Macleod: I congratulate the Government on making progress on the issue, while trying to find a solution that works for everyone. Can the Minister clarify what ongoing discussions are happening between the Europe Minister and the European Commission to find a resolution as soon as possible?

Mrs Villiers: A number of discussions have taken place with the European Commission. I shall report to it after this debate, to emphasise the serious concern expressed in Parliament about the issue and the importance that hon. Members place on achieving a resolution as quickly as possible.

Simon Hughes (Bermondsey and Old Southwark) (LD): The issue is important not only in the Sikh community; all other faith communities, as far as I am aware, are supportive of the view of the Sikh community, because they understand the respect-for-faith issues. The matter is now the dominant political issue in the Sikh community.

Before the Minister finishes her speech, I hope she can assure us that the Government's position is that the outcome should be: no hand interference with the turban and no forced removal of it. If she can give that position statement on the Government's behalf, we will know that we are aiming at the right place and, hopefully, that the negotiations will be a success.

Mrs Villiers: Certainly our aim is to reach a solution that avoids public hand search and removal of the turban. That is what we want to reach, but we must be certain that effective alternative screening methods are available.

My officials have been working with the airport industry to encourage the widest possible participation in the alternative screening method trials, but such trials are voluntary. We cannot compel all airports to take part, but we are seeing real progress as the trial proceeds. We are getting a valuable, real-world opportunity to see how the technology works in practice. Only by such testing can we demonstrate and be certain that the method works. Only then, with such evidence, can we hope to secure a change to the European rules so that one day, we hope, all airports will offer the alternative screening method using a combination of ETD and hand-held metal detectors. My officials will pass the trial data to the European Commission, as part of our efforts to secure a resolution.

We are continuing to work hard with airports to ensure that the introduction of the trial methods proceeds smoothly and that any teething problems are resolved. Airports are committed to working with the community to resolve those difficulties.

My hon. Friend the Member for Wolverhampton South West highlighted concerns about search procedures in other EU member states. We have no power to tell other member states how to run their security procedures—that is a matter for them—but I appreciate the concern and unhappiness expressed in other member states about the searching of religious headgear.

Mr Virendra Sharma: Is the Minister willing to write to the partner states expressing the concerns of Members and of the communities represented at the debate, so that the member states can start listening as well? As previous speakers have said, there is a lack of understanding in the European countries about Sikh and other faiths.

Mrs Villiers: That is a good idea. I am happy to write to the equivalent Ministers in other member states, pointing out the concerns expressed.

The strength and vibrancy of our Sikh community in the UK gives us a special interest in the issue, an insight we can usefully share with our European partners, so we will be doing our best to lead the debate not only with the Commission but with other member states. We are working hard for a solution. I appreciate that there is real frustration. Achieving the change we need will take time. Unfortunately, amending European law is never a speedy process. However, I would like to assure the Sikh community, all my hon. Friends and other Members present at the debate today that the Government take the issue very seriously.

Further meetings with the Sikh community are planned for May. We will continue to work hard on the issue and to engage closely with community leaders to maintain the highest levels of passenger security, but to do so in a culturally sensitive way which we hope will address the concerns of the Sikh community.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 27 April 2011

[JOHN ROBERTSON *in the Chair*]

Zimbabwe

Motion made, and Question proposed, That the sitting be now adjourned.—*(Angela Watkinson.)*

9.30 am

Kate Hoey (Vauxhall) (Lab): It is a pleasure to have this debate under your chairmanship, Mr Robertson, and I am grateful to Mr Speaker for granting this opportunity to discuss the political situation in Zimbabwe. The Minister will know that for many years I have been visiting Zimbabwe, and have done so during the current serious political crisis. I was there during the dark days of Operation Drive Out Rubbish, when hundreds of thousands of homes and small businesses were demolished, and many people, particularly trade union activists, were singled out for beating and arrest.

I visited Zimbabwe again last month, and I was pleased to be accompanied by two other members of the all-party group on Zimbabwe, of which I am pleased to be the chairman. We were there particularly to see what was happening with the parliamentary situation. The hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile), who will contribute to the debate, was returning to Zimbabwe for the first time since 1979. His background as a trained election agent was valuable when we looked at political processes in Zimbabwe.

Lord Joffe was the other member of the delegation, and has an eminent record in southern Africa. He was the defence lawyer for Nelson Mandela when he faced the death penalty at the Rivonia trial, and defended many other leaders in the struggle against apartheid. He also defended a very young Jacob Zuma, so he is no stranger to political oppression. He was chairman of Oxfam at one time, so he has seen development and aid close up in many parts of the world. The delegation was thus very strong.

We came away from our visit with many anxieties, particularly about harassment of parliamentarians, but I also felt hopeful about Zimbabwe's future. Given the high-profile events connected with Parliament in Zimbabwe during our stay, it was appropriate that our visit was funded by the UK branch of the Commonwealth Parliamentary Association. That was the first of my many visits during the past 10 years that was funded. I am grateful for that, and pay tribute to the CPA, particularly Andrew Tuggey, for continuing to engage with Zimbabwe, even though Mugabe withdrew from the Commonwealth in 2003. It is very much in line with the Commonwealth principles set out in Harare and Millbrook in New Zealand that such engagement continues. I hope that before long, Zimbabwe will be able to rejoin the Commonwealth family. I know that many Zimbabwean Members of Parliament are waiting for that to happen.

Despite the hope, there are huge difficulties to be overcome. When the inclusive Government was formed, and particularly now with events in other parts of the world, especially in north Africa, attention was and is being diverted from what is happening in southern Africa, and there is a risk that that will continue. Mugabe and his strategists in ZANU-PF have for decades relied on a combination of regional intransigence and international indifference to neutralise anyone who opposes their monopoly on power. I am glad that the UK Government have not allowed Zimbabwe to fall off their agenda, and I pay tribute to the tremendously hard work and commitment shown by the Minister with responsibility for Africa, the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North West Norfolk (Mr Bellingham), who, unfortunately, cannot be here today, but we are delighted to have the Minister for Europe, the right hon. Member for Aylesbury (Mr Lidington), here to respond to the debate. The Under-Secretary has followed in the footsteps of his predecessors in recent years.

We are also being well served by our ambassador to Zimbabwe, Mark Canning. He and his team could not have done more to make our visit useful and productive. The Minister will understand that because we have had conversations about Europe, and he knows how pleased I was to see our flag being proudly flown not just at the embassy well above the European Union flag, but from the ambassador's car as it drove through Harare. That was an important symbol of the United Kingdom's continuing engagement in trying to help that country.

I also pay tribute to Dave Fish, head of the Department for International Development in Zimbabwe. He has won huge admiration in the country for his understanding of the context in which our UK aid programme is delivered. It is not an easy job, and we saw at first hand his outstanding commitment to getting it right.

We witnessed a real unity of purpose binding together the courageous men and women who are at the forefront of the struggle to bring reform and progress to Zimbabwe, whether they are active in politics or in civil society. Above all, it is a tribute to the people of Zimbabwe and those who have led the struggle for democracy that the process of transition is still on track, and that the long march of reform is continuing. It is important to remember that despite appalling provocation, the Movement for Democratic Change has remained a peaceful political party, and has not reacted in the way that Mugabe presumably wanted it to react in the face of the tremendous violence and intimidation.

Of course, the vast majority of Zimbabweans would like the process to move more quickly, as would members of the all-party group. We are impatient, and we wish that reforms could be implemented much more speedily. It is frustrating to see opportunities being missed, and people's lives passing by with promises unfulfilled. The process is fragile, and there are still powerful elements who want it to stall or be reversed. They are from the old political establishment, and have a vested interest in maintaining a system that makes them rich, and consigns the mass of the population to disease, destitution and dependency. It is a shameful irony that those who shouted loudest about independence and sovereignty and condemned the role of the British colonial Government have driven their once-proud country to hunger and handouts.

There is still massive resistance to political and economic reform from those in the political and military establishments. They see their personal position of wealth and privilege threatened. We were all angry to see the

[Kate Hoey]

blatant dishonesty of those who are intent on protecting their own power. It was tragic to drive through Zimbabwe and see factories lying idle, farmland lying uncultivated, and the people who should be working them cast aside and unemployed.

During our visit last month we went to Chegutu, and I pay special tribute to two people from that area who have helped to show the world not just what has gone wrong in Zimbabwe, but what can be done to make things better. I am sure that many hon. Members saw the striking film "Mugabe and the White African". The all-party Zimbabwe group arranged a screening at Westminster when the film was launched nearly two years ago. It features Ben Freeth and his father-in-law, Mike Campbell, and their attempts to keep farming at Mount Carmel in Chegutu. ZANU-PF bigwigs with their armed thugs were determined to take control of the farm, and to drive Ben and Mike off the land, even though it had been purchased legally in the relatively recent past, and with no expression of interest from the Zimbabwe Government.

Mike Campbell decided to challenge the seizure of his farm through the courts not only in Zimbabwe, but going right up to those of the region, and to the South African Development Community tribunal. Bringing a court case in Zimbabwe requires courage, and Mike Campbell, his wife Angela, and son-in-law Ben all suffered dreadful beatings and violence for daring to challenge ZANU-PF. Their farmhouse was ransacked and burned, and the police failed to take any action against the perpetrators. The SADC tribunal ruled that the actions of the Government of Zimbabwe were illegal. At that point the lawyers representing the Zimbabwe Government promptly walked out and declared that they did not recognise the tribunal, although for weeks they had appeared before it, argued their case and delayed the process by asking for adjournments.

The response to the SADC tribunal ruling showed up Mugabe and his ZANU-PF colleagues and demonstrated that their fight is not only with reformers in Zimbabwe, not only with the British Government, and not only with the Commonwealth and the EU, but with anyone who dares to stand up to their violent and destructive policies. ZANU-PF's intransigent and dishonest response to the tribunal helped leaders of SADC Governments to recognise the true nature of what they are up against with the old guard in Zimbabwe. Sadly, Mike Campbell paid a high price for his battle, and just three weeks ago he died. He never really recovered from the beatings he suffered at the hands of Mugabe's thugs, but I hope that his death will not be in vain.

We were also able to visit the constituency of Chegutu West, and its member of Parliament, Prince Matibe. He is the second person from that area to whom I want to pay tribute. He is an example of a promising young generation of Zimbabweans who are determined to play their full part in restoring Zimbabwe and making the country work again. They want a Zimbabwe that can stand proudly on its own two feet, feed its people and provide them with jobs. It was uplifting to travel around that constituency with the young MP, and hear not only what he wanted to achieve for the people of his home town, but to see some seeds of hope. Despite having slender resources, and in the face of constant harassment and violence, Prince Matibe and his colleagues in the MDC have worked on projects that are making a real difference to the people of Chegutu. We visited a newly built primary school for which funds have been raised, and we met the headmaster and some of the children. We also met the local councillor, a member of ZANU-PF who praised the project and, I am glad to say, was fully engaged with it. We visited a new market established by the MDC so that local people can buy and sell local produce. It was a small but confident beginning towards reviving a town where the biggest local employer, a cotton ginnery that a few years ago employed 5,000 people, now stands empty and derelict.

We had a full morning's meeting with many Zimbabwean MPs, and we were struck by the fact that they described themselves as "engines for development" in their constituencies. As Lord Joffe pointed out, there are not many countries where MPs would describe themselves in that way. One thing that came to light during our discussions with MPs, particularly those from the MDC, was that they did not feel sufficiently engaged with or consulted by the implementing agencies of aid programmes that are funded by donor Governments, including the UK. Those responsible for aid programmes are of course anxious for their work not to be seen as interfering in any way with the internal politics of the places in which they operate. However, there can be dangers if local circumstances are not acknowledged.

Normally, aid agencies will consult local officials who are seen as being professional rather than political, but that is not the case in Zimbabwe. A deliberate ploy of ZANU-PF has been to politicise every level of life and government in Zimbabwe, meaning that district officers and officials in health care and education are apt to represent the views of ZANU-PF. To counter that, it is important that elected MPs and councillors who have a mandate from the people be consulted. Otherwise, there is always the risk that the views of ZANU-PF are fed into the consultation by the officials, and the alternative MDC view is excluded because it is regarded as political. That happens at the openings of new aid projects, for example, when the elected MPs would not be invited because they are seen as political. Those present are the officials, who are seen as not political, despite actually being even more political than the MPs but without a mandate. I know that Dave Fish took that on board as a result of some of our discussions with MPs.

The difference in the experiences of MDC MPs and ZANU-PF MPs was brought home to us very starkly. Although ZANU-PF representatives seem to be above the law, MDC MPs are frequently arrested and detained in custody. One of those was Shepherd Mushonga, who is an MDC MP for the Mazowe Central constituency and chair of the parliamentary legal committee. We met him just after his release on bail and he is a lovely, cheerful man. The charge against him was that he had stolen $700-worth of excess quarry stones donated for building a nurses home in his constituency, and used them to build a primary school. There is a widely held perception that the rise in arrests of MPs was part of the plan to change the voting strength of the parties in the House of Assembly and facilitate the election of a ZANU-PF Speaker.

The Zimbabwean Speaker currently holds the chairmanship of the Southern African Development Community Parliamentary Forum. ZANU-PF does not

like the fact that the MDC Speaker chairs that body because it plays a crucial role on behalf of SADC in planning, deploying and reporting on election monitoring programmes for the whole region.

We arrived in Zimbabwe on 13 March. Three days earlier, the Supreme Court had ruled by a majority of three to two that the election of the MDC chairman, Lovemore Moyo, as Speaker of the House of Assembly in 2008—he has been Speaker since then—was null and void. That ruling overturned an earlier High Court decision that declared the election valid. The Supreme Court decided that, of the 208 MPs voting, six had displayed their marked papers before depositing them in the ballot box, and that the secrecy of the ballot had been compromised. That seems a peculiar decision. On that basis, a few voters in one of our general elections could display their marked voting papers before depositing them in the ballot box, and render the entire election null and void. The ballot box is secret to protect voters. If people choose to disclose how they are voting, that is their business.

The good news, however, is that after a period of having no Speaker and no Parliament, Lovemore Moyo was reinstated as Speaker of the House of Assembly—many hon. Members will have met him when he visited this country. The voting figures showed that he had been backed not only by colleagues in the mainstream MDC and the tiny breakaway faction, but by some MPs from ZANU-PF. That shows that the longing for reform and for a country that works is spreading to the ranks of Mugabe's own party, and we came across that attitude in some ZANU-PF MPs whom we met. Although they were less robust in their support for democratic processes than their MDC counterparts, we gained the clear impression that they too are weary of living in a country that is paralysed by failed policies and an intransigent leadership. Whether he really believed it or whether he said it simply as part of the diktat that is continually put forward, it was depressing to hear one ZANU-PF MP state clearly that Zimbabwe is in such a mess because of sanctions, which are stopping even medical supplies entering the country. That is complete and utter nonsense, but that MP believed it with a fervour that could have come only from total indoctrination.

Another MDC MP under arrest while we were in Harare—again, someone known to many hon. Members—was Elton Mangoma. He is the Minister responsible for energy and power development and the co-negotiator with Tendai Biti in the talks on the implementation of the global political agreement, facilitated by President Zuma of South Africa under the auspices of SADC. His arrest and detention in custody not only had a serious impact on the working of the inclusive Government, but exacerbated the already protracted delays in making progress with Zuma's facilitation team on a road map towards the full implementation of the GPA. While we were in Harare, Elton was granted bail, but he was then rearrested on another charge. When he was granted bail, the state prosecutors invoked section 121 of the Criminal Procedure and Evidence Act, which suspends bail orders for seven days, thus allowing him to be kept in detention. He was subsequently rearrested on a further charge, but that time the attempts of the state prosecutor to deny him bail were dismissed by the High Court.

There is an attempt by ZANU-PF and the establishment to smear MDC MPs, and it is continually suggested that they lack the capacity to be Ministers or form a Government. That line is less strong now, but over the years it has unfortunately been picked up and repeated far too easily by some of the eminent academics involved in commentary on Africa. That is dangerous. There are many capable and talented men and women in the MDC, and if we look at what ZANU-PF has done to the country over the past 31 years, it is ridiculous to say that the MDC could not do better. The economic progress that has been made since Tendai Biti became Minister of Finance is encouraging, and it was such a change from my previous visits to see well-stocked shops. However, until there is the rule of law, an end to violence and intimidation and free and fair elections under a new constitution, investment will be scarce.

It is amazing what can be achieved with scarce resources. Paul Madzore, another energetic and impressive MDC MP, showed us around his constituency of Glen View South, which is a high-density suburb on the south-eastern outskirts of Harare. We were warmly welcomed by the staff and pupils of Glen View high school, which has brilliant O-level and A-level results—the hon. Member for Plymouth, Sutton and Devonport suggested that perhaps one of our Education Ministers might like to visit that school. Despite having hundreds of children and very few resources, that school's results are fantastic, and I am sure we could learn something from it.

Unfortunately, the new textbooks paid for by taxpayers in the UK and donated to Zimbabwean schools via the Education Ministry had not yet arrived at either of the two schools that we visited. However, the good manners and smart uniforms were, despite all the poverty, a delight to see. What a shame that for many pupils, their hard work and dedication will not be rewarded by jobs when they finish their education.

I could list all the MPs who have been arrested, but I will not go into all the details. I will simply say that just a month before our visit, another MDC MP, Douglas Mwonzora, who is co-chairman of the constitutional parliamentary committee, or COPAC, was arrested outside Parliament. He had gone to the police to make a formal complaint after a meeting that he held in his constituency was disrupted by a gang sent by a ZANU-PF MP, but ended up being charged himself. His arrest clearly had a serious impact on the timetable for the COPAC consultation programme for a new constitution. That consultation is vital under the GPA and must be completed before new parliamentary or presidential elections can be held.

That fact was strongly reinforced shortly before our visit, following the claim by President Mugabe that he would call for elections whether or not a new constitution was ready. He was contradicted by Marius Fransman, South Africa's Deputy Minister of International Relations and Co-operation, who said that

"any calls for elections without the finalisation of the constitution-making process are in breach of the GPA as well as the constitution of Zimbabwe Amendment number 19, which gives legitimacy to the inclusive government."

A number of people were arrested, including Munyaradzi Gwisai and 45 other social and human rights activists, who had simply brought people together to watch some of the videos coming in about the uprising in Egypt and revolts in Tunisia. They were arrested because watching those videos was apparently a move to subvert a constitutionally elected Government. We can therefore see the difficulties that people have when they want to organise.

[Kate Hoey]

The fighting talk that we have heard from ZANU-PF about clamping down mercilessly on plotters of any revolts is entrenched in the thinking of the ZANU-PF old guard. Just this week, Stan Mudenge, who is a member of the ZANU-PF politburo and the Minister of Higher and Tertiary Education, vowed to search out all the people who vote against ZANU-PF and mete out retribution. Addressing Mugabe directly, he said:

"President, I want to tell you that some people in my constituency have rebelled and they voted against you in 2008. They are now supporting the puppet party MDC but I want to say that we will fish them out and deal with them until they come back to us and do things our way."

He went on to threaten:

"We have a very forceful and vigorous youth wing and our members of the armed forces who will make sure that no one loses direction again like what happened three years ago."

There is clearly a severe attempt to intimidate and frighten people in the lead-up to what eventually will be, we hope, free and fair elections.

That sort of talk and those threats show how important it is for international monitors to be in place well in advance of the next election. It underlines the fact that they should be widely deployed during polling and that they should remain on the ground afterwards to observe the aftermath and to deter any attempts at retribution.

It is good to see that South Africa also recognises that. Deputy President Motlanthe recently said:

"The conception is that these elections would be a watershed like the 1980 elections that happened when the old Rhodesia became Zimbabwe. There would be a need for an international presence of the same scale, to ensure a bridge with the past".

He went on to say:

"The next elections are viewed by all parties as watershed elections, and therefore they have to prepare for them thoroughly to ensure that there will not be any more violence or intimidation during the course of the election campaign."

I know that monitors and observers cannot simply be imposed on a country, but as British taxpayers are expected to foot the bill for much of the electoral infrastructure, I hope that the Minister will agree that, working with SADC, we should surely be setting some conditions now in the framing of the electoral road map. Can he tell us what exactly the current state of affairs is as far as election monitors from donor nations are concerned? UK taxpayers have very gladly given substantial amounts of money to provide ever increasing aid to Zimbabwe, but they cannot be expected to do that without some freedom of access to see how these important affairs inside the country are being run, so we do need to put conditions on some of our aid.

I am reassured that a new consensus is developing in SADC that the crisis in Zimbabwe is dragging down the region and compromising social stability and economic progress. As many hon. Members know, I was a great critic of the previous President of South Africa, Mbeki, because of how little he seemed to do or how little he seemed to care, but President Zuma has adopted a robust approach and the recent SADC troika meeting in Zambia seems to have made it clear to Mugabe finally that he can no longer get away with his old tricks of duplicity and reneging on undertakings. Indeed, Mugabe was very angry about what he was told. I hope that the Minister will give us his assessment of current attitudes in Governments throughout the SADC region and more widely in the African Union.

In his report to the summit, President Zuma said that it was time for SADC to "speak with one voice" in impressing on all the parties concerned the fact that the situation can no longer be tolerated. He said:

"The focus that Zimbabwean parties have placed on elections without creating the necessary climate for those elections is an unfortunate sidetrack."

He referred to delays in reform of the mass media, saying that there was a "lack of political will" to implement reform.

I hope that Zuma and his SADC colleagues will pay equal attention to the need for security sector reform. I hope that the Minister will be able to tell us what we in the UK are doing to support SADC in that important area, because historically we played an important role in the integration of the Zimbabwean army after independence and I am sure that at more junior levels there is still a desire for the police and military to resume a professional rather than a political role.

The Joint Operations Command is composed of the high command of the military, the police and the Central Intelligence Organisation. Many regard it as a de facto ruling junta with the ability to overrule and countermand any decisions of Ministers that run counter to the vested political and business interests of the ZANU-PF political and military oligarchy.

During our visit, we were honoured to meet Prime Minister Morgan Tsvangirai shortly before he left on a tour to meet Heads of Government in the SADC region, including President Banda of Zambia, who chairs the SADC troika on politics, defence and security, as well as leaders of Botswana, Swaziland and Mozambique. On his return, Prime Minister Tsvangirai said:

"While I was away in the last four days, it appears the civilian authority is no longer in charge and dark and sinister forces have engaged in a hostile takeover of running the affairs of the country, with or without the blessing of some leaders of the civilian authority."

That underlines the fragility of the situation and the real threat to progress, particularly in the light of the threats made just this week by ZANU-PF Ministers such as Mudenge. It shows why President Zuma is anxious about the threat of serious upheavals in the region following the trend that we have seen in north Africa.

We in the UK have close ties with Zimbabwe. There are social, political and diplomatic links. Despite all the talk of Africa's new connections with China, India, Russia and other parts of the world, it is to the UK that Zimbabweans come for asylum. It is in the UK that Zimbabweans feel most at home if they need to live or work away from southern Africa. The diaspora have a crucial role to play in the new Zimbabwe, and I hope that we are giving the diaspora in the UK as much help and support as we gave those in exile from South Africa under apartheid.

I am very proud of the role that successive Administrations in the UK have played as advocates for change in Zimbabwe. The international response would have been far more feeble without resolute leadership from successive Prime Ministers and Foreign Secretaries. I think that the EU continued with its sanctions partly

because the UK Government played a very important role in those discussions. I am glad that in this Parliament we have been able to play a part in keeping Zimbabwe in the spotlight and in giving a voice to the oppressed people of Zimbabwe. Many of those who lead the struggle for democracy and freedom there have given me their heartfelt thanks for the way in which their plight has been kept on the agenda in the House over recent years. I look forward to hearing from the Minister about our current engagement with our counterparts in the region.

North Africa and the middle east may be in the headlines, but the UK has a particular responsibility for Zimbabwe and our job as parliamentarians is to ensure that the Government continue to give support and help wherever they can to bring about a clear timetable for and a road map towards democracy, freedom and prosperity for the people of Zimbabwe and of southern Africa as a whole.

9.59 am

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): May I begin by thanking you, Mr Robertson, for calling me in the debate and giving me the opportunity to serve under your chairmanship? May I also congratulate and thank the hon. Member for Vauxhall (Kate Hoey) for securing this debate on Zimbabwe, a part of the world with which I have had a long association since I was 19? I lived in southern Africa for several months in 1979, and I was there when, following the Lusaka Commonwealth conference, this country's Conservative Government announced the setting up of the Lancaster House conference. In 1994, I spent nearly a month in neighbouring Malawi with my hon. Friend the Member for Ribble Valley (Mr Evans) observing the campaign that saw Hastings Banda lose the first presidential election he had ever contested. That experience taught me that fighting elections in Africa is very different from fighting elections in the United Kingdom, because the roles of the chief and the village leaders, as well as access to balanced radio, are vital if the Opposition are to triumph.

Having spent 13 years as a Conservative party agent in south London, I found the trip with the Commonwealth Parliamentary Association to strengthen parliamentary links most stimulating and rewarding, but it was also deeply worrying. Last month, while the eyes of the world were focused on Libya and the middle east, I, the hon. Member for Vauxhall and Lord Joffe, who was Nelson Mandela's and Jacob Zuma's lawyer during the apartheid years, spent three days in meetings with the Prime Minister, MDC and ZANU-PF MPs, human rights lawyers and members of Zimbabwe's civil society. I should say that at one stage during a dinner with some of the human rights lawyers I asked what they would do for a living should the whole situation be cleared up, and they did not have too much of a response. The trip also gave me an opportunity to have a refresher course in Zimbabwe's politics, and I am grateful to the hon. Lady, Lord Joffe and David Banks, who is the all-party group's convenor, for all their briefing and advice.

As many Members might be aware, the Chinese are investing heavily in Africa, particularly in Zimbabwe. They are financing the building of the Robert Mugabe national school of intelligence, a military academy just outside Harare, which is likely to contain communications equipment similar to that which one might find at GCHQ.

Ian Paisley (North Antrim) (DUP): The hon. Gentleman raises a most interesting point about Chinese investment in Africa. Does he agree that our Government should do all they can to ensure that any Chinese investment overseas is used for good, not for bad?

Oliver Colvile: I thoroughly agree, and I will come to one or two points about that in the next few moments.

There is a real danger that Zimbabwe, sitting on South African borders, could become a Chinese-compliant nation. It should be noted that the Chinese are now South Africa's largest trading partners. Unless we are careful, the Chinese could easily have access to the submarine base in Simon's Town and therefore have an opportunity to control the all-important cape routes, which we need to send our trade to the far east. That is why what happens in Zimbabwe matters, and why it is important that there are free and fair elections.

Fairly soon after my colleagues and I arrived, we grasped the fact that two campaigns were going on in Zimbabwe: the air war to place pressure on SADC and President Zuma to encourage peaceful, free and fair elections; and a ground war to ensure that the MDC and other Opposition parties can campaign on a level playing field in the general election expected this autumn. The first process, which is intended to encourage SADC and the African Union to support the efforts of President Zuma and his facilitation team to plan and implement a road map towards credible and internationally recognised elections, will be much easier said than done.

It is part of African culture always to be deferential to leaders, who are seen as heroes and warriors. Whatever else we might feel and think, I am afraid that President Mugabe is seen as one such warrior and as someone who successfully fought for Zimbabwe's independence after years of colonial rule. During his recent visit to a South African football stadium, he gained a standing ovation from the general public. Jacob Zuma's desire to find ways of returning the 2 million Zimbabwean refugees in South Africa is being hindered by the fact that he faces local council elections in the summer and is likely to suffer some fairly heavy defeats, especially in some of the urban conurbations.

If we are serious about creating an environment for fair and peaceful elections, we must provide Mugabe and his supporters with a face-saving solution. Mugabe's disappearance as President will not be the end of the matter, as too many people around him, especially those in the army, including senior army officials, have too much invested in his presidency. ZANU-PF sees him as its greatest asset in the forthcoming election. Whatever happens, the role of the army and the high command will be important, because they will be keen to hold on to their investment, especially their farms and other assets. They want to use Mugabe to secure their future for a few more years.

Within minutes of arriving in Harare, my colleagues and I were astonished to learn that 26 MDC MPs had been arrested, that the Speaker, Lovemore Moyo, was being forced to face re-election, and that beatings had started again in rural communities in the run-up to the general election expected later this year. Hon. Members

[Oliver Colvile]

can imagine what the outcry in this country would be if 27% of MPs from one political party were arrested, placed in prison and forced to raise funds to pay their bail. That would be the equivalent of 83 Conservative MPs or nearly 60 Labour MPs being arrested. I have no doubt that there would be an absolute outcry about that in this country and throughout the world—and rightly so.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): It would depend on which MPs were arrested.

Oliver Colvile: I recognise that some in the Chamber might wish a number of those 83 Conservative MPs to be arrested, and that some of my hon. Friends might want some of those 60 Labour MPs to be arrested.

Little international attention is being paid to the plight of those Zimbabwean MPs, to the beatings or to how the proceeds from the Marange diamond fields, which are said to be the largest in the world, are being managed. Some 97% of those diamond fields are under the military's direct control, and it is thought—I say it no more strongly than that—that the proceeds are being used to fund ZANU-PF's political activities.

On preparing for the elections, many of those whom my colleagues and I met during our brief stay made it clear that there is a real need to allow outside observers into the country to follow the registration process at an early stage. The need for a new list of electors was underlined by the Zimbabwe Electoral Commission, which reckons that 27% of the names on the existing list are those of dead people.

Overseeing the elections will cost money, and the EU and the UK will be asked to make a significant contribution. I quite understand that the Foreign and Commonwealth Office feels that it cannot observe the elections unless it has received an invitation. However, the Mugabe Government have been keen to drive a wedge between themselves and the MDC so that the MDC will walk out and the Government can say, "There we go. They couldn't stomach it." We need to encourage SADC and President Zuma to place pressure on President Mugabe and ZANU-PF to begin registration soon and to allow our observers in. Observers must be allowed into the country at the start of the process, not in the last few weeks of the campaign. If European and British observers are allowed in only at the end of the election campaign, the damage and intimidation will already have taken place.

There are, however, other practical things that we in Britain can do through our established political parties or the highly respected Westminster Foundation for Democracy, which is chaired by my hon. Friend the Member for South West Devon (Mr Streeter). During our visit, my colleagues and I talked to a number of MDC MPs and looked at the equipment in their constituency offices and at what they can spend on campaigning. We also met moderate ZANU-PF MPs, who may well be needed in a future MDC-led Government. When visiting Paul Madzore's Glen View South constituency on the outskirts of Harare, we were struck by the lack of duplicators to produce leaflets and by the lack of access to broadband. During a visit to one of the markets, however, I was fortunate to be able to liberate one or two of the ZANU-PF leaflets lying around.

We need to impress on SADC that if it is serious about credible elections, something must be done to make sure that, during the campaign, ZANU-PF is not allowed to deploy state resources, as well as the proceeds of illegal diamond sales and illegally seized commercial assets, while the MDC is under-resourced and unable to produce leaflets and to inform the electorate of a country in which 97% of children can read and write. Is not that statistic a fantastic result? It is certainly something about which there should be great pride, and perhaps we can learn some lessons from it.

We need to ensure that there is balance in the electronic media and that the non-ZANU-PF Opposition have the opportunity to broadcast their message via radio. Although there has been some freedom in parts of the written press, there is no freedom on television or radio. Perhaps the Department for International Development could consider funding a transmitter in a neighbouring state, such as Botswana or Mozambique, to provide balance.

I hope that our useful debate has done much to raise the profile of some of the issues that face a country that was once the breadbasket of Africa. I urge the Minister to consider further ways to encourage SADC to bring about fair and free elections, and to ensure that there is a level playing field for all the political parties.

Several hon. Members *rose—*

John Robertson (in the Chair): Order. We should be able to fit in all colleagues wishing to speak, but I intend to call the Front-Bench spokesmen no later than 10.40 am, so will Back Benchers please use the time as best they can?

10.11 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Vauxhall (Kate Hoey) on bringing this topic to the Chamber today. I also congratulate the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) on his speech. I shall make only a couple of quick points because I am conscious that other hon. Members wish to speak. My interest in Zimbabwe—or Rhodesia, which probably puts me an older age bracket—comes from my constituency and from those who left Rhodesia, as it was called when they were residents, because of persecution and discrimination and because they wanted a different life for their children and families.

Previous speakers have commented on the need for elections, about which I have some concerns. Will they be fair? Will they be called too soon? Worry has been expressed about holding the elections this year, because they could be construed as unfair because of the nature of the electoral list. I make that comment because perhaps a third of the 5.5 million people in Zimbabwe who are registered to vote are not even in the land of the living, which makes predicting how an election will go very interesting. If a third of those 5.5 million people have passed on to the next world but can reach from the grave to cast their vote, there must be suspicions about whether the elections will be fair and give the result that they should.

Some figures indicate that if someone wants a long life, they should live in Zimbabwe, because some people on the voting list are between 111 and 120 years old. In one area of Zimbabwe alone, 503 people on the voting list have passed on. Will the elections be fair? Will the Minister indicate how he, through his Department and his contacts with Zimbabwe, will ensure that fair elections take place? Only when there is a credible electoral list can we be sure that the elections will be fair and will give the result that they should.

I wish to comment on the views expressed about ZANU-PF and its treatment of the MDC. I am concerned about the trumped up charges and the spurious allegations, which undermine the democratic process that is being taken forward in Zimbabwe. I hope that the Minister will indicate how he sees change being brought about to secure the democratic process and ensure that the electorate in Zimbabwe has the chance to speak.

I commend MDC members for their contribution in their ministerial posts. They have been able to change a bankrupt economy into one that is showing growth. That is good news, and it shows what can happen in what was once the breadbasket of southern Africa, as the hon. Member for Plymouth, Sutton and Devonport said.

I have the same concerns as the hon. Gentleman about Chinese imperialism—I use that term honestly and factually, because that is exactly what it is. China has armed Zimbabwe with planes, weapons, artillery and everything that a modern army needs. It has ensured that Zimbabwe has modern communications equipment, as he indicated. China clearly has a strategy on Zimbabwe. Given our close relationship with Zimbabwe, I hope that we will use our political and diplomatic channels to ensure that we bring about change. Such change can happen only with the support of Zimbabwe's neighbours, which I hope they will give.

I conclude with a comment made by Ian Smith when he was the Prime Minister of Rhodesia, as it was then, at a time of change. Looking back now, the change that he was looking at was never the change that we all would like. The change we need today is the same as the change that we needed in Ian Smith's time. His statement was taken from Winston Churchill, who was a real hero of mine as a schoolboy:

"this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

We hope that Zimbabwe will reach that stage from which it can move forward. I look forward to the Minister's response, and I hope that we can make the changes necessary in Zimbabwe.

10.17 am

Martin Horwood (Cheltenham) (LD): I congratulate the hon. Member for Vauxhall (Kate Hoey) and all the members of the all-party group, including the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile), on securing the debate and on keeping the issue high up the political agenda. The hon. Lady is right when she says that there is a risk of indifference at times, especially as more exciting political events on the international stage seem to take people's attention, but it is important that Zimbabwe remains on the agenda.

We may take different views on which reforms we want and when we want them, but whatever our coalition's disagreements over constitutional reform and its progress, at least my right hon. Friend the Secretary of State for Energy and Climate Change has not ended up in chains in court, and at least my hon. Friend the Minister for Equalities has not had to go into hiding, which is what their opposite numbers in the Zimbabwean Government have had to endure. Elton Mangoma and Theresa Makone deserve enormous credit for the courage with which they have faced appalling abuses not only of public freedom, but of parliamentary, political and even governmental and ministerial freedom. It is extraordinary, but they are of course only the tip of the iceberg. The hon. Member for Vauxhall and many others pointed out the level of abuse in Zimbabwe, which unfortunately seems to be increasing again as the elections draw closer after it had seemed to subside.

The situation in north Africa, particularly Libya, holds lessons for various people, but sadly the lesson for some dictators might be that if they treat rebellion and dissent with sufficient violence and determination, they might have a chance of surviving and succeeding. That is obviously a lesson that we do not want ZANU-PF to be able to draw, so there is an interest in this for the international community, and the same lesson could be drawn from the situations in Yemen and Syria as we speak. We need to make it clear to the international community that that must not be the lesson drawn, and it must act with resolution in all those situations.

Luckily or unluckily, any thought of military intervention in Zimbabwe, despite what some constituents might occasionally call for, is absolutely out of the question, as I am sure the Minister will confirm. The important thing is that we should work not only with the international community but with regional organisations. Others have referred to the lead role of the Southern African Development Community, but the African Union is a co-guarantor of the global political agreement. I would be interested to hear from the Minister the latest intelligence from the African Union and others, and what position they are taking to guarantee that the constitutional process is going forward.

Of course, one country has an absolutely key role: South Africa is the leading political and economic force in the region. It is interesting that President Zuma has taken a robust line on the constitutional process. In gratitude, he is coming under attack from the state media in Zimbabwe, which recently described him as a "dishonest broker". The language is becoming quite fierce, but in a funny sort of way that is an encouraging development. It is a sign that the southern African political community as a whole is becoming more realistic in its treatment of Robert Mugabe's regime, and that it is prepared to make enemies within the ZANU-PF movement. South Africa's historic position in the region is inevitably one of moral and political leadership. We should give President Zuma all possible support in that role, and I would be interested to hear what the Minister has to say on his latest contacts with the president.

With the onset of elections in Zimbabwe, we are in a sense putting the cart before the horse. The constitutional reform process was supposed, ideally, to precede the next round of elections, but that now seems to be in doubt. I would be interested to hear the Minister's latest take on that aspect.

We are in a difficult situation with all countries where violent and dictatorial forces are in play. In many countries around the world—I look at East Timor, the former

[Martin Horwood]

Yugoslavia and, I hope, Côte d'Ivoire—these dictatorial and violent forces have ultimately been defeated. We see clear defeat there, rather than compromise, yet our urge to avoid confrontation obviously leads us to suggest political solutions, with compromises and deals. Indeed, that was the source of the global political agreement in Zimbabwe, but it has not served the purposes that we hoped. Perhaps we should encourage the regional community to take a more robust political approach in Zimbabwe.

The hon. Member for Plymouth, Sutton and Devonport was right to mention China. It is clearly investing a great deal of money in Africa. It is not generally clear where that money is going, but some of it is certainly going in less than helpful directions, such as armaments and intelligence and communications capacity. China's hand is being seen in some of the least savoury regimes around the world—we can add Sudan and North Korea and various other countries to the list—and that has the potential to do China's international reputation a great deal of harm. Commercial logic alone should show the Chinese that investing in regimes that are inherently unstable because they rely on violence and coercion will not be a good long-term strategy for China.

Oliver Colvile: One reason that the Chinese are interested in Africa is that it is wealthy in mineral rights and such things. If the Chinese can have some control over that, they will be very happy. They are not particularly interested, as I understand it, in what takes place in the country; they tend to bring in their own workers, who do everything that they have to do and then leave. That is a big problem. Some may say that they are acting in an imperious manner—they most certainly are, and in a very big way—and we in the UK have to be most concerned about that as it could be another sparking point. We may have trouble at the moment in the middle east, but it could be significantly worse elsewhere.

John Robertson (in the Chair): Order. Interventions should be short.

Martin Horwood: The hon. Gentleman makes a good point. The risk is that the Chinese will not leave once the resources have been exploited but that China's interests will continue in many of these countries. It is imperialism on the model of the East India Company, I suppose.

"Imperialism" is a strong word to use, but there is certainly a risk of Chinese political and commercial dominance in some of these countries, and exploitation of the political vulnerability of these unsavoury and undemocratic regimes. That of course raises uncomfortable political questions for China itself, but the democratic international community needs to make a stand on that question. There certainly seems to be potential for an alliance between the UK, the European Union and the democratic west and the democratic nations of southern Africa.

I turn briefly to Mozambique. It is a democracy and a member of the Commonwealth. However, the exploitation of the Marange diamond fields is allowing diamonds to be smuggled or illegally exported to avoid Zimbabwean taxation. Revenue clearly passes back to the military and the coffers of ZANU-PF. It seems to me that the Government could make representations to the Mozambique Government to take a stronger attitude to controlling the Zimbabwean border, as it is a vital financial link in the chain that supports the regime.

I shall be encouraged if the Minister has good news for us, but I realise that it is a difficult situation. However, I believe that our instinct to take a robust line on human rights and democracy and to seek internationally based co-operation as a solution to problems of dictatorship and violence will serve us well.

10.26 am

Neil Parish (Tiverton and Honiton) (Con): I thank the hon. Member for Vauxhall (Kate Hoey) for securing this debate, and I thank my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) and others for their contributions. I believe that Zimbabwe has a place in all our hearts. I am a former farmer. I visited Zimbabwe as an election observer for the European Union in 2000 and fell in love with the country. Its politics are a disaster. It is not about race or creed; it is about politics—and the man, basically a madman, who is destroying the country. I find it amazing that over the years the people of Zimbabwe have been able to stand the pressure, yet there is still some semblance of what is right and wrong, of what is law, despite all that ZANU-PF and Mugabe have done.

I emphasise the need for election observers to be in Zimbabwe quite early in the process. I was in Zimbabwe in 2000, when MDC first came to the fore; it would have won the election, no two ways about it, had it not been for the fear and intimidation. We should not forget the re-education camps out in the countryside; basically, they get hold of a population and re-educate them to ensure that they vote for ZANU-PF. They dig trenches and put coffins in them, and then make the people walk across them saying, "If you don't vote for ZANU-PF, that's where you'll land up—in that coffin." The guys that have been doing all this beating up and intimidation are then found sitting in the polling stations on election day, watching people come in to vote. I cannot believe what the people of Zimbabwe have to go through.

I remember that one of the returning officers in Harare in 2000 was a school headmistress. She went along to the polling station and hoiked out all the ZANU-PF polling agents. In those days she would have had the power and audacity to do that, but ever since, of course, it is being broken down. That is why we have to get election observers in there, and we have to get them in reasonably early so that we can see what is going on.

The electoral roll will be completely manipulated, as it was back in 2000. Then it had been worked out that most of those who would vote for the MDC were more educated and moved around Zimbabwe a lot, so no one was allowed to re-register. In that way, they managed to exclude an awful lot of the population. Not only were 25% or 30% unable to vote, but they found reasons to exclude anyone that they thought would vote for the MDC.

We are rightly giving aid to Zimbabwe, but we must put some conditions on that aid. There must be some form of governance. We in the UK are in a coalition, are we not; but how on earth would a coalition work in Zimbabwe? We in the Conservative party might think, "Right, we don't like what the Liberal Democrats are

doing, so we'll arrest them all and put them in jail, especially if there's a vote and we think we're likely to lose it in Parliament. Let's lock 'em all up. It's a very good form of democracy, isn't it? You make sure you win the vote by arresting the opposition." It is not any form of coalition or democratic Government as we know it. That is where things are going horribly wrong in Zimbabwe.

Then there are all the farms in Zimbabwe that are being given to the so-called "war veterans". Some of them look remarkably young if they are war veterans from the 1970s. Most of them are probably in their 30s or 40s—there is no way that they are war veterans. I will be quite blunt: they are a bunch of thugs, basically, hired by Mugabe to go round and destroy these farms. Of course, once they get the farms, there is another problem. They drive off not only the farmers themselves but the farm workers, and we should not forget that these farms are homesteads that include a school and a medical centre. These farms are communities in themselves and everyone is driven off them, leaving nobody to farm them. The machinery is destroyed and the cattle are killed, and the whole process just brings about a degradation of agriculture. Instead of Zimbabwe being the bread basket of Africa, it is now receiving food aid. That is just impossible to believe.

I know the Minister will say how difficult the situation is, and it is very difficult. I am fairly hawkish about these matters. Let me be blunt: if we had enough armed forces I would be quite happy to see some of them sent to Zimbabwe, but that is not going to happen and I am a realist in that respect. Nevertheless, we must face up to the fact that the Chinese are going into Zimbabwe with their own work force. If they want to take out minerals, they take away the hill that the minerals are in and it just disappears from Zimbabwe and goes back to China. That is what the Chinese are about. They are not investing in Zimbabwe for the right reasons and we must be clear about that, because what we need is investment—good international investment—in Zimbabwe. However, who will provide that investment while the farms are being repossessed? In fact, the thugs are now fed up because there is not enough wealth to find on the farms, so they go into the cities, such as Harare and Bulawayo, and that is the problem. They are destroying the businesses that people should be investing in.

I say to the Minister with all sincerity that, however difficult it is to do so, when we give support to Zimbabwe let us actually try to bring about a democratic change, because when we can get some form of reasonable governance in Zimbabwe the people of Zimbabwe will be more than ready for it. They will work together. That country, which is a highly educated country, will prosper. Perhaps in some way, that is where Mugabe went wrong: he educated people in Zimbabwe, and they could then find out that there was a better way to run and rule their country. I urge the Minister to bring about genuine change in Zimbabwe, and we will give him all the help we can.

10.33 am

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): Thank you very much, Mr Robertson, for calling me to speak. I join other hon. Members in congratulating my hon. Friend the Member for Vauxhall (Kate Hoey) on securing this important and timely debate. I pay tribute to her tenacity and long-standing involvement in this cause, in her role as chair of the all-party group on Zimbabwe. She and other Members have spoken eloquently today about the tragedy of what has happened in recent years in Zimbabwe, and about the courage of those in the country who have stood up to Mugabe. She mentioned the Movement for Democratic Change, the trade union movement in Zimbabwe and Zimbabwean civil society.

Debates such as this are an important opportunity for Parliament to demonstrate on a cross-party basis our commitment to and solidarity with the people of Zimbabwe in these difficult times. On 10 March there was a debate in the other place, secured by Lord Avebury, in which a number of important contributions were made, again on a cross-party basis. One was from Lord Chidgey, who placed great emphasis on the importance of security sector reform in Zimbabwe, an issue raised by my hon. Friend the Member for Vauxhall this morning. In that debate, Baroness Kinnock, a former Minister with responsibility for Africa, placed great emphasis on the important role that the European Union can play, a point echoed in a number of this morning's speeches.

My hon. Friend the Member for Vauxhall referred to the tendency of ZANU-PF to smear the MDC and other critics and opponents. In February, I had the opportunity to meet Zimbabwe's Deputy Prime Minister, Thokozani Khupe, and the Minister of State in the Prime Minister's Office, Jameson Timba, here in London. Both are members of the MDC and, like my hon. Friend, I was very impressed by their dedication and professionalism, which give the lie to the smears against them that she described.

I also want to put on the record my appreciation for the work of a number of organisations in and around Zimbabwe, such as the Open Society Foundation. Here in the UK there is Action for Southern Africa, which arose out of the former Anti-Apartheid Movement, and the British Trades Union Congress. I also echo the thanks and appreciation that my hon. Friend expressed to the Commonwealth Parliamentary Association, and I support her in saying that we look forward to the eventual return of Zimbabwe to the Commonwealth.

I know that the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North West Norfolk (Mr Bellingham), who is the Minister with responsibility for Africa, is in Africa today, and I welcome the Minister for Europe to his place in Westminster Hall to respond to the debate. Last month, I tabled a question to the Under-Secretary asking him what recent discussions he had had on the role of the Southern African Development Community in monitoring progress towards the 24 goals in the global political agreement. I want to take this opportunity to thank him for his response and to put on the record on the Opposition's behalf that we absolutely share the Government's concerns about the situation in Zimbabwe, and that we appreciate the strong and real personal commitment to Africa that he has demonstrated since he took office almost a year ago.

I also want to put on the record that we welcome the statement in February by the Foreign Secretary supporting the European Union's rolling over of restrictive measures—travel restrictions and asset freezes—for those who have perpetuated human rights abuses and political oppression in Zimbabwe, and of course the continuation of the arms embargo on Zimbabwe. These measures from the

[Stephen Twigg]

EU offer an important bargaining tool with which we can apply pressure on Mugabe's regime. As a number of hon. Members have said during the debate, we cannot and must not leave unchallenged ZANU-PF's claims that the EU's targeted measures are in any way undermining the humanitarian aid that is needed to assist the people of Zimbabwe. As the hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) said, those measures are only needed because of the policies of Mugabe.

As the hon. Gentleman also said, Zimbabwe was formerly the bread basket of Africa, but in recent years we have seen a very significant increase in the UK's bilateral aid to Zimbabwe. I am pleased that the previous Labour Government increased that aid to £67 million in the last financial year—2009-10—and I very much welcome the fact that this Government have decided to maintain that bilateral aid. However, I agree with hon. Members, from all parties, who have said that that aid should be an opportunity for us to exert more leverage on Zimbabwe in this crucial period. My hon. Friend the Member for Vauxhall made the very important point that, in the case of Zimbabwe, consulting officials rather than elected politicians is perhaps not the best route, and certainly should not be the only route in terms of the implementation of aid; and that we should also consider consulting elected members of Parliament and councillors in Zimbabwe on a cross-party basis.

Martin Horwood: We need to treat the conditionality of aid very cautiously. The hon. Gentleman's Government —the last Labour Government—were right to grant aid to Zimbabwe through the UN and NGOs exclusively, rather than giving aid from Government to Government, and we have been right to follow that policy. It is important to understand that point.

Stephen Twigg: I entirely agree with the hon. Gentleman. What I sought to do was to echo an important point made by my hon. Friend the Member for Vauxhall about the specific circumstances right now in Zimbabwe. An approach that relies on officials, which may well make sense in the vast majority of countries, does not make sense in the case of Zimbabwe, for the reasons my hon. Friend set out earlier.

I echo what a number of hon. Members have said about the robust approach of President Zuma, which, as my hon. Friend has said, stands in stark contrast to the lamentable record of his predecessor. I also agree with the hon. Member for Plymouth, Sutton and Devonport. I happened to be in South Africa in 2003 when Walter Sisulu had just died, and I saw the pictures of Mugabe at Sisulu's funeral. Mugabe got exactly the sort of response then that the hon. Gentleman described in his speech today, and we need to remember that public opinion in Africa, particularly southern Africa, is a challenge, and that we should give whatever support we can to President Zuma and to other Governments in the region who are now prepared to stand up to Mugabe's thuggery.

We have seen some progress in recent years towards economic improvements in Zimbabwe—my hon. Friend the Member for Vauxhall referred to visiting shops that were full of produce—but clearly, as this debate has demonstrated, political developments have fallen well short of what we would expect. Targeted measures remain an essential lever at our disposal, but we also need to press a number of issues that require immediate and intensive political and diplomatic pressure.

First, there is the need for a new constitution that is endorsed by the people of Zimbabwe, and I press the Minister to respond to the points made by almost all this morning's speakers about the vital importance of getting election monitors on the ground as soon as possible. Secondly, there is the importance of opening space for a free media to publish. The hon. Member for Plymouth, Sutton and Devonport spoke about access to balanced radio and the possibility of securing Department for International Development funding for that. Thirdly, there is the crucial importance of an independently verified electoral register. The hon. Member for Strangford (Jim Shannon) spoke about people who are on the register but are no longer with us, and about fairness in the electoral register being important in there being a free and fair election. The hon. Member for Tiverton and Honiton (Neil Parish) spoke about the experience of manipulation of the register in Zimbabwean elections. Fourthly, there is the crucial role that we can play in securing the root-and-branch reform of the security sector.

Progress, as this debate has demonstrated, has been painfully slow. I welcome the establishment of the Zimbabwe Electoral Commission, Human Rights Commission and Media Commission, but it is demonstrable that those bodies do not have sufficient resources to operate effectively, and there is a real danger that what should be independent bodies might serve no purpose other than the objectives of Mugabe and his supporters. Any election that is held ahead of an agreement to a new constitution, the opening of space for free media, an independently verified electoral register and security sector reforms will not be acceptable, and it is vital to restate that throughout this debate.

The hon. Member for Cheltenham (Martin Horwood) spoke about the escalation of abuse in the run-up to elections, and I want to highlight the very concerning recent escalation of violence in Zimbabwe, and to refer to an excellent but disturbing report from Human Rights Watch, "Perpetual Fear: Impunity and Cycles of Violence in Zimbabwe", which documents the context of impunity within which ZANU-PF activists have perpetrated systematic violence against other Zimbabweans, whose only aspirations are for a free and democratic Zimbabwe. Human Rights Watch has observed the active and passive forms of impunity that are fostered by the democratic deficit in Zimbabwe, and as long as fear and intimidation are either encouraged or ignored by the state apparatus, democratic developments will not be achieved.

As my hon. Friend the Member for Vauxhall said, SADC has an increasingly important role to play. She said that there are reasons to be hopeful, but the situation is fragile. What today's debate has demonstrated once again is the very real cross-party agreement in this House in standing up for the people of Zimbabwe. The hon. Member for Plymouth, Sutton and Devonport talked about the important role that the Westminster Foundation for Democracy could play, and I echo those words.

A number of hon. Members have referred to events elsewhere in Africa and the middle east, and there is clearly a danger that the world, and the UK in particular,

will take its eye off the ball. We have a unique influence and we need to use it, as has been said, both directly with South Africa and with the other SADC countries, the wider African Union, which has its own responsibilities, and our European Union partners. I am keen to hear the Minister's current assessment, as the Minister for Europe, of the perspective at a European level, and also at an African level, with the role that SADC and the African Union have to play.

My hon. Friend the Member for Vauxhall paid tribute to Mike Campbell, and said that we must hope that his death was not in vain. Too many lives have been lost in Zimbabwe; too many people have suffered through the tyranny and thuggishness of the Mugabe regime. We must not take our eye off the ball. I again congratulate my hon. Friend and the other members of the all-party group, and I look forward to the Minister's response, which I am sure will demonstrate that the Government maintain their absolute commitment to the people of Zimbabwe, and the absolute commitment of the British people to securing a democratic future for the country.

10.46 am

The Minister for Europe (Mr David Lidington): I thank the hon. Member for Vauxhall (Kate Hoey) for initiating the debate and for giving the House the opportunity to express views upon Zimbabwe this morning, and I also thank all those who have taken part: the hon. Member for Liverpool, West Derby (Stephen Twigg), my hon. Friends the Members for Plymouth, Sutton and Devonport (Oliver Colvile), for Tiverton and Honiton (Neil Parish) and for Cheltenham (Martin Horwood), and the hon. Member for Strangford (Jim Shannon). All their contributions spoke from a mixture of heart and head. What came through to me was the profound commitment, and love—I do not think that too strong a word—on the part of those Members for Zimbabwe and its people, coupled with an appreciation of the complexity and difficulty of the challenges that the country faces, and of the efforts by successive United Kingdom Governments to do what is best to try to make it possible for the people of Zimbabwe to decide upon the destiny of their own country. I thank the hon. Lady also for her kind words about the Minister for Africa, my hon. Friend the Member for North West Norfolk (Mr Bellingham), and about our ambassador to Zimbabwe and the head of the DFID team in that country.

In discussing Zimbabwe, it is right to focus on not only the deep-rooted and abiding problems that afflict the country, but, as the hon. Lady did in her opening speech, on the progress that has been made in the face of difficult odds, since the formation of the inclusive Government in 2008. There has been a marked economic recovery, illustrated by a robust 8% growth rate in 2010, although it is also fair to remind ourselves, as has been said, that some sectors, most notably agriculture, are failing to perform at anything like their full potential because of the disastrous economic policies pursued by Zimbabwean leaders.

Reports of human rights abuses since the formation of the inclusive Government have fallen well below the peak, but there has been a worrying trend in the early months of this year of a reverse in those promising signals. There has been greater freedom for the print media, and the constitutional review process, despite its frailties, has helped to open up democratic space. The important point to note is that those achievements, both economic and political, are a tribute to the courage, dedication and persistence of reformers of all stripes in Zimbabwe. I pay tribute to all the reformist politicians, civil society groups, free trade unionists, churches and others in Zimbabwe who express their hopes for and work their utmost towards a better future for their country. Those people and organisations are not the creatures of any foreign power; they are the authentic expressions and voices of the people of Zimbabwe.

However, those efforts by many in Zimbabwe risk being undermined by a few who wish to sacrifice their own country's prosperity and political development in order to hang on to power and the opportunity for plunder. Resisting those efforts and reinforcing Zimbabwe's progress with a process for free, fair and credible elections will demand still greater courage and commitment from reformers in Zimbabwe, Zimbabwe's neighbours in the region and those members of the wider international community in Africa and elsewhere, including the United Kingdom, that support Zimbabwe's transition to full democratic freedom.

Rightly, much of this debate has focused on the great concerns about the increase in reports of politically motivated violence since the new year. The Government share that concern. The high-profile arrests and threatened arrests of senior members of the inclusive Government in March and April signalled a stepping up of the partisan politicisation of the legal process. My hon. Friend the Member for Cheltenham was right to pay tribute to the courage and endurance of leading democratic politicians in Zimbabwe in the face of such treatment. We remain equally concerned by ongoing reports of rising intimidation targeting civil society groups and political activists.

Several hon. Members asked about the Government's view of the regional approach to the political challenges facing Zimbabwe. South Africa and the Southern African Development Community more generally act as the facilitators and guarantors of the global political agreement and play the lead role in brokering an agreement on a road map to free and fair elections. As my hon. Friend the Member for Cheltenham pointed out, it is somewhat ironic that the global political agreement should have been fully implemented by now, yet Zimbabweans and SADC are trying to agree on a path to the next round of elections before the GPA has been implemented anywhere near fully.

President Zuma of South Africa has shown in the creation of the elections road map that he is prepared to demonstrate strong and active leadership in the region. We hope that that critical document will address the many individual points raised by hon. Members during this debate, including the quality of the electoral register, the reform of the electoral commission, access to media and provision for the presence of international observers at the elections. The United Kingdom is certainly ready to support international observers in any way possible, yet it remains the case that we can send observers only in response to an invitation from the Government of Zimbabwe.

On the points made about this country's programme of bilateral aid, following the bilateral aid review, our programme of aid to Zimbabwe has been increased further to £80 million for 2011-12, the largest amount

[Mr David Lidington]

yet. That is crucial. Our aid provides vital support, in particular for primary education and basic health treatment inside Zimbabwe. For example, last year we provided essential medicines to 1,300 primary care clinics and rural hospitals. The nature of that aid and the fact that it is distributed via the United Nations and non-governmental organisations rather than through the Zimbabwean Government means that I am cautious, to put it lightly, about calls for greater conditionality in the provision of aid, although I guarantee to the hon. Member for Vauxhall and my hon. Friend the Member for Plymouth, Sutton and Devonport that I will report to my right hon. Friend the Secretary of State for International Development on the points they made about conditionality.

Kate Hoey: I thank the Minister. I think we are all conscious of the issues involved in aid. Our point is that it is not necessarily the Department for International Development but the agencies themselves—the big charities working in countries such as Zimbabwe—that need to be much more aware. They try so hard not to be political that they end up being political in how they operate on the ground.

Mr Lidington: The hon. Lady has made her point well. I will ensure that my right hon. Friend is made fully aware of the case that she makes.

The EU targeted measures on Zimbabwe remain in force. This Government remain committed to them, and the European Union has made clear its commitment to the continuation of those measures. We remain willing to revisit them within the year, but only if further concrete developments take place on the ground. We will not be shifted by coerced signatures on a partisan petition. On behalf of the Government, I make it clear again that we need to lay to rest the delusional nonsense that the EU targeted measures, which apply to 163 individuals and 31 entities in Zimbabwe, are somehow responsible for the widespread deprivation and suffering endured by the people of Zimbabwe. The right way to help with the economic plight of the people in Zimbabwe is for Zimbabwe's leaders to pursue the kinds of economic policy and give the commitments to good governance that will attract investment and add to Zimbabwe's trade relationships with the region and the rest of the world.

In view of the time, I will write to my hon. Friend the Member for Plymouth, Sutton and Devonport about the Kimberley diamond process and Marange, and I will copy the letter to other Members who have taken part in this debate. As my hon. Friend the Minister with responsibility for Africa has made clear on numerous occasions, we continue to take a firm line within the EU, which acts on our behalf in the Kimberley process, insisting that Zimbabwe should comply fully with the rules laid down in the process before diamond exports are permitted.

China has an important role in the growth and development of Africa, and considerable progress has been made in areas such as infrastructure as a result of Chinese financing. Like China, we see trade as vital to helping African economies to grow and escape poverty, but one lesson of the developing world is that as countries grow and develop, they require not just physical infrastructure but skills, improved health services and, critically, better governance, better public institutions and a clear commitment to the rule of law rather than arbitrary government. We believe that it is vital that donors, including China, be open about their investments and make clear what they are spending and what results they achieve. That enables people to hold Governments to account and ensure that donors co-ordinate their work effectively.

Interestingly, some of China's recent experience, for example in Zambia or Libya, might give pause for thought to those who have assumed that China can maintain an economic relationship with African nations without regard to issues of governance and the rule of law. Where those prove lacking, investment and the safety of expatriate workers can sometimes turn out to be at considerable risk.

I express once again my gratitude to all those who have taken part in this debate. The Government remain determined to pursue the course on which we are set, and we hope to see Zimbabwe reach a more prosperous and democratic future.

Irish Communities in Britain

11 am

Chris Ruane (Vale of Clwyd) (Lab): First, I declare an interest as chair of the all-party group on the Irish in Britain, which seeks to raise awareness and to represent within Parliament the interests and concerns of the Irish community in Britain. The group works closely with the Federation of Irish Societies, which is an umbrella organisation serving the community in England and Wales. The federation also provides the able secretariat for the group. The all-party group is a genuine cross-party enterprise, reflecting the rich and diverse Irish community in the UK. Indeed, I would hope that you would be a member of the group, Mr Robertson, because you represent a Scottish community with Irish connections.

I am immensely proud of my Welsh heritage. My children were born in Rhyl, the same town where their father, grandfather, great-grandfather and great-great-grandfather were born. They are fluent Welsh speakers. In 1997, I set up the first Welsh language lessons in Parliament for MPs, their staff and journalists. I was also informed by the Eisteddfod committee that I helped to raise more private sector funding for the Eisteddfod than any other MP when it met in Denbigh in my constituency 10 years ago.

I am, however, a Welshman of half Irish descent. My father, Michael Ruane, was from a little village called Carnmore, near Oranmore in the County Galway, as the song goes. He was one of the hundreds of thousands of Irishmen and women who crossed the Irish sea to Britain in the 1940s, '50s and '60s to help to rebuild Britain after the devastation of the blitz and a six-year-long war in which 700,000 young British people—mainly males—lost their lives. He helped to build the roads, dig the tunnels and lay the telephone wires. More than half his siblings followed him. His sisters Mary and Norah worked as nurses in the NHS in Birmingham, and his other sister Sally, a Carmelite nun—Sister Columbanus—taught children with special educational needs in Worcester. They were not alone. The emigration in the 1940s was almost as great as that of the 1840s after the famine.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I congratulate my hon. Friend on securing this important debate. In Newcastle, which is where my Irish ancestors settled, that combined pride in Irish heritage and regional identity is very strong, as is exemplified by the Tyneside Irish centre, which is in my constituency and which campaigns and raises money for our local charities.

Chris Ruane: I thank my hon. Friend for her intervention and I pay tribute to her work for our all-party group. Indeed, I believe she was present on the night we re-founded it last year.

I am proud of my Irish roots. I helped to set up the North Wales Irish Society more than 20 years ago, along with Tom Noone, Patsy Scahill, Tom Wilkie, Angela and Stuart McDonald, and many others. I joined the British-Irish Parliamentary Assembly more than 10 years ago, and last year I re-established, along with Lord Dubs, the all-party group on the Irish in Britain. As a mark of my joint loyalties to Wales and Ireland, I named my first daughter Seren, which is Welsh for a star in the heavens, and my second daughter Mairead, which is Irish for Margaret.

Turning from my personal past to the political present, we pray that the contemptible murder of the Police Service of Northern Ireland constable, Ronan Kerr, earlier this month will not turn back the clock, that the light of peace and political progress is undimmed, and that war is over. We share a weighty responsibility to ensure that the process continues to offer hope, and to resist any move to untangle the intricate latticework of political agreement that has emerged over the past 20 years. Strong British-Irish links are essential to build on the peace in Northern Ireland. I pay tribute to my right hon. Friend the Member for Torfaen (Paul Murphy), not only for the role that he played in the peace process as Secretary of State for Northern Ireland, but for his role as co-chair of BIPA and as a founder member of the all-party group on the Irish in Britain.

Looking around, I see a new generation of Irish, and a new generation of Irish in Britain. In the absence of fear and the consequences of the troubles, the community is less isolated, more diverse and more optimistic than ever. People are proud of their Irishness like never before, and I include in their number the many MPs of Irish origin, a number of whom are present today.

The coalition Government's response to the Saville inquiry into Bloody Sunday set a strong moral tone that was welcomed by the Irish community here. We are all stronger as a result and more able to deal with the past and to move on. I give particular credit to the Prime Minister for his role in replying to the Saville inquiry. His response convinced many sceptics that he was serious about continuing the good work of the peace process in a positive, non-sectarian and non-party political way, and about building the bonds between the UK and Ireland.

Times are not easy, however. There are few left to brag about the invincible rise of the Celtic tiger. The effects of the global economic crisis that is wreaking havoc on this country are also devastating Ireland. The Irish in Britain share a sense of uncertainty for the future. For too many there is real fear. The so-called forgotten Irish—the elderly, the poor, the homeless and Irish Travellers threatened with eviction—benefited from the generosity of the Irish Government during the boom years, but their situation remains vulnerable.

The all-party group is working to encourage recognition of the Irish in Britain, to support the Federation of Irish Societies, to stimulate dialogue and co-operation on Irish affairs, to promote Irish culture and sports and, importantly, to raise awareness of the needs of the vulnerable Irish and those at risk. Again, I give full credit to the Prime Minister—I am giving him a lot of credit today—for his big society initiative, which I support fully if it is about inclusivity and if it includes the most vulnerable, in which group I include Irish Travellers and Gypsies. Of all ethnic groups in the United Kingdom, Irish Travellers in Britain face the worst prejudice and experience the worst rates of infant mortality and lowest life expectancy. It is a community on the edge. It is a community with a real fear that Government policies may fuel worsened social exclusion and deterioration in community relations, compounded by a dramatic new accommodation crisis and a situation in which education and health needs go unaddressed. Government at all levels—the UK Government, devolved Administrations

[Chris Ruane]

and local government—should ensure that there is ongoing dialogue and consultation with the Traveller community on issues that affect it.

A few worrying signs are coming from elements in the new coalition. I am concerned about other vulnerable groups, such as the unemployed, those with drug and alcohol problems, single mothers and—this is an old-fashioned term that is being given new credence—the "undeserving poor". A truly big society would recognise that all members deserve to be included and helped. To vilify those groups, as was done in the past with Lilley's famous list, will not result in a big society and a better Britain, but in a beg society and a bitter Britain.

I want to say a few words about the British-Irish Parliamentary Assembly. It was set up more than 20 years ago to help improve east-west relationships between politicians in Ireland and the UK. Its membership extends to the devolved Governments of Wales, Northern Ireland and Scotland, as well as to the Isle of Man, Jersey and Guernsey. It has achieved its aim of improving relationships between the political classes. Politicians as diverse as Arthur Morgan from Sinn Fein—a former Teachda Dala—and the former Conservative MP Michael Mates have been listened to with respect by all sides of the assembly, which meets once a year in the UK and once a year in Ireland.

The assembly has four committees that look at various aspects of UK-Ireland issues. Committee D, which is ably chaired by my friend Lord Dubs has twice looked at the issue of the Irish in Britain, including at our most recent report last year. One of its strongest recommendations to both the Irish and British Governments was not to see the Irish community in Britain as an option for easy cuts. Those cautionary words were immediately welcomed by the Irish community. The Federation of Irish Societies chief executive, Jennie McShannon, said:

> "If the better off are uncertain for the future; the less well off have cause to be fearful. I am certain that recovery will not be accelerated by ignoring the needs of those most in need of help. Even in a tough climate, hard-won progress on equalities cannot be lost."

Fabian Hamilton (Leeds North East) (Lab): I congratulate my hon. Friend on securing this extremely important debate at a timely period in our Parliament. Unfortunately, I cannot claim to have any Irish ancestry. Does he agree that the Irish experience in Britain has sometimes equalled the Jewish experience? Secondly, and more importantly, will he pay tribute to those organisations that make such a contribution to the welfare of Irish people in Britain, such as Leeds Irish Health and Homes, the Leeds Irish community and Irish centre, and many other organisations of a similar ilk up and down the country?

Chris Ruane: I share my hon. Friend's concerns about how the Irish were treated in the UK many years ago. Over the past 20 or 30 years, that has been put right. I pay tribute to the work of the organisations he mentioned in Leeds and across the UK to bring the Irish together and protect Irish communities.

What assurance can the Government offer to vulnerable groups that the axe will not fall unfairly on their heads and that the dignity of minorities will continue to be recognised and respected? The reports I have mentioned highlighted the specific health needs of the elderly Irish. My father's generation, which helped to rebuild this country out of the ruins of war, helped to staff the hospitals and the NHS. That generation is now elderly and in need of help themselves. Does the Minister agree that elders in our big society should be valued and protected, that all available means should be employed to identify and measure the disadvantage faced by specific groups, and that steps should be taken to provide a remedy?

Our recent report also recognised the role played by Irish centres in the cultural and social care needs of local communities. Given the importance of the flagship Irish cultural centre in Hammersmith, the assembly accepted our recommendations and considered that the threat of closure that has resulted from the council's decision to terminate the lease and put the premises on the market represents a tragic blow to the Irish community not just in Hammersmith, but across the whole of the UK.

Mr Andy Slaughter (Hammersmith) (Lab): I thank my hon. Friend not only for securing the debate and his comments about the Irish cultural centre, but for everything that the all-party group—along with the embassy, the Irish Government and the Irish community—is doing to try to save that centre, because it is valued internationally and nationally. It is a terrible shame that the Conservative council is holding the centre to ransom and demanding £2 million. If it does not get that money, it will sell the centre to a property developer. I ask all hon. Members who are here, including the Minister, to join the "Wear your hearts for Irish arts" campaign and save the Irish cultural centre in Hammersmith, which is doing something for our country, not just for my constituency.

Chris Ruane: I concur entirely with my hon. Friend. Hammersmith is known for promoting Irish talent and encouraging Irish philanthropy throughout the whole of the UK.

The fact that cross-generational talents have been harnessed and closer relations with local business developed shows the potential of the community as a long-term investment in the development of community and community values. We are talking about the big society in action. Does the Minister agree that local councils have a responsibility to the community in all its diversity, and that all parties should in good faith work together to find a viable solution for Hammersmith and all other centres under threat?

Our report on the Irish in Britain recognised the need to make sure that there is a full and accurate count of the number of Irish in Britain through the national census. We campaigned for a national tick box for the Irish, and I give full credit to the Federation of Irish Societies, which launched a public awareness campaign in the build-up to the 2011 national census to tackle persistent undercounting of the Irish community. It did so with the full co-operation of parliamentarians from all parties in both Houses. In fact, the launch of the campaign took place just 20 yards away from here in the Jubilee Room last year. The ethnicity box on the 2011 census attempts to make clear that it is about Irish roots and identity, not about someone's passport or place of birth.

Irish community groups campaigned to make the census inclusive and to try to prevent anyone from being excluded. Census statistics inform millions of

decisions made by public authorities and businesses that are trying to meet demand for goods and services, and to distribute resources fairly. An underestimation means that the needs of the weak and vulnerable in our community are overlooked. The assembly agreed that the problems facing the Irish community could not be properly addressed unless they were assessed on the basis of full, reliable data. It called on public authorities in Britain to make it standard practice to keep and monitor data on the Irish as an ethnic community, and for them to use those data to inform policy. What assurances can the Minister offer that the data collected in the course of the census will be analysed thoroughly and that information on all ethnic groups, specifically including the Irish, will be used to inform and direct public policy in the years ahead?

Simon Hughes (Bermondsey and Old Southwark) (LD): Will the hon. Gentleman give way?

Chris Ruane: I give way to the co-chair of the all-party group.

Simon Hughes: Obviously I endorse what the hon. Gentleman said, but may I make a plea through him? I gather that one in 10 census forms have not yet been returned and that people were told that they could return them in six weeks. I make a final plea to the Irish community to do just what he and the campaign called for: ensure that the forms get in. The number of Irish in Britain is currently recorded as around 900,000, but some of us believe that the realistic figure is more like 2 million than just under 1 million.

Chris Ruane: I concur entirely with the right hon. Gentleman. The 10% of people who have not registered are likely to be the most poor and vulnerable, many of whom are illiterate or semi-literate. It is incumbent on the Government to find out exactly who those people are and to make sure that they are registered so that they receive the services that they deserve.

I shall conclude so that the Minister has time to respond. We of Irish heritage are proud of our community and believe in pulling our weight—I have lots of it. The recognition of the Irish in Britain extends beyond the collection and use of census data. A strong and confident community organisation has benefits for all. Groups such as the Federation of Irish Societies are already working in partnership with the Irish Government on their global emigrant strategy.

The term "the forgotten Irish" has great resonance within the Irish community in the UK. I feel that their contribution to the rebuilding of the UK after the war and to the successful establishment of the NHS has been unsung and under-recognised. Their story has largely been untold. Perhaps that was because of their reticence within the community and a natural rural shyness, or perhaps it is because there was not a willing audience to listen. My father had only one picture taken in his time over here, which was at his wedding, and he was not too happy with that.

Simon Hughes: With the picture or the wedding?

Chris Ruane: With the picture—cheeky!

Many of the memories of the forgotten Irish were not committed to film, or to video or audio recording. The chance to capture their memories is fast fading as many die off. The Irish TV station RTE has produced the fascinating series "The Forgotten Irish". What can the Government do to help to promote similar interest on this side of the Irish sea? The BBC and others have taken initiatives to capture the thoughts and memories of the ex-soldiers and key workers of the two world wars, as well as the peacetime triumphs of other key groups within society. Will the Minister consult his colleagues to see whether greater recognition can be given to the contribution of that post-war Irish cohort who did so much to improve this country? As Sir Alfred McAlpine said,

"the contribution of the Irish to the construction industry in the UK was immeasurable".

Where are the statues and plaques to these people who did so much?

A great deal of effort has gone into the report on the Irish in Britain. What assurance can the Minister give that his Government value the contribution of the Irish in Britain? Will he undertake to study the recommendations of the British-Irish Parliamentary Assembly and address its concerns, and will he agree to meet a small delegation representing the Irish in Britain to take this agenda forward?

11.18 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): It is a pleasure to serve under your chairmanship this morning, Mr Robertson, and to have the opportunity to respond to what is an important debate. I congratulate the hon. Member for Vale of Clwyd (Chris Ruane) on giving me the opportunity to do that and, on the way, to establish why some of the questions he has asked are rather difficult to answer. He very properly drew attention to his own mixed heritage and the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) and others spoke in the same vein. Until somebody tests my DNA, I do not think I have any Irish in me, but it would be surprising if there were not some somewhere in there. One of the realities of Britain—which we should glory in rather than be embarrassed about—is that we are all mongrels in our heritage and culture, and we rightly value and treasure that. I thank the all-party group for the work it does in ensuring that the two Houses of Parliament and the Government are kept fully apprised of the concerns and the needs of the Irish community. We welcome the British-Irish Parliamentary Assembly report and the work of the all-party group in Westminster on behalf of the Irish community.

The report makes some interesting observations. I want to pick up three themes, each of which the hon. Member for Vale of Clwyd also brought into his discourse. Time will be short: if I leave out points, I hope that he will remind me afterwards. I will be happy to respond more fully to some of his more arcane points.

I thank the hon. Gentleman for his generosity in acknowledging that the coalition Government have continued to invest energy in securing a full, comprehensive and successful resolution of the difficulties in Northern Ireland. I share his condemnation of the incidents and the murder, which are obviously designed to disrupt that process. I am sure that all parties share an utter determination to ensure that attempts at disruption are unsuccessful.

The hon. Gentleman rightly drew attention to the importance of delivering services to the Irish Traveller community, which is one of my personal ministerial

[Andrew Stunell]

responsibilities. Both I and the Secretary of State have made it clear that this problem must be dealt with. The indicators for Gypsies and Travellers—including Irish Travellers—are not good. With regard to education, there are currently 4,000 Travellers of Irish heritage registered in English primary, secondary and special schools. They are, unfortunately, among the lowest-achieving pupil groups at every key stage of education. At key stage 2, just over 26% of Travellers of Irish heritage achieve level 4, compared to the 73.5% of all pupils. At key stage 4, 21.8% of Travellers of Irish heritage achieve five or more A* to C GCSE grades, compared to the national average of 54.8%—less than half the level of achievement.

As the hon. Gentleman rightly pointed out, there is a strong link between deprivation and under-achievement. Some 43% of all pupils registered as Gypsy, Roma or Irish Traveller are eligible for free school meals—an indication of the deprivation that so many of those households suffer.

Mr Slaughter: With other members of the all-party group for Gypsy Roma Travellers, I had the opportunity to visit Dale Farm last Thursday. The Minister will be aware, because of his responsibility, of the particular problems of Dale Farm. Ignoring the legal and other history, will he acknowledge that in relation to Dale Farm, mass eviction is not the answer? Will he meet members of the all-party group to discuss other ways to resolve the issues there, without contemplating perhaps the largest ever eviction of a Gypsy and Traveller community, most of whom are Irish Travellers?

Andrew Stunell: The hon. Gentleman tempts me to use my remaining six minutes on an issue that is not at the core of this debate. Of course, I would be happy to meet the group to discuss matters of mutual interest, whenever it is appropriate.

I spoke about the educational disadvantages facing Irish Travellers. Health indicators are also bad: 22% of Gypsies and 34% of Travellers report asthma or chest pain, compared to 5% and 22% of the general population. There is a national health inclusion programme designed to reach those people. The hon. Member for Hammersmith (Mr Slaughter) made the point about accommodation. Of course, there is a statutory requirement for local authorities to assess Gypsy and Traveller accommodation needs. The Government have secured £60 million of funding, for the comprehensive spending review period, for the provision of new Traveller pitches and the refurbishment of existing ones. Under the new homes bonus scheme, local authorities will be given cash incentives to deliver new homes, which does include new Traveller sites.

I could elaborate on other matters, but I should press on. The Secretary of State has set up a cross-Government ministerial working group to address the inequalities faced by Gypsies and Travellers. I am a member of that group, which has met a number of times. We are looking at addressing the range of issues: educational attainment, health outcomes, employment, access to financial products, and unlawful denial of access to commercial premises. The group's agenda has been set in consultation with members of the Gypsy and Traveller community. We are moving ahead with that, and further information and progress will be reported to the House in due course.

Turning to data collection, I heard the plea from the chairman and the deputy chairman of the all-party group for the census forms to be filled in, with the Irish tickbox used. I am not sure that describing it as the Irish tickbox does it justice. I understand the plea, but I ask the hon. Member for Vale of Clwyd—bearing in mind his introductory remarks—whether he ticked the Irish box, the Welsh box or the British box. The alleged or stated under-recording of the Irish is part of the much broader question of what it means to be British and to be a member of society here. How people self-identify is surely the way to go. The hon. Gentleman can perhaps tell me later whether he ticked the Irish box.

Simon Hughes: The Minister is well known for his support for minority communities and for the disadvantaged. Following the invitation from the hon. Member for Vale of Clwyd (Chris Ruane), is the Minister willing some time in the summer to meet not just the all-party group, but the Irish ambassador, if willing, and the Federation of Irish Societies? It would be very significant for the communities Minister to have a meeting with representatives of the Irish community in Britain.

Andrew Stunell: I am strongly inclined to say yes. However, the Foreign Secretary might have a point of view about that. The Government are willing to meet at the appropriate level; if that is me, I am happy to be that person. I do not want to pre-empt the whole of Government on to my shoulders.

I would like to squeeze one point into my last 90 seconds. In introducing the debate, the hon. Member for Vale of Clwyd raised fears that the Government were not focusing properly on ensuring that discrimination was eliminated in our society. I remind him that the public sector equality duty came into force on 5 April. That places a duty on public bodies to consider the needs of all the individuals they serve when they are developing policy, in delivering services and in relation to their employees. The Government believe that local providers are best placed to decide which data are needed to inform their local priorities and monitoring. If they choose to do so, they are in a good position.

With regard to the centre in Hammersmith, the Government hope that the parties involved can work together to achieve a satisfactory outcome. However, it is not the job of the Government to intervene in that discussion.

11.30 am

Sitting suspended.

Railway Expansion

2.30 pm

John Pugh (Southport) (LD): It is a pleasure to serve under your chairmanship, Mr Robertson. I want to talk about a number of schemes associated with such places as Colne, Skipton, Bidston, Halton, Burscough, Todmorden, Fleetwood and so on—places that I know flummox *Hansard* reporters, so I will give some clarification on those at a later stage.

I would like to start with a largely unquestioned truth that I think most people will buy into, which is that connectivity between centres of economic activity further stimulates whatever economic growth and activity one gets there. I am also happy to agree with anybody who suggests that growth cannot be stimulated simply through connectivity—by building a railway line or a road. A classic example in the north-west is Skelmersdale, which has an excellent motorway joining it to the rest of the world, but which still has a very poor economic performance.

In the past, in bolder days, it is true that Governments built roads to nowhere and built rail tracks that are not used. Private developers also have a sharper eye for what needs to be done. Normally, however, one connects areas on the assured assumption that people or goods will want to travel along the line of connection. In the beginning of rail, the assumptions that were made were very bold indeed. People built trains out into the wild west in the United States. They built trains through the south American jungle. I have even been on a train through a mountain in Switzerland. I am not sure that the Department for Transport would consider such a project in these days, but certainly people were very bold and imaginative. They even built train services—very good train services, at one stage—to the English coast, although they have curtailed some of those in recent years.

They were all, by and large, high-risk ventures with potentially high returns. Increasingly, as time went on, private developers got less of an appetite for that and the state was expected to shell out more to fund, subsidise and back whatever rail infrastructure was put in place. Of course, with state involvement came a gradual sense of entitlement. People feel entitled to connections, whether by road or by rail. In many parts of the country, where the rail connections have gone, they grumble and have grumbled for many decades since they departed. There is, however, an acceptance by most people that the quality of the connections, whether by rail or road, have something to do with the size of the place and how isolated it is.

In the early days of rail it soon became apparent that they had one very big competitor—roads. Roads are an obvious substitute. Certainly, in the 1940s and 1950s roads were seen as an almost lethal competitor, and so we got what we call, or might be regarded as, a managed contraction—an ill-managed contraction—under the much-defamed Dr Beeching. I say it was ill-managed because all sorts of peculiar things were done. For example, Blackpool was deprived of a railway line simply because not enough people bought tickets in Blackpool. The fact that thousands and thousands of people bought tickets in Glasgow to go to Blackpool and then return did not seem to affect the planning they engaged in then.

We have inherited that structure, which did not necessarily occur for the right reasons and not necessarily on a wholly rational basis. In turn, we have had to pick up the economic consequences that that structure gives us. Since then, clearly, there have been changes. Some changes are favourable to rail development, some not so. Recently we have seen oil prices rise and road congestion become an increasing worry to Governments of whatever persuasion, and we have seen environmental concerns move to the front of the stage. Counter to expectations—it was assumed that rail was in decline—we have seen that, despite prices, an element of overcrowding and occasional poor reliability, rail use has increased dramatically. I saw the first transport plan during the course of the previous Government, and even that predicted a decline in train use that was never fulfilled. People were genuinely surprised—I was on the Transport Committee at the time—to see that trend reverse. It did not just reverse as far as passenger traffic was concerned, but for freight traffic as well.

What has not changed significantly, or has not increased, is what I would call the rail reach—the speed with which trains move around the place and the overall capacity of the system. That is despite lobbying from groups and communities across the country. Normally, such lobbying has not been for anorak-based nostalgia schemes, but for quite modest, sensible, rationally argued enhancements—restoration of linkages, replacement of curves that had been taken out by Beeching and in places where there is clearly some sort of demand, and where a demand case can be made. Those are not demand cases based on nostalgia, but on what people consider to be hard economic realities.

We have to ask the question why. Why, despite the increase in ridership—if I can put it like that—and despite the fact that the rail service has survived relatively intact since the days of Beeching, have we not extended anywhere at all to any great extent? That is something of a puzzle and I have tried to explain why. Several different explanations can be given. One is a belief among hard-edged planners at the Department for Transport that all schemes are necessarily based on sentiment and nostalgia, and not on a dispassionate review of the economic facts. Another explanation—this is clearly a major consideration—is the fact that in rail terms capital works are very expensive so far as signalling is concerned, particularly since privatisation. Signalling has almost become a private monopoly, and it is very hard to get the price down. If there is any kind of plan that involves alteration of signalling, we can expect the figures to increase dramatically beyond expectation.

Another reason why schemes are hard to progress is that unlike roads, the rail planning process is fairly opaque. The fragmented character of the rail industry—with Network Rail providing the track, and train operating companies with relatively short-term leases providing the railway carriages—means that people often work to short-term considerations with limited horizons. The fact that there are a number of players involved—including planning authorities, transport authorities and whoever supports the scheme locally in business terms—means that progressing a rail scheme is no easy matter. Anybody who has been associated with any campaigns of the kind I described at the start of this peroration will know how difficult it is to get all the ducks lined up. One good reason—or one bad reason—why we do not seem to get

[John Pugh]

anything to happen is that we have not actually done anything. All those schemes have remained in the pending tray for as long as I can remember, so all the fear, bias, anxiety and expectation that people have about such schemes remain exactly in place.

Bill Esterson (Sefton Central) (Lab): I am grateful to the hon. Gentleman who represents a neighbouring constituency. He talked about the difficulties of developing new railway schemes. Does he think that it is easier to make more use of the existing network, and what the opportunities are there? There is a scheme in my constituency that he is familiar with—the plan to build a new station in north Maghull. I think that he will go on to talk about the same railway line. That would be a much easier scheme, because that is a development on the existing network. The economic benefits of that should be relatively easy to attain. I wonder what his thoughts are on the cuts that the Government have pushed through, which mean that that scheme and many others on the existing network have gone.

John Pugh: Strangely enough, and I hate to be parochial, I am not completely familiar with the scheme the hon. Gentleman mentions, even though it is close to my constituency. I will say that Governments, and Network Rail in particular, have found it quite easy simply to develop what we have, rather than extend beyond that. Certainly, in discussions I had with Network Rail in the previous Parliament, it was fairly clear that that was the mandate it was being given by Government—to sweat the assets it had, rather than do anything as venturesome as actually building a new track, or putting a new line down anywhere. What the hon. Gentleman suggests is certainly complementary to what I am suggesting, rather than the opposite.

Neil Carmichael (Stroud) (Con): After 13 years in which the Labour Government did not invest properly in infrastructure, I welcome and celebrate the Government delivering £45 million to redouble the Swindon to Kemble line. That is exactly the right kind of decision that will develop our infrastructure for an effective, rebalanced and powerful economy.

John Pugh: I certainly endorse that point, which is similar to that made by the hon. Member for Sefton Central (Bill Esterson), about getting more value and use from the assets that we have.

I would like the Government to be bold just once in a while and to put down a piece of rail that had not previously been there—as happens in other countries—or even to restore a piece of rail. I will talk later about huge schemes such as Crossrail, which are the exception, but all I am pressing for is that the Government advance a small railway scheme—anywhere. At the moment, we have no such practice or history to look at. We know about bypasses and what happens as a result of them, but we have no idea whether restoring the Todmorden, Halton or Burscough curves will involve either the impact that the promoters believe, or some of the costs that the Government fear. We simply have not done anything.

Graham Stringer (Blackley and Broughton) (Lab): The hon. Gentleman makes an interesting case and might be getting to the point that I want to make. Is the real reason why there has been little investment in new lines over the past 30 years or so because of the methodology used for new investment? A terrific amount of investment is going into the railways at the moment, but nearly all of it is for the south-east, because the criteria used are about capacity and overcrowding, not about economic development, which is the point he was making. Does he agree that a rebalancing of the criteria of economic development and of overcrowding is needed because otherwise all the money will go to the south-east?

John Pugh: I heartily endorse that sentiment, as well as the hon. Gentleman's point about methodology. He makes a very good case. However, the Government are in favour of rebalancing the economy, and they accept that one of the ways of doing so is through infrastructure capital projects, particularly on something such as rail. It is sad that really big rail schemes are being progressed in the south yet very little is happening up north, apart from such necessary developments as the Manchester hub.

It is fair presumption that if we want to move people around the country, laying down metal track and then shifting people around in large, uncomfortable iron boxes need not automatically be seen as the best approach. However, if we took that presumption to its logical conclusion, it would debar any tram schemes, although in places such as Manchester they have been extraordinarily successful. Even if that presumption is in place, it has to be tested, although that rarely happens. It is contested, however, when we come to the really large schemes such as Crossrail, high-speed rail and the Thames Gateway, on which the Government seem to be prepared to proceed—most hon. Members would support that.

To be fair, the Government have looked at the area I am speaking about: restoring curves. During the passage of railways legislation under the previous Government, Tony McNulty, the then Transport Minister, let it slip that the Department for Transport was looking closely at some of the schemes to see if they had any value. The Government were taking the folders out of the cupboard, dusting them down and seeing what worked and what did not. However, since that inadvertent confession of what the Government were up to, none of the research has seen the light of day, as far as I know. There is a presumption against such development, and that presumption is not argued but insidious. It was actually contested just before the general election by my hon. Friend the Member for Lewes (Norman Baker), who is now Under-Secretary of State for Transport. He expressed his support for a range of smaller schemes, some of which I have mentioned already.

Being completely fair, there is evidence that rail travel is more expensive than it looks, given that it has a hidden public subsidy, as the Minister will no doubt say at some point. However, there is rather less evidence than there used to be that empty carriages are being carried around unnecessarily. I remember the right hon. Member for Edinburgh South West (Mr Darling), during his short spell as Secretary of State for Transport, calming things down by suggesting that he was going to contract the network further because parts of it were

full of carriages of fresh air. No one is saying that any more. However, a man would never lose money by betting against the Department for Transport's dismal projections on rail use. I recently looked at some statistics that demonstrated that even branch lines, which are one of the archaic aspects of our structure, are showing increased use.

There is a case that needs to be answered. Many hon. Members during their time in Parliament make cases for specific schemes, but what happens when we question the institutional inertia on the topic and when rational people bring forward considerations? Whether or not it is because of the methodology used, which the hon. Member for Blackley and Broughton (Graham Stringer) mentioned, hurdles get put in place.

In the past, the Department for Transport has asked me for a business case. Sensibly, I have asked what needs to go into a business case, but the Department is completely incapable of telling me, so I do not know what a good business case should look like. There simply has never been a good business case for a project such as I am suggesting that has been accepted by the Department. Demand studies have been carried out, but they are not so much optimised as—if this is a word—pessimised. People always assume the worst-case scenario, and that if the track is laid and the trains are built, no one will use them. Prices, however, are always maximised, without any indication of how competitive they are by international standards. I point out again that if we had adopted the same approach for trams that we have for small-scale railway infrastructure development, we would never have got a tram scheme off the ground.

If the Department for Transport puts in place the demand and the business case hurdles yet enthusiasm is still not dimmed, it is normally then suggested that the obvious way to promote the scheme would be under some local funding solution. However, there is always an underestimate of what a hard ask that is. Promoters of any substantial scheme would certainly have to talk to local councils to get them lined up, as well as dealing with passenger transport authorities and regional development authorities, when there were such organisations. All such organisations, by and large, have erratic, on-off funding streams. Their strategies have been revised over recent years and then changed again. The demands made of them have also changed, and even the labels of the organisations have changed, given that PTAs became integrated transport authorities. They are subject to changing mandates and central directives, some of which come from the Department for Transport. The promoters are then expected to pull all those organisations together and to work with national bodies such as Network Rail, which are also subject to prescriptions from the Government and the Office of Rail Regulation. Granted, Network Rail is more approachable than the disaster that was Railtrack, but it is still hard to deal with it. Had doing so been easier, we would have got to the yes-or-no stage for a scheme before now. What actually happens is that most schemes exist in limbo—they are simply around; neither in nor out, and neither done nor not done. Periodically, there are outbursts of activity in connection with them, but nothing that would represent substantial progress.

We can ask whether that is a problem, because no progress means that no money is spent, which means that no money is lost. People have a horror of losing money on railway schemes—of spending money futilely. We can look with equanimity on an unused road, but an unused railway is a different proposition. However, I agree with the hon. Member for Blackley and Broughton that this does matter. If any such schemes represent economic opportunities missed, they are largely economic opportunities missed in areas that need them: in the north, and outside the south-east and the London area.

Not to progress such schemes leaves in place a transport structure that, post-Beeching, does not make much sense, would never have been designed like that, and has been vandalised. Investigation of such schemes and why some people are keen advocates of them shows that they were often attempts to deal with a huge transport anomaly in their area. The third reason for requiring clarity is that while schemes remain in limbo, the land is preserved, the track bed is kept, and the aspiration and hope is retained—but for what, if there is no case for implementing them?

Many post-Beeching schemes that are still alive and kicking today are not based on pure nostalgia, and there is normally not a case for never implementing them, but there is also no clarity about when all the boxes for implementing them will be ticked. The situation is strange and Kafka-like, and we cannot get out of it. The Government have been honourable and clear in saying that such schemes are off the books for four years, although I understand that some are an exception, but while they are in that strange transport limbo we may be missing serious economic opportunities that we should investigate to a conclusion.

I want to pick up a point made by the hon. Member for Blackley and Broughton about the London parallel. The Chair of the Select Committee on Transport constantly recites figures—they elude me for the moment—on how much is spent on transport in London compared with elsewhere.

Graham Stringer: Nearly all.

John Pugh: I suggest that the ratio is 10:1, and perhaps an hon. Member will correct me if I am wrong. I speak with some bitterness, because I spent two years discussing the Crossrail Bill. Its Committee stage was one of the longest in the past 50 years, and it was pure endurance, but one could not help being impressed by the scale of what was being attempted, although there were days when one thought there were better uses for one's time. It is an engineering marvel, and will link the bankers of Canary Wharf with their planes at Heathrow. I am not against that, but London is already probably the best connected capital in the world, and it already has a tube and bus network that is the envy of every other city in the UK. I genuinely doubt whether London's contribution to UK plc will be massively affected whether or not we build Crossrail on the most expensive real estate on the planet, with all that is involved. If the bankers of Canary Wharf, like their Venetian counterparts, are forced to take a vaporetto along the Thames, life would not be greatly worse for the nation or the economy.

The Minister of State, Department for Transport (Mrs Theresa Villiers): I cannot help intervening. Does the hon. Gentleman accept that the coalition has embarked on the biggest programme of rail capacity expansion in modern history, which includes significant projects in

[Mrs Theresa Villiers]

the north of England, not just electrification, but most recently the announcement that the Ordsall chord scheme has had the go-ahead? That will provide significant benefits for people living in cities throughout the north of England.

John Pugh: I am not saying that the Government have done nothing. I am saying that, like all Governments previously, they have in the pending tray schemes on which they have reached no rational conclusion or that have not been investigated thoroughly, and many of them are in the north-west. Even taking into account the investment in the north, which I welcome, applaud and wholly support, the proportion of that investment—the Minister may contradict my figures later—compared with the proportion anticipated for London, including Crossrail and the Thames Gateway, does not chime with the general drive to rebalance the economy.

I accept that there is a problem with overcrowding in London. Anyone who travels on the Northern line at certain times of day will testify to that. However, that is largely because London's population is always swelled by the enormous number of people coming here every day by train, not because they cannot do business elsewhere, but because getting into and around London is already quite easy for business purposes. It is not easy absolutely, but it is easy compared with many other places.

Anyone who takes a few cross-country journeys by rail, such as from Reading to Liverpool or somewhere that is not on the London axis, knows how difficult they are. Although there has been investment in the north, we often have regurgitated rolling stock that the south-east does not want or has finished using. The bulk of the new rolling stock is coming to the Thames Gateway and the London area, but in Lancashire—the hon. Member for Blackley and Broughton will agree—we have the most appalling, aged rolling stock rolling up and down the northern line with no immediate improvement in sight. We have not gone as far as I would like in doing something about regional inequality in transport investment. If I transpose in my mind any of the schemes to which I have alluded and imagine them happening in London and the south-east, I conclude that they would take less time.

The Burscough curve is my scheme of first preference. There are two stations, half a mile apart, in a growing, substantial dormitory town. Trains of two major franchises cover two city regions: Merseyside and Preston, as well as central Lancashire. Those two conurbations have been identified as being poorly linked by transport, but linking those two city regions requires only half a mile of track. If that were the case in Southwark, Kensington, Walthamstow, Richmond or the Thames Gateway, I have no doubt that it would have been funded and done years ago. Colleagues may play the game for themselves with their own pet schemes. What is a no-brainer in London is often a half-century campaign elsewhere.

A simple example with which some hon. Members will be familiar is the snarl-up between freight traffic from the docks and passenger transport trains from Liverpool Lime Street station. That went on for a long time, and arose simply because of the failure to put in the Olive Mount chord. It was wholly supported by all the economic interests in the area, and it has now been done, but I genuinely believe that it would not have taken the same length of time had it occurred at Felixstowe, near Tilbury or elsewhere in the south-east.

I am encouraged by the pre-election support of the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes for smaller schemes. I am heartened by the Secretary of State's view that even in times of austerity it is sensible to sustain capital investment in transport, and that is what the Government are doing. I am restrained by due and proper caution with regard to some of the schemes, their costs and so on, but we can all travel in hope and never arrive. The Department can set out clearly what it can achieve, or it can simply wash its hands of the matter and put it down to local decision making. I have given reasons why that is not the best outcome.

I want to address the real problem of institutional inertia. We would never have found out that passengers do not suffocate in railway tunnels had we not sent passengers through them—that should not be done in an uncontrolled way, but we certainly managed to find out what happens. We do not know what happens if a scheme such as that at Todmorden progresses, because such schemes do not progress; they remain static. We will never find out whether restoring curves make sense, unless we restore them. That should not be done randomly, and I suggest that the Department rescues its paperwork on curves and their restoration, and prioritises its projects using criteria that can be understood. We must learn lessons by actually carrying out a project and make something happen.

We must also consider other alternatives. There is a long historic link between housing development, which the country sorely needs, and rail development. Housing development often provides a subsidy for rail development. A few years ago I attended a reception—other hon. Members may also have been there—at which the Kilbride Group promoted what it was doing for railway development in the south-west. That was linked to a major housing development, and a similar aspect of housing subsidy could creep into a project such as the Burscough curves. I am aware of the role played by that group and of the possibilities elsewhere. Given that so many people have banged on about this issue for so long, it would not harm the Department for Transport to invite those with such schemes in mind to some sort of seminar, at which problems and prospects on both sides could be aired.

It would also help enormously for the Department to point to an extra mile of track somewhere, and say why it had or had not worked, and to explain why it appears to be neither physically nor financially possible to put back track in England. That would be one way forward. It does not commit the Government to a single penny but it means that we can discuss the various schemes. A while ago I asked to speak personally to the Minister about the Burscough curves, but I understand that she had other priorities at the time and I lay no blame at her door for that. However, I am not comfortable with the strange, Kafkaesque world in which nothing really happens except that the odd consultant gets paid from time to time. The bizarre anomalies that lead to people supporting various schemes continue, but no final decisions are made. I suggest that there is a more intelligent way to do things.

3.2 pm

Graham Stringer (Blackley and Broughton) (Lab): I came to this debate to listen, rather than to participate, but that was such an interesting speech and I would like to make three simple points. I congratulate the hon. Member for Southport (John Pugh) on securing this important debate. He made an excellent speech with many important points.

My first point is a bit of a boast. It might come as a surprise to the hon. Gentleman to know that, when I was chair of Manchester airport, I was responsible for creating two new railway lines in the north of England. One was to the south of Manchester airport, and one to the north, and they connected the airport to the main rail network. It was tough getting those lines. At the time there was Railtrack—there is much to say about Railtrack and some of the current problems that we have in the railway system of too much money going in and not enough coming out. Turning the railways into a property company was one of the worst mistakes of the 1990s. Having first created a link to the rail network to the north of Manchester airport, we agreed with Railtrack to create a link to the south and the west coast main line. As we reached an agreement, Railtrack withdrew all the funding and Manchester airport had to put in the money. That was a difficult problem.

My second point is to expand on my intervention. If looked at over a period of 10 or 15 years, the amount of money that enters the transport system in the south-east of England and London is unjustifiable on a national basis, given that we are one country with huge regional disparities. Some statistics are worth quoting. The overrun of costs on the Jubilee line extension came to more than the total investment in rail and transport in the rest of England over the 18 months that it took to finish that extension. I am not talking about the cost of the Jubilee line extension itself, which was built partly to connect south-east London and partly to justify the money spent on the enterprise zone in the docklands. That statistic is an outrageous imbalance, and if we take that example, it is not surprising that we have such regional disparities.

If we add up the public-private partnership, which is sometimes left out of the equation, Thameslink, Crossrail and the investment going into the Olympics and transport into east London, the rest of England is left with only about 4% or 5% of that investment—the figure varies depending on how the sums are done. It is interesting to note that whatever area is looked at, such as education or health, London receives more per capita than the rest of the country, probably for good reasons. Nevertheless, the one block of expenditure where the gap between London and the south-east and the rest of the country has been growing is in transport. Ministers have never been able to justify such disparities—I am not talking specifically about the current Minister; I am referring to those in the previous Government—and to explain why that change took place when the London economy was doing better. That comes back to the methodology used for investment in the capacity of the system in terms of carriages, and for new investment in signalling and tracks.

The arguments based on capacity and overcrowding are not stupid. If people have to sit on top of each other there is a case for making platforms longer and putting on extra coaches. However, if that is the main—or only—criterion, we end up with a final result that means that 90% of investment goes to the south-east. Because that investment is put into transport, which is economically vital and important and helps the economy to grow, more congestion is created. The best way to put that argument is to say that investment is provided to support congestion. As the hon. Member for Southport said, we should not get rid of criteria on overcrowding, but we should balance them up so that investment is also made in places where it will have an economic benefit. That will probably involve a lower cost-benefit ratio than one would get in the south-east, but if we do otherwise, we will create more congestion. As the hon. Gentleman said, London probably has one of the best transport systems of any capital city in the world. It can certainly compare with most, but there is still a lot of congestion because there is an imbalance in the country.

My third point was to compliment the Government—not something I do regularly—on their commitment to High Speed 2. That is a generational project for rail expansion, but it will happen only if all three parties are committed to it. Not long ago, along with other members of the Transport Committee, I questioned Minister after Minister about High Speed 2, and they all gave good reasons for why it was not going to happen. To be fair, the Liberal Democrats have always been in favour of it. The Conservatives came out in favour of it because they thought it was a way of answering the question about capacity in the London airport system and winning the London mayoralty, which was a bad reason, although the outcome was good. The Labour party also came to support High Speed 2, partly because we eventually had a Secretary of State who understood something about transport before he took up his post, which has been unusual over the past 50 years or so. He was committed to High Speed 2, and the Labour party came to support it.

High Speed 2 is vital for the country's future. It is one of the key measures that will rebalance the economy in the way I described. If it does not happen, the economy will become unbalanced in the opposite direction. At some point in the next 10 or 15 years—I cannot give the exact date, and the projections are never that accurate anyway—the west coast main line, even though it is much improved and has extra capacity, will reach full capacity. That is the best case that can be made to doubters in the Conservative and Labour parties. There will have to be extra capacity on the west coast main line at some time, and it might as well come in the form of High Speed 2, which would link this country to the continent and make us feel like the rest of Europe, with excellent train services. That is the basic case for High Speed 2, and it has nothing to do with the environment or getting people off aeroplanes; it is an economic case and it relates to the north of England.

There are two other things I would like to say. If we are going to build extra capacity down the west coast main line, we also have to build extra capacity into the ordinary rail system in the north of England. It is a shame that we have to wait for control period 5 for that increase in capacity to take place, but I hope that it will be there before High Speed 2 happens. The rail system in the north of England—this is another great statistic that I often use—runs on schedules that are slower than they were 130 years ago. The schedules for the trains running between Blackburn and Manchester, between

[Graham Stringer]

Bolton and Manchester and in the rest of the north-west would have shamed Gladstone; they are quite shameful. It takes as long to get from Doncaster to Manchester in round terms—there are a few minutes difference—as it does to get from Doncaster to London, and that illustrates the imbalance in the transport system. By and large, someone can get to London very quickly, but it will take them quite a long time to get anywhere else, and that is true not just in the north of England. We therefore need extra capacity, whether or not that involves electrification. I welcome the commitment to the Ordsall chord. I also hope that we can have the northern hub as soon as possible in control period 5 and that we can really improve the capacity and speed of trains.

I have one final point about high-speed rail. As I said, the case for it is economic. The case for the connection between Birmingham and London is based on capacity. However, High Speed 2 will be a failure if it goes only between London and Birmingham. What is the point of that? It really must go to Manchester and Leeds, and I hope that it will go beyond, to Edinburgh and Glasgow. That will really bring the country together and bring economic benefits to the west and east sides of the country. Although I do not expect this to happen—things have probably gone too far—I would have started building the lines from the north to the south. That is partly because we would have had support for that. I understand why Conservative MPs have done what they have, and they have every right, and the responsibility, to represent their constituents' interests and to oppose what is going on, but I suspect that it would have been much easier politically to start high-speed lines in the north, given the enthusiasm and support for them in Yorkshire, Lancashire, Manchester and Merseyside. I have tilted at many windmills in my political life, however, and that is not one that I will tilt at too much.

If High Speed 2 cannot be started in the north of England, however, there must be a solid commitment as the hybrid Bill dealing with this issue goes through the House that the lines will go at least to Manchester and Leeds, if not further. Those of us who are long enough in the tooth to have been talking about regional disparities in transport for 25 or 30 years remember the commitments given regarding the Channel Tunnel Bill. There were commitments that trains would come through the tunnel and go to cities in the north of England, including Manchester. Those trains were built, and they were in sheds outside Manchester for years before they were scrapped; indeed, every time anyone got on the west coast main line in Manchester, they would have gone past those sheds.

I will support High Speed 2, and I want the Labour party to stay committed to it. However, in keeping the three parties together, which will be a national project that might take 25 or 30 years, there must be an absolutely solid, unbreakable legal commitment to build the line to the north of England and beyond, if possible. I hope that the Minister can respond to those points.

3.16 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I, too, congratulate the hon. Member for Southport (John Pugh), who gave us a macro appreciation of these rail systems, and he obviously speaks with great experience and a degree of frustration. I want to deal with a micro issue that affects my constituency, but I hope that it illustrates some of the points that the hon. Gentleman made about people's frustrations.

First, however, I want to make a couple of general points, prompted by the comments of the hon. Member for Blackley and Broughton (Graham Stringer). I served on a development agency for four years and I was a councillor for 17 years in what was then quoted as Britain's poorest borough. If we had spent the money that we subsequently spent year in, year out on system-built council estates and projects to upskill people on getting the transport link right, the rest would have followed, and we would have saved an immense amount. I want to discuss that in the context of regeneration.

Secondly, I congratulate the Minister and the coalition Government on doing the unexpected. Many of us did not expect what happened in the capital budget round, when so much was made available, particularly to the north-west. I am talking about the electrification of the lines between Liverpool and Manchester and between Preston and Blackpool and about the extra coaches on the west coast main line, which will help to relieve some of the pressure. I know full well that the Minister is determined to get the new contracts right and to have longer contracts so that we can deal with the explosion in the number of customers on the west coast main line. As the hon. Member for Blackley and Broughton said, the Government's support for High Speed 2 is also important.

I should put on the record my total support for the hon. Gentleman's concept that we start from the north and go south. While the home counties have their little difficulties, let us get on with building High Speed 2 from the north. I would start from Glasgow and Edinburgh and prove that we are going to reunite this nation. If we see this project actually happening, that will, of itself, provide the psychological boost that we want in the north and in Scotland. I totally support that concept.

I hope that the Minister does not see this as a north-west conspiracy, although I sometimes wonder what would be wrong with one. However, I want to focus on the town of Fleetwood in my constituency, which has the unenviable record of being one of the largest towns—it has a population of 58,000—without a railway connection. Funnily enough, it was the original end of the west coast main line in the 19th century. We have a Euston hotel because the line ran from Euston station to Fleetwood, where, before the railway managed to get over the Lake district, people got off the railway and got on the boats to get to Scotland. That rail line disappeared with the Beeching axe, as it was known. The four and a half miles of track between Fleetwood and the nearest railway station, Poulton-Le-Fylde, still lie unused. Fleetwood suffered recently when Stena Line pulled the ferry service to Northern Ireland, and the ferry service to the Isle of Man has also gone. To be fair, Fleetwood is at the end of the line for the tram upgrade from Blackpool. That in itself possibly offers some future improvement through getting bigger and faster trams on the line, but in the interim, overruns in the contract have nearly devastated a lot of small family business in Fleetwood; however, at least we are getting near to its end.

The key to Fleetwood's regeneration is the railway line. The Fleetwood master plan states:

"The reinstatement of the line is physically and operationally feasible."

That takes us back to what the hon. Member for Southport said. As other hon. Members have said, some of these schemes are small-scale when compared with what happens in London. The plan continues:

"It would create significant economic and social benefits and a positive impact on the local economy supporting further sustainable growth that is hard to envisage without a rail link."

At the moment, Fleetwood has a tremendous fish processing industry. The bulk of that fish no longer comes from the fishing fleet, which I think is down to two and a half boats, but comes in at night by truck from every other fishing port in Britain down a narrow A road. Even with the freight possibilities, rail could provide momentum to the expansion of an indigenous industry.

I want to illustrate that such a project could be seen as an example of the big society. The Poulton and Wyre Railway Society trust has operated for five years, and I hope the Minister can come and see at some point what it has done to restore Thornton station. It estimates that to reopen the line now would cost £5.5 million, and it hopes to apply for grant funding. I am asking the Minister for support. The trust is negotiating to get the lease for the remaining bit of the line, from Poulton to Fleetwood, to be assigned to it by Network Rail. That would save money, but the dealings with Network Rail have now gone on for more than two years. These are enthusiasts and volunteers, but I must say that the local council, Wyre borough council, supports them. I pay tribute to Councillor Don MacNaughton, who has been remorseless in trying to get this moving, but we seem to have hit an impasse in dealing with all the strands of Network Rail. I would be extremely grateful for any support the Minister could give. She stood beside that track before the general election, so she understands where it goes and the possibilities therein.

I am also interested in hearing from the Minister about the tram-train concept—I have met with a group to discuss that—which operates in Germany and which I understand might be tested in Rotherham. To be fair, that scheme was started under the previous Government. Particularly as Fleetwood is now getting the upgrade of a tram system, such a scheme could provide another solution, albeit a long-term one, for an area that badly needs uplift. I talked about the uplift to the psychology of the north-west from High Speed 2. If work on such a line were started in Fleetwood, that would in itself motivate the people there to realise that they can stay there, bring up their children and run a business, and that they can expect their children to get jobs there. That is the critical nature of the scheme.

In the Association of Train Operating Companies 2009 report, the Fleetwood-Poulton line was fourth from top in terms of cost-benefit when compared with other lines. Such schemes are possible; they do not need the mega-millions and billions that London has. One could argue about that and the justifications for it in different ways. However, we need ministerial support to unlock the connections among Network Rail, the Poulton and Wyre Railway Society and the council, to see if we can provide one more link in the chain that we need across the north-west—I accept what other hon. Members have said—and provide the lift and regeneration we need.

John Pugh: It would seem to anybody listening to the hon. Gentleman expand on his scheme that a very small amount of money is needed to make a very important change. We could almost call it a social experiment, which, if it comes off, we could learn from and apply elsewhere. Does he agree?

Eric Ollerenshaw: I am grateful for that intervention, because the hon. Gentleman puts the possibilities into words better than I can.

The scheme and the enthusiasts are there, and, as the Minister has seen, the track is there bar one mile of it, but I am sure that we can easily borrow a mile of track from some other disused railway. I am asking for some ministerial support for the scheme, particularly in respect of Network Rail, and for another demonstration from the coalition Government that they are committed to the north and to the north-west in particular.

3.25 pm

Duncan Hames (Chippenham) (LD): I add my compliments to those already paid to my hon. Friend the Member for Southport (John Pugh) on securing the debate, and I apologise for missing the early part of his speech. Judging from the part that I caught, however, I am sure that reading his speech in the *Official Report* tomorrow will be instructive.

Given that the debate is about railway expansion and smaller schemes, the Minister will not be surprised that I wish to talk about several smaller schemes in my constituency about which I have spoken before. Although I support investment in the railway and some of the larger schemes that we have heard about this afternoon, part of the point I wish to make is that there are some very small schemes that do not require new infrastructure, nor even a mile of track, that would benefit the rail network. Decisions taken in previous decades have meant that the network has had to do without such schemes. My concern, and I think the concern of my hon. Friend the Member for Southport, is that in the old plans to which we still turn for our railways, we do not have a decision-making structure that is open to embracing such ideas.

The scheme in my constituency and county that I am keen to advocate first and foremost is the TransWilts project. I have been most encouraged for its prospects in the light of the Government's announcement late last year on additional rolling stock. Given the correspondence and meetings that I have had with the Department, however, I have been on something of a rollercoaster about how optimistic I should be. On the day that the statement was made, I asked the Secretary of State if the determination on where the additional rolling stock would go would be entirely dependent on the commercial strength of the operator on any part of the network, or on wider economic benefits. I was told that it would not be exclusively about the commercial strength of the franchisee, but following further scrutiny, it has become apparent that getting additional rolling stock is a very competitive process, not least because of the strained public finances and concerns about the viability of the subsidy to what are termed the regional railways. The rolling stock will have to be paid for somehow, and without a source of support or the willingness to contemplate including these operations within existing

[Duncan Hames]

franchise and support arrangements, it could prove very difficult to get additional rolling stock on to certain services without a franchisee in strong commercial health.

In my case, I am somewhat confident that there will be additional rolling stock on the Cardiff-Portsmouth line, which would address the congested trains on routes in and out of Bath and Bristol. However, it might be rather harder to make the argument—it is probably a much stronger argument from an economic point of view, but it is one that requires time for its case to be proved—for connecting the towns in western Wiltshire with Chippenham and Swindon through a TransWilts service. Given the excellent support that we have from the community rail partnership in Wiltshire and the enthusiasm of at least some of the councillors on Wiltshire council, however, I remain hopeful that between us we will be able to persuade decision makers in the industry about that.

Another long-standing campaign for a small but significant improvement to the railway in my constituency is for the reopening of Corsham station. That seemed very close at hand until around the time of the Hatfield train crash, when something of a retrenchment on the railways led to the withdrawal of plans for services that would have been able to serve Corsham station in a way that current high-speed services cannot. As we no longer have an Oxford-Bristol service passing over that piece of track, the campaign has been very hard to fight. However, moneys have been set aside—through section 106 agreements in relation to the substantial residential development that there has been—for redeveloping that station. We need a more joined-up approach between local government and the funds that it has available in this case, and decision making in the transport sector.

My final example is an extreme case that makes the point about the value that smaller schemes can provide. I am referring to the northern curve at Bradford junction, north of Trowbridge. That is an area where, essentially, tracks heading in three directions meet. At the moment, there is an east-to-south curve and a west-to-south curve. We have a railway line that forks in a Y shape, but traditionally there was a northern curve, which in effect created a triangle at that point. It does not take long to realise the flexibility that that would provide for the diversion of trains. People will know, especially if they travel on a Sunday, as I often do, that there are a lot of engineering works on the Great Western main line, which often mean that trains are not able to travel the full route, such as the one that I take into London from Wiltshire. We might be much better able to deal with that in our rail network if we had the option to divert trains in the way that we could if they were able to travel from Bath and then back up to Chippenham having taken that curve, even if work was being done on the intervening track.

The amount of track that we are talking about is very small. The land is still available for the railway—it has not been developed. I believe that that piece of track was not maintained because of the costs of improving the reliability of the electricity supply to the signalling infrastructure. Now that residential development goes right the way up to the railway line on the eastern side, the costs of improving the electricity infrastructure for that piece of track and the signalling used there would be rather less than they were at the time it was abandoned. I offer that scheme as an example of something that is very small and simple that would not make an enormous difference, but could prove to be of wider benefit to the resilience and flexibility of our rail infrastructure, especially if we are looking to the future following the Government's decisions on electrifying the Great Western line, given the likely need to divert trains during the engineering works that will be required.

Time and again when I sought to make the case for many of these improvements, I found that if they did not make it into the Great Western route utilisation strategy produced under the previous Government, my hopes of being able to make the case for them were much diminished. However, the current Government have made some very enlightened decisions about the railways in the past 12 months that were not envisaged at the time of that strategy, whether we are talking about the decision that has already been made about the high-speed fleet for the Great Western line, the decision about electrifying the route from London beyond Bristol into Wales, and the decision that I referred to earlier about additional rolling stock that could be available for my part of the country. I hope that those hon. Members representing northern constituencies will forgive me for saying that my area is not part of the blessed London network that they have described and we have struggled to secure additional rolling stock under previous decisions. The fact that those recent decisions have been made calls into question some of the assumptions in that strategy, but they still exist and underpin the problems that campaigners encounter when trying to have decisions revisited.

I shall conclude shortly because I want to leave sufficient time for the Front Benchers to respond to the debate. If we really want to support and embrace smaller rail schemes, which can provide excellent value for money if we have a little confidence in the potential of our railways, we will need to loosen the straitjacket that I have described. We need a little more joined-up thinking between local government and the rail sector, more enlightened allocations of funding streams—be they from parking or from economic development—and perhaps even the ability for local authorities to take more of an equity stake so that it is not simply a matter of responding to a begging bowl.

I hope that some of these ideas will give us the ability to break the current cycle. Those of us who are campaigners in Wiltshire find that if we want to make an improvement to our railways, the Department says that local government should be able to promote those schemes, but local government says that operators need to be able to pay for them themselves, and operators then say that they will need support from the Department—a subsidy—if they are to be able to support a scheme. We therefore all go round in circles and progress cannot be made on our railways. I hope that we can build on the early decisions that the Government have taken and take full advantage of all opportunities, and not just those presented by the big projects of which we hear so much.

3.35 pm

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to speak under your chairmanship, Mr Robertson. I, too, congratulate the hon. Member for Southport (John Pugh) on securing the debate, which has been

excellent. Clearly, it raises important matters about smaller rail schemes and how, in many instances, they could benefit local areas by increasing economic prosperity and improving access to the rail network for local communities. I agree with the hon. Gentleman that smaller rail schemes clearly should be considered as we consider how best to deal with expansion on our railway network.

We need to consider all ways of making our railways work in the most economically efficient way. Given that, as my hon. Friend the Member for Blackley and Broughton (Graham Stringer) rightly said, there will be serious capacity issues all over the rail network in the years to come, we need to think about the best ways of expanding the railways for the best value for money, which clearly involves looking at the types of scheme that have been discussed today.

With more and more people wanting to travel by rail, continued investment in increasing rail capacity and expanding the network are vital. With passenger growth expected to increase by up to 50% by 2020, and rail freight expected to grow by 30% during the next decade, substantial changes to the rail network will be needed.

Clearly there has been a great deal of debate in the House and media coverage about larger rail expansion projects such as Crossrail and Thameslink, the electrification schemes in Wales and the north-west, and the ongoing discussions about high-speed rail. Those projects will clearly attract the lion's share of transport funding in the future. However, growing demand on the rail network can sometimes be satisfied, as we have heard today, by smaller enhancements, such as lengthening platforms to allow for longer trains or doubling single tracks. The former approach has been taken on some London commuter routes, and the latter is appropriate in rural areas that have become bottlenecks.

Of course, local rail expansion has been made more difficult—particularly given the expectation that these schemes and their business cases will be primarily led by local authorities, integrated transport authorities where they exist, local enterprise partnerships where they exist, and so on—following the comprehensive spending review, which left a 28% cut in local government transport spending. That has implications for the immediate future. Sometimes smaller rail projects will not be the best solution all over the rail network. As we see on an increasing number of routes, peak trains are already at maximum length and no further trains can realistically be added.

I welcome the campaigning work of the hon. Member for Southport and particularly the work that he has done to make the case for the Burscough curve, which will help to revive the disused electric track between Ormskirk and Burscough, thus bringing links to Southport. He must have found it a bit disheartening that the present Government in effect slapped a four-year ban on funding such projects, as he discussed in his speech. However, he is to be congratulated on showing the determination to find alternative sources of funding for the scheme, which will certainly benefit his constituents. I wish him well with that.

As many of us in the room are north-west MPs—the exceptions are the hon. Member for Chippenham (Duncan Hames), the Minister and her parliamentary private secretary, the hon. Member for Elmet and Rothwell (Alec Shelbrooke)—I agree with the hon. Member for Lancaster and Fleetwood (Eric Ollerenshaw) that people could mistakenly think that this is a north-west conspiracy. However, he knows that there is a great deal of rail congestion in the whole of our region, and many commentators have said that smaller schemes, many of which make up elements of what is called the northern hub, are key components in improving rail services across the north of England.

One ambition of the northern hub project is to increase train services in the north by 40% during the next 20 years, including for cities such as Newcastle, Liverpool, Manchester, Leeds and Sheffield. That would mean 700 more trains a day, which would make it possible for 3.5 million more passengers to travel by train each year. The estimated wider economic impact of the project is significant as it involves the creation of 23,000 jobs and a return of £4 for every £1 that is spent.

Although I welcome the recent announcement on the Ordsall curve, it has been frustrating for those of us who believe in the northern hub project that the Government have not yet made a firm commitment about when work on that worthwhile and economically beneficial project will begin. That would be a good starting point. I hope that any approval will not be piecemeal, however, because we need to take the northern hub project as a whole. I welcome the fact that the Ordsall curve will link Manchester Piccadilly and Manchester Victoria stations by the end of 2016, but that is only one aspect of the northern hub scheme. There is no Government commitment to the entire programme, so I ask the Minister to give a firm commitment that the project will be included in the next Network Rail control period.

Labour clearly remains committed to dealing with overcrowding and capacity problems on the network, and to considering how best to use further rail expansion to do so in the most cost-effective way. However, rail expansion and investment decisions can have a real impact on regional growth, and may help to perpetuate a cycle of increasing disparity of wealth between regions. Such decisions will be all the more important in the light of the abolition of the regional development agencies.

Smaller rail schemes obviously have beneficial effects in all areas of the country. In a previous debate, I played a parliamentary version of rail Top Trumps with the hon. Member for Chippenham over who had the worst rail service in the country—I think that I won with my example of one train a week in one direction only. However, the hon. Gentleman made a powerful case for extra investment in his constituency. I was disappointed that the Government sneaked out their decision to end all funding for local rail schemes developed by local authorities and integrated transport authorities on the same day that they announced the public consultation on High Speed 2.

Mrs Villiers: Does the hon. Gentleman know of any local authorities or local promoters that complained about that announcement? The fact is that none of those schemes is ready to kick off before April 2012, so they will still be subject to the same three-year consideration for national funding as under the system that we inherited from the Labour Government.

Andrew Gwynne: If that was the case, putting a block on the schemes was a pointless exercise.

[Andrew Gwynne]

The Government's decision means that no central funding will be available for new schemes until April 2015, which will obviously affect schemes such as that in the constituency of the hon. Member for Southport. Why was that decision not included in the announcement about the comprehensive spending review? Such an important decision should have been announced on its own, rather than being overshadowed by an announcement on the same day about the public consultation on high-speed rail. That is a blow to further passenger choice and to economic regeneration.

The Eddington review outlined the significant returns that can result from smaller projects that unblock pinch points, saying that variable infrastructure schemes to support public transport in urban areas are likely to offer the highest returns. A recent report by the Transport Committee clearly identified the way in which the south, and particularly London, has benefited from rail investment, which was a point made eloquently by my hon. Friend the Member for Blackley and Broughton and others. The report also noted that transport investment per head in London and the south-east was three times as much as in other regions of the country. I do not wish to be misrepresented, so I point out that Labour certainly supports investment in London and the south-east, but similar interest should be shown in the needs of the rest of the country, and my hon. Friend made a valid and powerful point in that respect. Some smaller rail projects might be a way to redress the balance, but we will have to wait to see what is included in the next Network Rail control period.

I wonder whether there is a greater role for tram-train, which was mentioned by the hon. Member for Lancaster and Fleetwood. Such services could vastly improve local passenger services—and the passenger experience—by utilising existing infrastructure. It will be interesting to see the success or otherwise of the south Yorkshire trial and to note whether that can be adopted elsewhere.

Hon. Members will know that Labour is undertaking a fundamental review of all its policies, exactly as the Conservatives did when the Prime Minister became leader of his party. We are looking at all areas of policy, and I must tell my hon. Friend the Member for Blackley and Broughton that that includes the question of High Speed 2. I urge him to take part in that because his serious points about capacity on the west coast main line and regional economic disparities should be fed into the process. Whatever the outcome of the policy review, the party will remain committed to assisting the Government to secure the legal powers for High Speed 2 in the hybrid Bill. Like my hon. Friend, I urge the Government to do so for the whole of the Y-shape network, not only the route from London to Birmingham.

Local rail schemes can make an important contribution to solving transport challenges. Many of the points raised today will help to inform the debate. However, as we heard from a number of hon. Members, many local rail projects may be suspended until funding is identified. What the hon. Member for Southport said about building a viable business case was extremely valid, and it is difficult to pursue the process through a vast array of bureaucracy. How will the Government cut through that maze of bureaucracy to bring forward schemes promoted by local partnerships, as described by the hon. Gentleman?

Will the McNulty review make suggestions, and if so what is the Government's view? What further advice does the Minister have for local authorities to get funding for their projects? Will she make a statement about smaller rail schemes such as the Todmorden curve? What work has the Department done to examine the benefits of reopening other disused rail lines? What will happen to the schemes that were in line for funding before the Government's announcement earlier this year? The Southport scheme and others represent a small proportion of the schemes on our rail network, and we hope that those and many others will be given due consideration by the Government for the next control period.

3.48 pm

The Minister of State, Department for Transport (Mrs Theresa Villiers): I join others in congratulating my hon. Friend the Member for Southport (John Pugh) on securing the debate and on his eloquent and articulate speech. All contributions to this good debate have given us an insight into what approach to take on rail expansion, particularly with regard to local schemes. I highlight the fact that my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) is in the room because he also takes a keen interest in local rail services in his constituency and campaigns to improve them.

My hon. Friend the Member for Southport acknowledged that there has been a problem in recent years due to a failure to address the increase in passenger numbers by increasing capacity. To be fair to the previous Government, they started to wake up to the problem, but rather late in the day. However, a significant programme of rail investment is now under way. That is a response to the sort of points that my hon. Friend made about the success of the railways in increasing passenger numbers, as well as about the significant economic and wider regeneration benefits that can be produced by the better connectivity that comes with the railways.

I assure my hon. Friend that there is no presumption against local rail schemes, as he indicated that there might be. He and other hon. Members have highlighted the benefits of local rail expansion, whether by reopening disused lines or providing better or more frequent services on existing track. The Government fully recognise the possible benefit of such schemes. I shall set out what assistance we can give on those and the sources of funding that local authorities might look to. However, it is also important to talk about some of the bigger capacity expansion programmes, because my hon. Friend is right that they are much needed.

Despite the deficit that we inherited, the coalition has placed a priority on capital spending on rail programmes for exactly the sort of reasons that my hon. Friend outlined. We have heard about the major electrification programme in the north-west, including for routes between Liverpool and Manchester, Liverpool and Wigan, and Manchester and Blackpool. As well as benefiting long-distance services, that enables local services to be operated by electric trains, thus providing faster journeys for passengers and releasing diesel carriages for use elsewhere on the network.

New Pendolinos will be added to the west coast main line in the months to come. We have announced plans for the electrification of the Great Western line between London, Newbury, Oxford, Bristol and Cardiff. Long-distance services on both Great Western and the east coast will benefit from the new fleet of intercity express programme trains. Line improvements are also going on for the east coast. A major redevelopment at Reading station will benefit railway users right across the south-west of England and south Wales. The long-awaited upgrade of the London underground has been secured. Crossrail and Thameslink are under way and will provide a major boost for public transport capacity in London and the south-east. Funding has been secured for the whole of the CP4 programme of capacity enhancements. More than 2,000 new carriages will be introduced on to the network across the country by May 2019, around 1,800 of which will be additional capacity. That will include 650 extra carriages by May 2014.

We are also consulting on our plans to deliver a Y-shaped high-speed rail network connecting London, Birmingham, Manchester and Leeds. I am grateful for the graciously expressed support of the hon. Member for Blackley and Broughton (Graham Stringer). I assure him of our absolute commitment that the line will go to Manchester and Leeds, because we believe that will not only provide the vital uplift in capacity that he rightly highlights is needed on the west coast and east coast routes, but help to meet the ambition to rebalance the economy and close the prosperity gap between north and south. Our programme of rail and transport improvements includes significant investment in the north. When taking decisions about which investments to make, we of course take on board the wider regeneration issues and our ambition to rebalance the economy, not just the straightforward business case.

Further investment was announced in the Budget, including for the Ordsall curve, which is another important benefit for the whole of the north of England. A second project was the Swindon and Kemble redoubling, which will help to improve local services and resilience on the route to south Wales. The next high level output specification is in preparation, and we will give full consideration to the northern hub. The shadow Minister asked for the Government's commitment to that, but I would be interested to know whether such a commitment is now official Labour party policy—I noticed that he did not specify that.

I welcome the points made by my hon. Friend the Member for Southport about the Burscough curves. I know that he has campaigned for that project for a long time. I emphasise that the key first step to make progress on that is to get support from Lancashire county council and Merseytravel. It is important for local authorities to set priorities on a direct rail link between Ormskirk and Southport, and Southport and Preston. It is for local transport authorities to decide the best way to meet a local transport need.

John Pugh: Several hon. Members have voiced concern —the Minister is helping us a little with it at the moment—about the opaqueness of the procedure for getting these schemes to fruition. It would be helpful if the Department for Transport would give guidance to the campaign groups across the country about the stages through which they must go, the hurdles they must get over, who the groups need to get buy-in from, and who is necessary and who is incidental.

Mrs Villiers: Guidance is published on the Department's website, but officials are always happy to engage with campaign groups and local authorities to help them to navigate something that is not an easy process. When one is talking about significant amounts of taxpayers' money, we need to ensure that care is taken when judging how to deploy it. The Public Accounts Committee and the National Audit Office analyse very astutely whether we are making the right decisions on how money is spent, and that means that business cases have to be considered. My officials will be happy to engage with my hon. Friend on the issue. I will be happy to meet him to discuss the Burscough curves. My officials are heavily engaged with local authorities in the area about the Todmorden curve, which another scheme with considerable local support.

My hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) spoke eloquently about the potential for reopening the Poulton to Fleetwood line. I much enjoyed my visit there. If he is having problems engaging with Network Rail, I will be happy to take that up and to encourage Network Rail to work with the group mentioned by hon. Friend.

In response to my hon. Friend the Member for Chippenham (Duncan Hames) on the TransWilts rail project, I know that the Secretary of State has looked at that recently. Again, if progress is to be made, the first step is to get the support of the local authorities. We want local authorities to be more heavily involved in decisions about rail and we are actively considering how best to bring down the cost of such rail schemes so that it is more viable to deliver the kind of improvements that hon. Members have asked for. We hope that the McNulty review will generate ideas on that point. In addition, we hope that projects such as the Rotherham tram train and the Abbey line tram project will give us an insight into whether light rail can provide a lower-cost alternative for some of the schemes mentioned today.

Sources of funding for such local schemes might include the private sector, if developer contributions are available. The local sustainable transport fund or the regional growth fund are also available. The spending review has provided significant funds for major local transport schemes—£1.5 billion up to 2015. A number of schemes have already been given the go-ahead, including improvements to Leeds station and the extension of the Midland metro. Projects such as Kirkstall Forge and Apperley Bridge are under consideration.

A further funding source is available after a certain period. For projects that are primarily local in nature, we think that it is fair to ask the local authorities to take initial responsibility for getting the scheme up and running, and funding it. We recognise, however, that the railway network needs to adapt to population growth, and we are always prepared to consider the case for reopening disused local lines or the enhancement of local services on existing lines. When a local authority has chosen a rail solution to meet its transport needs, it is appropriate for it to demonstrate its commitment to that solution by taking initial responsibility for revenue funding. Once the service has run for a few years and demonstrated its success, we will then assess it on the same basis as existing franchised services. If the scheme

[Mrs Villiers]

has a good business case, and if the ongoing subsidy required is affordable and can be accommodated within available budgets, we are prepared to consider providing funding at a national level from the departmental rail budget. Schemes would normally be considered for such central funding after three years, but because of the constraints on the budget, we have made it clear that new schemes will not be considered for central funding on that basis until after 2015, although we do not believe that that will have an impact on any existing schemes.

Brown Signs

3.59 pm

Julian Smith (Skipton and Ripon) (Con): It is a pleasure to serve under your chairmanship, Mr Robertson. It is also a pleasure to have secured this debate. I am grateful to the Minister, who I have been corresponding regularly with on the topic of brown signs, for responding to it.

Brown signs, or more specifically white-on-brown signs, might not sound the sexiest or most modern topic for debate in this House, unlike high-speed rail or superfast broadband. Economically, however, brown signs are vital to attract tourists to our key destinations throughout the country. In the UK, 200,000 businesses are dedicated to tourism—

4 pm

Sitting suspended for a Division in the House.

4.14 pm

On resuming—

Julian Smith: Before the Division, I was speaking about the importance of the tourism industry to Britain. It represents £52 billion of our GDP and more than 4% of our jobs, and is one of the fastest growing sectors of our economy. For rural areas, such as the one I represent in north Yorkshire—Skipton and Ripon—tourism is a vital part of the economy, as it is for areas that colleagues here represent.

Chris White (Warwick and Leamington) (Con): I am extremely grateful to my hon. Friend for having secured this debate. In my constituency, we are very proud to host Warwick castle. It is a fantastic tourist attraction, but we have many other, smaller attractions that similarly lack exposure. Does my hon. Friend not agree that, although it is important to have rules that prevent too many signs from being put up, we should be prepared to relax those rules to allow other attractions the necessary promotion—such as brown signs—to boost tourism and support local economies?

Julian Smith: I agree wholeheartedly, and I will come on to that recommendation later. I requested this debate as a result of the many representations that I have received, first as a candidate and then as an MP, largely because of the upgrading of the A1 just north of Ripon. The upgrading has opened up a Pandora's box of brown sign issues. People who had them under the guidance that was in place in the early 2000s are fighting to retain them under the new guidance that came in a few years ago. Newby hall, which is thought to be the real-life Downton abbey, got a big shock a couple of years ago when its sign was removed during an upgrade, and it has had to fight hard for a replacement. It has been waiting several months now for confirmation that it will get a permanent new brown sign. The hall is one of the north of England's most successful visitor attractions and stately homes.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I urge my hon. Friend to urge the Minister not to fall into the trap in which we seem to find ourselves in

Wales, where this issue is devolved. There, McDonald's has a brown sign in Haverford West, but the wonderful Slebech park in my constituency cannot, for some reason, obtain one.

Julian Smith: That is another excellent point, from a colleague who also represents a rural area.

Ripon cathedral, in my constituency, had a brown sign with the old A1, but with the new A1(M) it has to disaggregate its visitors into religious and tourist ones and no longer qualifies for a sign. Lightwater Valley, a theme park near Ripon, has been told that it cannot have a brown sign on an A road directing travellers up the A1(M), just in case cyclists get confused and start to travel up the motorway.

Karl McCartney (Lincoln) (Con): I have written to the Minister on this point. He might know that Lincoln is not a million miles from the A1 either, but it is yet to have any brown signs pointing from that road to the city's plethora of attractions, including its cathedral, the castle, various galleries and the Magna Carta, of which there are not many copies in this country.

Julian Smith: I am sure that travellers down the A1 would visit Yorkshire first, before Lincoln, but my hon. Friend makes a very good point.

Anne Marie Morris (Newton Abbot) (Con): I rise to express my concern that this problem exists not just in rural areas but in coastal towns. If someone were travelling along the A380, they would not know that Newton Abbot, my constituency, existed. Brown signs to highlight the cattle market in St Leonard's tower would be welcome, but they are notable by their absence.

Julian Smith: My hon. Friend makes an excellent point, and again, as long as tourists come through Yorkshire first, I am sure that the Minister will encourage them towards the coasts.

The town of Masham in my constituency has lost six directional signs off the A1(M) and is desperately trying to get a brown sign to replace them. This is a stunning part of the world, with Wallace and Gromit, Wensleydale cheese, James Herriot and the Black Sheep and Theakston's breweries, together with many small inns, hotels and bed and breakfasts.

Local tourism relies largely on the traffic coming from the A1—the soon to be A1(M). Flo Grainger, who leads the "Keep Masham on the Map" campaign and runs the Old Station café, has described the double whammy that businesses in the area have received from both the recession and the Highways Agency policy on brown signs. We have been told time and again that it is just not possible to have a sign for a market town without that town having a specific tourism site that will attract 200,000 visitors a year or 40,000 in a given month. It is not even possible to have a brown sign denoting a well-known area—a generic label—such as the Yorkshire dales or Wensleydale, and yet recent visitor surveys by Welcome to Yorkshire have shown that the top concern of visitors to my constituency, and to north Yorkshire as a whole, is the lack of good signage.

My first question to the Minister is a specific one. Why has the upgrade of the A1(M) forced so many businesses to chase the Highways Agency for clarity on such a vital aspect of their business? Why am I, as their MP, having to hassle the Highways Agency to support the micro-businesses creating the jobs and wealth that we desperately need? The machinery of the Highways Agency and the regulations under which it operates do not seem to be on the same wavelength as the reality on the ground. The A1 upgrade has raised lots of questions about Whitehall's responsiveness to small business and the Government's policy on brown signs.

There are some positive indicators. A recent Department for Culture, Media and Sport tourism policy paper stated that brown signs had come in for a lot of criticism and that the Highways Agency would be asked to work much more closely with the Minister with responsibility for tourism to consider how they can be improved. I urge my hon. Friend the Minister to ensure that he works closely with the Tourism Minister on the issue.

Fundamental issues are at stake. Yet again, Labour's decade of disrespect for the countryside is being demonstrated. Why are rural areas—and, as my hon. Friend the Member for Newton Abbot (Anne Marie Morris) said, coastal areas—subject to the same visitor number rules as our country's major towns and cities? Many tourism attractions in north Yorkshire and the other English rural areas represented by my colleagues here cannot attract a footfall of 200,000 a year or 40,000 in a given month. We must relax the rules and make special exemptions for rural areas. Why cannot our major market towns or areas such as the Yorkshire dales be given signs if they can attract good aggregate visitor numbers? Why can they not be recognised as areas of note? Not every pub or village should get a brown sign, but more judgment should be used for our rural areas. Rural England has lots of quirky, small visitor attractions that will never draw enough visitors for a brown sign, whatever the rules are, but if we could help them with brown signs to the general destination, it would make a major difference.

Brown signs should be seen as an opportunity to draw visitors to an area. A recent letter to me from a Liberal Democrat Minister in the Department for Transport said that brown signs

> "should only be used where they will benefit road users, particularly those seeking a pre-selected destination that might require additional guidance in the latter stages of their journey."

I believe that we should change the raison d'être of brown signs. Between 11% and 16% of visitors to rural areas decide what to do based on chance rather than deciding before they leave home. Seducing people to our major tourist areas should surely be part of the review of how and why we use brown signs. Brown signs should be the passionate signposts to England's green and pleasant land.

The question of how the Highways Agency treats businesses needs addressing. I urge the Minister to set up a much clearer structure within the Highways Agency that involves individuals who understand business and will ensure that applications for brown signs are much shorter, sharper and swifter. The Treasury should also be involved. Tourist businesses are open about the fact that brown signs have value. Relaxing the rules a bit would provide an opportunity for a little income. While our economy remains in intensive care, we need to work with every industry to take immediate action to help. Better brown sign policy would make a difference to the tourist industry.

Will the Minister ask the Highways Agency to address the concerns of my constituents in Ripon, Masham and beyond? Will he ensure that visitor number targets for

[Julian Smith]

brown signs are lowered in rural areas? Will he consider relaxing the regulations, opening them up to include general areas of note and taking a more discretionary approach to the rules on brown signs? Brown signs are a practical and low-cost way for the Department for Transport to assist the Government's growth agenda. I hope that the Minister can assure me that brown signs will be at the top of his in-tray before the summer recess, and that soon thereafter he will join me in Masham for a pint of Theakston or Black Sheep bitter.

4.25 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): It is a pleasure to serve under your chairmanship, Mr Robertson, and to speak in this debate, which affects nearly every constituency in the country. That is why so many hon. Members are here for a half-hour debate. I am conscious that I need to take up my time. I should be okay.

I am a Minister at the Department for Transport, but I have been corresponding with Ministers about this issue since I came here in 2005. I have the wonderful Ashridge management college in my constituency, in the fantastic Ashridge forest. I highlight that because everybody else seems to have highlighted something in their constituency, and it seems apt for me to do so as well. By the way, it is possible to get to Yorkshire, especially north Yorkshire, by going through Hertfordshire, although that is not a sensible thing to do. The reason I corresponded with Ministers about this issue is that brown signs involve a bureaucratic mess. Previous Ministers from various parties have wrestled with the conundrum of how best to inform the public and motorists without causing a hindrance on the road network. I am responsible for strategic road networks, so that is what I will be discussing.

My hon. Friend the Member for Skipton and Ripon (Julian Smith) mentioned the correspondence that he received from my coalition colleague, the Minister with responsibility for local transport, the hon. Member for Lewes (Norman Baker). The Minister was obviously referring to the policy agreed by Ministers in 2003 and inherited by us; the problem has been going on for a considerable time. The letter to my hon. Friend was factually correct when it described the role of a sign. We see the role of a sign in more common-sense terms.

The Department has been engaged for some time in a traffic signs policy review. Believe it or not, it has been going on for years, but it will come to fruition soon, and a report will come to Transport Ministers in May. That is not really what we are discussing today, though; it has more to do with clutter on the roadside and ensuring that our beautiful countryside is not scattered with poles and signs, some of which are completely irrelevant. Some were probably fine post-war, but are not useful at all these days. Different agencies also put up signs on different poles instead of on the same one.

I have been the Minister responsible for the strategic road network for nearly a year now, and during that time I have considered whether the Department for Transport and I as the Minister could issue common-sense guidance to the Highways Agency that could be replicated around the country so that local authorities and businesses could understand exactly what we want from a road sign. If we stick rigidly to the guidance from 2003, we will not get that. We know that to be the case.

Since becoming a Minister, I have had interesting debates with officials, particularly at the Highways Agency, involving the word "why". Why cannot Warwick castle have a sign indicating that it is off the A1? Why, when a huge investment was made in the M1 in Bedfordshire, was no sign for Centre Parcs allowed, when that development was a multi-million-pound project to which people from all over the country will go? I hope that it is successful, but there is no sign for it.

Motorway services companies came to me asking, "Why can't we say what's in our services instead of just saying 'Motorway service station'? Why can't we say, for instance, 'Costa Coffee' or 'McDonald's' or point out the different choices?"

What we have done in the past couple of months is deregulate that. As the Minister with responsibility for deregulation in the Department for Transport, I have started to use, I hope, a common-sense approach. For instance, if someone now drives down a motorway, they should be able to know whether a service station has a—I will get into trouble with all the companies that I do not name—Costa Coffee, Starbucks, Pret a Manger or Marks and Spencer. I have tried very hard to make sure that it is not a case of why we cannot do it; it should be a case of how we can do it, particularly with brown signs.

Colleagues touched on an issue when they said that they have a plethora of different historic places, monuments and facilities in their constituencies. Lincoln is a classic example. I know Lincoln fairly well from my military days. How many brown signs should be put on the road side and the strategic road network to indicate what is in Lincoln? I think that the answer is to have a sign indicating that Lincoln is an historic city. That is the way in which it needs to be done. There is, however, a tradition within the Department, based on previous legislation—civil servants do what they are told based on the legislation and the rules that they are given—which means that the issue is difficult for them, unless we review it carefully and work together.

Colleagues have touched on tourism. I was pleased to receive yesterday a letter from the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Weston-super-Mare (John Penrose), who is responsible for tourism and heritage, reminding me of a meeting we had and of our agreement that the

> "Highways Agency will work with DCMS and other interested parties to ensure its approach best reflects the needs of drivers and gives the industry a helping hand at the same time."

That pragmatic approach is brand new and cross-departmental, and we are working on it. The working group of the Department for Culture, Media and Sport, the Highways Agency and VisitEngland officials is due to meet for the first time on 16 May. We will discuss not how we can restrict, but how we can best promote safe roads, informative signs and tourism throughout the United Kingdom.

I know that I do not speak for the whole nation, because a lot of the powers are devolved, particularly in Wales, as my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) has mentioned. If people are not careful, they will miss

what they are looking to do and advertise something that is not a tourism site, but a straightforward business. There is sometimes a grey area between the two. What constitutes tourism? Is it an area of outstanding natural beauty, a world heritage site, or are we talking about a business that employs lots of people locally and that would like to be promoted by a brown sign? I think that what we will get from the meetings is a definitive position on what the brown sign is. Will it be where we started with the 2003 legislation? No, it will not. It will be a relatively new and pragmatic approach for England, and I hope that the devolved Assemblies and other parts of the country will look carefully at how they opened Pandora's box without thinking through carefully how it could be done.

It is important that we do not just stick to a mantra. I shall quote something that was going to be in my speech. I am not being derogatory in any way to my officials. The speech asked me to mention "TA 93/04 Traffic Signs to Tourist Attractions and Facilities in England—General Introduction". If colleagues want to read that, it is available on the Department website, but it will make them none the wiser—to touch on what has been said—about how we will work better with local businesses and local authorities in particular, so that we do not dictate to them, but work with them.

It will be difficult to balance what should and should not be advertised. I use the word "advertising," but my officials and I are not technically supposed to do that. The legislation needs to be tweaked, so that we can carefully work through what constitutes promoting road safety—in other words, giving people an option to get off nice and early, so that they know where they are going—and what constitutes impulse tourism, which is something that I have done for most of my life, especially since my kids came along. I want to go somewhere and they see somewhere else, but we end up going somewhere completely different. That is what impulse tourism is about. If someone is in one of the beautiful parts of the country represented by colleagues present, that is part and parcel of what goes on.

I was in Cornwall the other day, and for the first time in many years, I was being driven. I went to Cornwall many times on holiday as a young man and when I was in the military and always drove. It is a completely different county if one is being driven, because one can see some completely different things. I saw signs, advertisements and tourist attractions that I did not even know existed when I had visited previously. I had an excellent time. It is about how we manage this. It is a big change, after years of a review of road signage to look at how we make sure that strategic road network signage works.

Colleagues have talked about specific areas. My hon. Friend the Member for Skipton and Ripon was worried about certain aspects of what happened after the road improvement on the A1. That was based on new guidance that was introduced after the initial signs were put in, so when the new road improvements went through, the new criteria were met. I am sure that my hon. Friend was pleased with the road improvements on the A1. If not, I could mention other parts of the A1 north of Newcastle where people are screaming for me to address their part of the world, as is the case in other parts of the country. I accept that, sometimes, if things have been there for several years—many years in some cases—and new road improvements are made, all of a sudden the question is, "Where are my signs?"

I accept that there have been delays, but I hope that issues about particular road signs have been addressed. I am informed that several road signs were removed after the Dishforth to Leeming works were done. In accordance with TD52/04—that is what officials are still working to—the tourist attractions affected were invited to re-apply, apart from Ripon cathedral, which was accepted without re-applying. If there was a delay for Ripon cathedral, I do not understand how that was the case and perhaps my hon. Friend and I can correspond on that again. The cost of re-signing was part of the actual project cost.

I apologise—I have misread. We may need to correspond on what happened with Ripon, because it says here that the Ripon sign had insufficient justification, which is probably what my hon. Friend was alluding to earlier. That does not make any sense to me.

I argue that, if we are talking about tourism and historic sites, a sign on the A64 that reads "Farmer's Cart/York Golf Range" would probably not, these days, fit the criteria of an area of outstanding natural beauty, a world heritage site, or a site such as Ripon cathedral. That is the sort of thing where we have to be careful with the balance.

The numbers game that the Department plays with the legislation is another grey area. If a certain number of people go to Newton Abbot for the races or for the beautiful coastline, why should it be designated as a problem if the numbers are taken from a particularly bad summer? I hope that that does not happen and that the tourism industry does fantastically well, as it has over the Easter weekend. I do not understand why, if we have fixed criteria, one area of outstanding natural beauty is not as great as another simply because the numbers do not go there. A lot of that is to do with the weather and our wonderful climate in this country.

I think that we can work together and that the Highways Agency is learning fast, with the new Administration under a coalition Government, that it is not about why we cannot do something, but about how we can do it. I met my officials this morning to discuss several brown signs that are not in areas represented by any colleagues present, but those issues need to be resolved quickly. There is no logic as to why those signs could not be used.

To sum up, are things being done? Yes, they are. Do I accept that the Highways Agency needs to work more efficiently and be more responsive to local authorities and businesses? Yes, but there are myriad different communication routes to the Highways Agency. I ask colleagues, particularly in local authorities, to try to channel their applications through a single route, if possible. That would make it much easier for the local authority to be supportive of the brown sign of a local business or tourism attraction. Singing from one hymn sheet tends to achieve a more cohesive approach.

Over the next couple of months, I will keep a very close eye on exactly how the Highways Agency responds and how the new working relationship with the Department for Culture, Media and Sport and the Tourism Minister works. If the two Ministers have agreed to work closely together to promote tourism in the United Kingdom, it

[Mike Penning]

is absolutely crucial that the civil servants behind that mechanism listen to what Ministers have been saying and take action.

At the same time—I am going to make a rod for my own back here—if there are individual attractions, areas of outstanding natural beauty, world heritage sites or anything else that colleagues think should have a brown sign, I will be more than happy to listen to delegations of colleagues from across the House to discuss how we can promote the UK. We are coming out of a difficult financial situation that we have inherited. No matter what the Government do with cuts and how careful we are with taxpayers' money, growth is the way forward. Tourism has to be part of that growth and anything that my Department and my officials can do to help to promote growth in tourism will get my backing.

Coroners (Recording of Suicides)

4.41 pm

Mrs Madeleine Moon (Bridgend) (Lab): I look forward to taking part in the debate this afternoon under your excellent, impartial and always fair chairmanship, Mr Robertson. I must admit that I have already had a certain amount of generous time offered to me by the Minister and his team to discuss some of the issues that I wish to raise. However, these matters are of such importance that I want to rehearse them again here, so that the Minister can hear them outside the meeting that he had with me in his Department with Professor Keith Hawton from Oxford university and Professor David Gunnell from Bristol university, both of whom are from departments of suicide studies.

This is a very serious issue. Every suicide is a tragedy for the individual who takes their own life and for their friends, family and community. More than 4,000 people take their lives in this country every year. Only heart disease and lung cancer are responsible for the loss of more years of life. Suicide is the leading cause of death among young men. The figures are shocking, but it is vital that statistics about suicide are recorded accurately in our effort to ensure that fewer people feel that they have to take their own life and fewer people lose a loved one in such a tragic way.

Accurate statistics help academics to understand the causes of suicides and the key groups at risk. They help local and national Government and health care professionals to decide what prevention strategies will work best and where to target resources. Statistics about causes of death including suicide are collected by the Office for National Statistics based on reports submitted by coroners following inquests. As I will explain, the increasing use of narrative verdicts by coroners and the variation of practice between coroners risk undermining the reliability of the statistics that we have and our ability to combat suicide.

Like any cause of death, suicide rates vary by age, gender, background and geographic area. More than any cause of death, the way in which the suicide rate varies across those demographic groups changes over time. Twenty years ago, men aged over 75 had the highest risk of any group, but they now have the lowest. Men aged between 15 and 44 have the highest rate of suicide of any group, but women within that same cohort have the lowest.

External factors can have a dramatic effect on the rate of suicide and can affect different demographics. Economic recession and high unemployment have a particularly striking effect on the suicide rate of working-age men. Different areas have different profiles of suicide victims, and those demographic profiles change over time. A paper by Bristol university's Professor David Gunnell and others published in December concluded that in the past 25 years

"there has been a marked change in the spatial epidemiology of suicide".

Such changes must be accurately recorded if our work to prevent suicide is to be effective. I will return to geographic recording in a moment.

There is also the question of the occurrence of so-called suicide hotspots and suicide clusters, where suicides occur more often than would be expected. Those areas of research can help to have an impact on suicide prevention in specific geographic areas.

University researchers have been able to use statistics to identify trends in suicide methods and increases in the use of a particular method. Professor Keith Hawton of Oxford university has produced work on the use of smaller packets of paracetamol and co-codamol, which reduces the use of those medications in suicides. The fitting of catalytic converters to cars reduced the number of suicides from car exhaust fumes, and the move from coal gas to North sea gas reduced the number of incidents of suicide by gassing. Such an approach does not just reduce the number of suicides by a particular method; it reduces the number of suicides overall because people do not tend to simply move to another method. Tackling and understanding the methods used is very important.

Information about geographic regions and suicide informs Government interventions and where resources need to be targeted to have the best effect. They also help us to understand the nature of suicide itself. However, the reliability of suicide statistics is being undermined by a significant rise in the use of narrative verdicts by coroners. In 2001, 111 deaths were recorded by narrative verdict. By 2009, the number had increased to 3,012.

Narrative verdicts were introduced to the UK as a requirement of article 2 of the European convention on human rights, which includes a duty to investigate and prevent deaths and a duty for the Government to take action to prevent further deaths. Narrative verdicts were intended for fairly limited use. Although they can provide more details about the circumstances of a death, they do not use a standard verdict to express the conclusions. That presents a challenge for coders at the Office for National Statistics, which is responsible for collating coroners' verdicts into usable data. Many deaths given a narrative verdict are likely to have been suicides, but they might not be identified as such by coroners.

The ONS uses international classification of disease rules, so it is not permitted to infer anything from the coroner's narrative verdict. Coroners must use certain key words in their narrative verdicts for them to be properly categorised. Unless there is a clear reference to an intention to cause self-harm, the death must be recorded as accidental by the ONS, regardless of any other information given. Even a narrative verdict that gives a number of details surrounding a death could fail to specify the intention of the deceased.

Let us consider the following hypothetical example, which is used by the ONS to illustrate the problem. I apologise if this description causes distress to anyone, but it is hypothetical. Mr X, after being found hanging in his cell at X youth offenders institution on date X, died on date X at X infirmary. It was a serious omission by X young offenders institution not to have informed X's parents on each occasion that X had self-harmed. The jury's verdict was that X died from hanging, which caused his death. In that example, there is evidence of intent to self-harm because previous instances of self-harm are mentioned in the narrative. However, there is no mention of intent surrounding the initiating act that caused the death. Therefore, the death is classified as "accidental".

The ONS has estimated that such examples could have resulted in the suicide rate being underestimated by at least 6%, which is a third of the target for reducing deaths by suicide established by the last suicide prevention strategy. If the use of narrative verdicts increases, the gap between actual suicides and those reported will rise further, thus making it difficult to estimate any progress that is being made in reducing deaths by suicide.

The Ministry of Justice was unable to provide me with information about the number of narrative verdicts given by each coroner's district. However, narrative verdicts made up around 81% of the verdicts classified as "other verdicts" in MOJ figures in 2009. In one very large district, Birmingham and Solihull, more than 48% of the 962 verdicts were classified as "other", compared to a national average of 13%. In contrast, there were four districts, each one recording dozens of deaths, in which no narrative verdicts were given. Almost a third of coroners' districts used "other verdicts" less than 5% of the time. That is not a criticism of the way that any coroner practises. However, there is clearly a lack of consistency in the way that narrative verdicts are used and therefore in the records that can be collected.

At the root of the problem is the coroner system itself. In 2003, a review of the system concluded that

"the coroner is a law unto himself."

Inquest, which operates a free advice service for bereaved people, has described coroners as operating

"as a fragmented, non-professional assortment of individual coroners who operate with no compulsory training and little accountability."

The system, or the lack thereof, creates a lottery in how deaths are recorded. There is no consistency and no guidance on how narrative verdicts could be presented, so that they could include the information that is required by the ONS. Narrative verdicts vary from a couple of lines to a couple of pages.

The Coroners and Justice Act 2009 contained a provision to create the office of chief coroner. Under that Act, the chief coroner would have responsibility for driving up standards in the system through training, and they would issue guidance and set national standards of service. The performance of the system would be monitored and there would be a consistent way of operating, which is the point most relevant to the debate today. In addition, differences between coroner areas would be kept under review.

The Government have determined that the function of the chief coroner can be carried out by others. I served on the Public Bill Committee for the 2009 Act, and I must say that we need a senior legal officer who oversees the coroner operation and ensures consistency in coroners' courts. That is my preferred option, but a second option is to issue regulations and clear guidance to ensure that all narrative verdicts contain all the necessary information, with clear direction that any narrative verdict must include a statement on the intention, if any, of the person who has died. That would allow the accurate recording of the information that we need.

I want to mention briefly a third option, which is discussed in a paper by Lucy Biddle, a researcher at Bristol university. It is to remove suicides from the coronial system altogether. I will quote briefly from her paper:

"Indeed, suicide requests seem to be more to do with tradition than functional necessity, since their origins relate to when suicide was a crime and the property of those committing the offence was forfeited to the state. The suicide case is a misfit that presents today's coroner with something of a contradiction in practice, since it still hinges around establishing intent and attaching a moral classification to the cause of death."

[Mrs Madeleine Moon]

The primary recommendation of the British Isles suicide research group's report on good practice and changes to court procedure in 2006 was that in non-complex cases, where the facts are not disputed and the family agrees, coroners should be allowed the discretion to process suicides without a public hearing. I hope that the Minister will at least agree to consider that option.

Finally, coroners' offices are part of the judicial system, but they also play a vital role in assisting health services and researchers, so they should be considered as part of our health system, as well as part of our legal system. In the past, the MOJ has perhaps focused too narrowly on the judicial aspect of the coroner system. It has failed to recognise the importance of coroners' work in the health care system and thus failed to ensure that coroners are provided with guidance and training that reflects that role. I hope that we can have a commitment to take a more proactive approach to the issuing of guidance and regulation. Anything that we can do to prevent further tragic deaths from suicide is vital.

4.56 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): Thank you, Mr Robertson, and good afternoon.

I congratulate the hon. Member for Bridgend (Mrs Moon) on securing this debate. I am certainly aware that coroners' use of narrative verdicts at inquests is a subject in which she has taken a keen interest. Indeed, as she mentioned, we have met before to discuss this topic, in her capacity as chairman of the all-party group for suicide and self-harm prevention. I welcome the opportunity that this debate provides to reaffirm the Government's commitment to improving the coroner system for all those who come into contact with it.

The hon. Lady set out the statistics about the number of suicides in the UK. I know that last October she held an Adjournment debate in the main Chamber on suicide, discussing the subject more broadly, when the Minister of State, Department of Health, my hon. Friend the Member for Sutton and Cheam (Paul Burstow), responded and discussed the Government's new suicide prevention strategy.

I want to begin today by setting out the background to the use of narrative verdicts by coroners. Coroners are independent judicial office holders, who are appointed and paid for by local authorities. Except for a few technical areas, the Ministry of Justice has no operational responsibility for coroners and is responsible for coroner law and policy only.

Coroners are required by law to inquire into violent, unnatural or sudden deaths of unknown cause, and into deaths that occur in prison or police custody. When investigating a death, it is the coroner's duty to establish, first, who the deceased was, and secondly, how, when and where they died. At the close of an inquest, coroners are required to return a verdict covering those questions and to certify the verdict in an inquisition.

A suggested list of verdicts that may be returned, commonly referred to as "short-form" verdicts, is contained in the Coroners Rules 1984. These are: natural causes; accident or misadventure; suicide; unlawful killing; lawful killing; industrial disease, or open verdict. An open verdict, of course, is where there is insufficient evidence for any other verdict. I should point out that the standard of proof that needs to be satisfied if the coroner is to return a verdict of suicide is the criminal standard, that is "beyond reasonable doubt". Therefore, suicide can never be presumed and a suicide verdict cannot be based on ambiguous evidence. A verdict of suicide can only be returned if the coroner is satisfied that the death occurred as a result of a deliberate act by the deceased and that in doing so they intended that the consequence would be their own death.

It is also worth bearing in mind that the list of verdicts provided by the Coroners Rules 1984 is not mandatory for coroners to use in all cases. Indeed, the list is only supplied as a suggestion. That is particularly important as inquests are detailed fact-finding exercises that involve the careful discovery and interrogation of facts. It follows that it is sometimes difficult to achieve a tidy reduction of a lengthy consideration of facts into a one-word or two-word verdict.

Before 2004, coroners sometimes found cause to return verdicts that were narrative based. Those were used in cases in which it was not possible to return a short-form verdict because of a series of findings that was not conducive to a single, short-form verdict. That approach was approved in case law. However, in 2004, the House of Lords handed down its judgment in Middleton *v.* Coroner for the Western District of Somerset.

Inquests are the principal way in which we discharge our obligations under article 2 of the European convention on human rights and the judgment in Middleton held that short-form verdicts might not always be adequate to satisfy the requirements of that article. The House of Lords went on to clarify that, in some cases, coroners might need to interpret more broadly the requirements of the Coroners Act 1988 and determine not simply "how", meaning "by what means", a person came by their death, but rather "how", meaning "by what means and in what circumstances." In the light of the Middleton judgment, therefore, coroners are at times bound by case law to return a narrative verdict. That is the reason for such a substantial increase in the use of narrative verdicts since 2004.

I realise, however, that hon. Lady's primary concern is not to suggest that there should be any limit placed on coroners' discretion to return narrative verdicts. Such a suggestion would impede their judicial independence and would be wholly inappropriate. Additionally, I would not like to suggest that the hon. Lady is concerned about the standard of proof that needs to be applied when considering the verdict of suicide.

It is clearly inappropriate to suggest that coroners apply the civil standard of proof to a verdict as serious as suicide. Indeed, it is understandable that coroners might return narrative verdicts for cases where suicide is suspected but cannot be proved. That might be because the deceased was intoxicated at the time of death, or was suffering from depression, and it cannot be proved that they were fully aware of their actions. A coroner would have to consider such issues in the hon. Lady's example of death by hanging in a cell. It is fair to say, therefore, that, arguably, such deaths include some suicidal elements, even if they cannot be deemed as "suicide" at the close of an inquest.

A key concern of the hon. Lady, as I see it, is the effect that the increased use of narrative verdicts might have on the accuracy of mortality statistics, in particular

in deaths that could involve some elements of suicidal intent. That is because, it is argued, some narrative verdicts do not give statisticians enough clear information to indicate whether the event leading to the death was carried out intentionally or accidentally. Statisticians are, understandably, not permitted ever to infer what happened and must use the information provided by the coroner. However, if they cannot derive any intention from the action of the deceased, they must record the death as an accident. I appreciate that that might lead to inaccuracies in national mortality statistics, the associated risk being that local authorities might not be able to identify, procure and provide adequate preventive measures against, for example, suicidal intent.

The hon. Lady went on to say that some coroners are seen as a law unto themselves. I must repeat that they are independent judicial appointments and, as such, they cannot be forced into doing the same thing. It is important to realise that a chief coroner would not have had any powers of coercion in any event. To address such issues, however, I will outline the work on the issue that is currently underway in my Department, in conjunction with the Department of Health, the Office for National Statistics and the Coroners' Society of England and Wales.

My Department has issued guidance to coroners on narrative verdicts in the past. We are currently considering revising that guidance, with a view to highlighting some of the concerns discussed in the debate and elsewhere. In addition, my officials will consider exploring whether any further training can be given to coroners on the use of narrative verdicts. I understand that such training has been given in recent years, but we can certainly look to repeat it. We have no plan for private hearings for suicide inquests—that was a new idea, which I will look at, and I will come back to the hon. Lady on her suggestion.

The Government plan to launch shortly for formal consultation a new strategy for suicide prevention. The plan builds on some of the successful measures of the previous suicide prevention strategy and takes into account the changing demographics within our society and the current economic climate. Development of the new strategy has been supported by leading experts in suicide prevention, including members of the national suicide prevention strategy advisory group under the chairmanship of Professor Louis Appleby. The strategy will set out its high-level objective to deliver a reduced rate of suicide among the general population and improved support to those bereaved or affected by suicide, through a series of shared areas for action and working with other key partners in the public, private and voluntary sectors.

In relation to that, the Office for National Statistics published the latest edition of "Health Statistics Quarterly" in February, which included a short paper, "Narrative verdicts and their impact on mortality statistics in England and Wales". It is interesting to note that, while the paper confirmed that the use of narrative verdicts has increased in recent years, it concluded that that increase has not had a detrimental effect on the Office for National Statistics' mortality statistics. At the same time, however, the paper also cautioned that a continued rise in the use of narrative verdicts could start to affect the accuracy of those statistics.

As I explained when I met the hon. Lady, the Office for National Statistics is reviewing its coding practices, in conjunction with the Coroners' Society, and I will take an interest in that matter. The work has been ongoing and will also feed into any work that might be taken forward on the possible implementation of part 1 of the Coroners and Justice Act 2009. In particular, the Ministry of Justice will look to liaise with the Office for National Statistics on the development of any new coroners' rules and regulations.

I hope that the hon. Lady is therefore somewhat reassured that such an important matter is receiving proper consideration. Finally, I caution that, as the work is taken forward, we must be careful not to impinge on coroners' judicial independence, or to do anything that might prevent them from following established case law.

Question put and agreed to.

5.7 pm

Sitting adjourned.

Westminster Hall

Thursday 28 April 2011

[MR CHARLES WALKER *in the Chair*]

BACKBENCH BUSINESS

Sudan

Motion made, and Question proposed, That the sitting be now adjourned.—(*Bill Wiggin.*)

2.30 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): It is a real pleasure to be speaking under your chairmanship, Mr Walker, and I welcome you to our debate. I also welcome hon. Members attending the debate, given all the influences of this afternoon. I am extremely grateful that they have come to what is, nevertheless, a very important debate. I declare an interest as the chair of the all-party group of parliamentary friends of CAFOD—Catholic Fund for Overseas Development. I want to place on record my sincere thanks to Mr Speaker and the Backbench Business Committee for granting this important debate on the humanitarian and political situation in Sudan.

As hon. Members present at this debate already know, Sudan has recently voted to separate, in a week-long referendum which began on 9 January, and will formally divide on 9 July 2011. Along with the Sudanese people, I was very pleased to welcome the referendum, which is one major step towards completing the comprehensive peace agreement of 2005. After years of civil war, it seemed that finally a peaceful solution would be achieved. Unsurprisingly, however, a number of issues remain unresolved and require our urgent attention. In my view, alongside our international obligation as a guardian of the peace agreement, it is also our moral duty to ensure that a lasting peace is achieved.

In fairness to the Foreign Secretary, his action on Sudan in the run-up to the referendum was clear and constructive. He chaired a special session of the UN Security Council and announced Sudan as a priority for the Foreign Office. That has to be welcomed by all parts of the House. However, success in Sudan is not the final piece in the jigsaw; it is the first piece in a new jigsaw. I am sure that the Government will listen to the arguments put forward today not only by myself, but other hon. Members, and, more importantly, act on them with the urgency that they deserve. The issues are many and require greater detail than I can afford, given the time today. However, I will endeavour to offer an overview of the main causes for concern that the UK could and should act on, and I am sure that other hon. Members present will wish to explore those issues in greater detail.

The fertile and oil-producing border area of Abyei is proving to be a hot-spot of escalating violence and political turmoil. As the Minister will know—I welcome his presence this afternoon—the separate referendum in this part of the region has been stalled. That is because a nomadic tribe, the Misseriya, are now claiming to be residents of that area. Consequently, they are exerting their right to vote in the referendum. That is a serious and intractable problem which is causing civil unrest of grave concern. The UN has also reported that both the armies from the north and south are deploying heavy weapons. What is more, President Bashir has insisted that there can be no decision on the future status of Abyei that excludes the Misseriya. Is that not a clear attempt to influence the outcome of the referendum in favour of the north, which is lacking in the kind of balance that I believe is necessary, and for which I will argue later?

I am sure that the Foreign Office understands those issues. It has previously acknowledged the complexity of the situation that I have described. I note that the Government have also signed a statement, issued by the Troika on 15 March, condemning violence in the area. I welcome very much those interventions, but words need to be backed up. Will the Minister tell us what further steps the UK will take to ensure that this situation is resolved, and that the referendum is carried out with fair representation of the resident Dinka people? Will the Minister outline what support will be given to officials to uphold the ruling of the Permanent Court of Arbitration, which empowers the Dinka people to choose their status in the referendum? I fear that unless the situation is properly addressed, the north will continue to exploit the peace process for greater concessions from the south and, inevitably, the south will fight back.

Another major threat to the peace process is posed by the recent reports of divisions between various factions in the south. I do not wish to add to the rumours that I have heard. However, it would be catastrophic for the peace process if those reported conflicts were to escalate on the eve of independence. There is a clear need for diplomatic assistance and our Government have to make sure that they continue to fulfil their role as one of the guarantors of the peace agreement. I accept absolutely that in that role, the Government have to be more even-handed between north and south than I feel I am able to be in this speech today. I echo the words of the Minister, when he said:

> "It is important to recognise that we need not just to reduce the risks associated with disasters when they happen, but to have much better co-ordination on identifying and preventing risks before they happen".—[*Official Report*, 8 March 2011; Vol. 524, c. 886.]

Will the Minister tell the House what steps he and his colleagues will take to bring those words into fruition and co-ordinate an effective diplomatic mission to resolve the conflict in Abyei, and between the various factions in the south, before it escalates into full-blown civil conflict?

I would now like to draw the Minister's attention to another outstanding issue—the popular consultations, which were due to be held in the South Kordofan and Blue Nile states. Although the consultation process is under way in the Blue Nile, it has yet to begin in South Kordofan, a clear indicator that the north is not taking those marginalised areas of Sudan as seriously as I believe it should. It is perhaps worth recalling the words of American historian Howard Zinn:

> "The memory of oppressed people is one thing that cannot be taken away, and for such people, with such memories, revolt is always an inch below the surface."

Will the Minister acknowledge the potential dangers if the north continues to ignore the demands of its marginalised states? Will he commit to putting added

[Mr Tom Clarke]

pressure on President Bashir meaningfully to uphold the promises in the comprehensive peace agreement for popular consultations to meet the expectations of the Sudanese people in South Kordofan and the Blue Nile?

The Minister will also be aware of another matter which affects all three states previously mentioned and which has yet to be resolved—border demarcation. That highly contentious issue directly affects 10 border states and some 13 million people. As always, these matters are complex. Can the Minister say what he and his colleagues are doing to support the important process of border delineation?

Following the independence of the south, the threat from the hardliners in the north is that sharia law will be more strictly applied and that there will be no place for southerners, especially if they fail to convert to Islam. Compare that with the south, where northerners have already been given guarantees that they are welcome to stay and to continue in whatever is their line of business. Does the Minister agree that Khartoum should be encouraged to adopt a similar attitude? What steps is he taking to ensure that the rights of southerners living in the north, and of northerners living in the south, will be respected?

The national debt, which is approximately $40 billion, is a big issue. South Sudan simply does not have the economic wherewithal to service that financial burden. However, north Sudan has offered to take on all of the country's international debt when the south gains independence in July, requesting that that be in exchange for inclusion in the International Monetary Fund's heavily indebted poor countries initiative. We are aware that our Government intend to cancel the £1 billion of Sudan's debt that is owed to the UK, but when will that happen? What are the implications for the budget of the Department for International Development?

The Minister ought also to be aware of the important role of the Churches in mitigating the effects of conflict and in protecting the rights of citizens, despite the continued attempts by Khartoum to restrict their work. Non-governmental organisations such as CAFOD, which has worked in Sudan since the mid-1970s and has provided those essential links to the Church, have proven effective in dealing with the humanitarian and political crises.

There is much anticipation about the Government's position on the humanitarian emergency response review. I suggest, too, that the Government take on board Lord Ashdown's point of view, which I share, that

"indigenous and faith-based NGOs are often the first to respond, and understand both culture and context".

Based on that shared view, will the Minister continue to support the work of the Churches in Sudan? Many NGOs have asked the Government to define the support to be provided. I welcome the Minister's view on that aspect.

Another major issue is the unfolding humanitarian crisis. More than 190,000 southerners have returned from the north to the south since November 2010. I urge the Government to continue to live up to our responsibility to help the poorest in the world. Currently, the British public are legitimately concerned about cuts, but let that not deter the Government in their resolve to help those who need our attention.

I have covered only a handful of the issues facing Sudan as it approaches a new chapter. I have not even touched on the difficulties of ensuring a fair division of oil revenues or of the terrible threat posed by the Lord's Resistance Army. Of equally great importance, we should never forget the plight of people in Darfur and the devastating human misery and suffering that the violence has caused. While conflict continues in Darfur, peace across the rest of the country is under constant threat. The international community has still to meet that challenge.

I would now like to conclude my speech with some final recommendations and thoughts, as I look forward to the contribution of other hon. Members. South Sudan is one of the most underdeveloped regions on the African continent. The UK special representative for Sudan, Michael Ryder, has recommended that the Government begin to outline a post-CPA framework. Does the Minister have any plans to do so? If so, what kind of action does he envisage the UK Government taking?

DFID's wealth creation strategy could play a significant role in helping south Sudan prosper as it develops. As Ministers draw up their plans, I suggest that they take heed of informed contributions such as CAFOD's "Think Small" report, which outlines the importance of small and medium-sized enterprises, in particular in developing countries where the informal sector is so prevalent.

I take the opportunity to express my support for the principle of country-by-country reporting, which would bring particular benefits to south Sudan. As a new country with significant oil resources, it will be starting from a blank page. Country-by-country reporting is one piece of the jigsaw that could help the people of south Sudan to hold their Government to account and to ensure that wealth is fairly shared. Country-by-country reporting is supported by the Chancellor, who has promised action to take it forward at a European Union level. What will such action look like?

South Sudan has enormous potential as a country, but our support is paramount at this critical time of state formation. So far, the UK Government have played an important supportive role: they must continue to do so. The alternative would be a travesty for the people of Sudan, who are waiting, hoping and praying for the international community to respond, and to respond positively. I called for the debate today because I and many others agree with that plea.

2.47 pm

Tony Baldry (Banbury) (Con): As always, it is a pleasure to follow the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) who, over the years, has contributed insightfully to debates about international development.

My age is such that when I went to school, quite a lot of the atlas was still coloured pink. The Sudan was interesting because it was hatched pink and green to reflect the condominium of Egypt and the United Kingdom over it in the years immediately prior to its independence. The de jure Sudan was left as an uncomfortable nation, with a north that was basically Arab and Muslim, and a south that was essentially African and Christian. The two have effectively been in conflict pretty much ever since.

The referendum that was held was a considerable step forward, as was the south being able to declare that it would become a separate de jure state. However, as the right hon. Gentleman indicated, a number of crucial issues remain outstanding, the most important of which is the question of Abyei, a part of the country that was to have a separate referendum to decide whether to go to the north or to the south. Where should Abyei be? There have been concerns about the intimidation of the local population. Reports in February and March suggested that as many as 25,000 people had been displaced from the region, with other people moving in, so it is extremely difficult to work out who should be the electorate.

The other crucial issue that has not been resolved is how oil revenues will be shared between the north and the south. I do not know whether anyone has analysed how much of the world's oil reserves are in countries of conflict or difficulty, but oil is both a blessing and a curse. It is a blessing in that it may provide great income, but it is a curse if the parties concerned cannot agree how the revenues will be shared. Bearing in mind the length of time that the comprehensive peace agreement has been in place and negotiations have been ongoing, it is a matter of real concern that the north and the south have not yet agreed how to distribute oil revenues, particularly as much of the oil is located geographically in what will become de jure south Sudan.

It is important to emphasise that—through no fault of its own—there is lack of capacity in Juba and the south. Some years ago, when the International Development Committee visited south Sudan, it was striking that this area of the world had apparently been abandoned by many for a long time. We met the then transitional Government of south Sudan, which was mixture of two sorts of people. Those who had been army commanders in the bush and fought in the war against the north—they were referred to as commanders—seemed to hold about half the posts in the Government. The other half of the posts seemed to be held by people who had managed to get out of Sudan. Many of them had come to the UK to do something such as reading chemistry at Bradford, and they had since returned and were making a contribution. Civil society and the structure of governance in Juba, however, are unbelievably thin.

I want to make a suggestion to the Minister. Given that the issues concerning Abyei, oil reserves and so on are so critical, I hope, as with the drafting of the constitution and other matters, that Her Majesty's Government will consider the extent to which it would be possible to help with the process by lending capacity in terms of people and officials, as well as resources, to the south Sudan Government. I never thought that I would suggest sending lawyers somewhere, but this is an instance when there is a requirement for those who are used to drafting treaties, putting things in square brackets, and the whole process of deciding how to negotiate agreements. What has tended to happen is that the leaderships in the north and the south have got together from time to time for a set-piece meeting, usually in Khartoum, but nothing is decided and there is then a long gap. The danger is that the longer the issue continues unresolved, the greater the risk of armed tension, a complete collapse of trust, and friction, with the result that much of what has been achieved will fall apart.

It is right that the people of south Sudan put an enormous amount of trust and hope in the United Kingdom. Perhaps I may share with hon. Members part of a statement entitled "Statement on Behalf of the Episcopal Church of the Sudan to Her Majesty's Government", which is signed on behalf of the Anglican bishops to Sudan by the archbishop, who is also the bishop of the Juba diocese. It states:

> "I would like to take this opportunity to thank Her Majesty's Government for its tremendous commitment to the Sudanese people to date. With millions of pounds in funding through Department for International Development...you have successfully built schools and health facilities; you have fed and treated the most desperate. The Government and the ordinary people of the United Kingdom have advocated and lobbied to the highest level on behalf of"

the people of

> "the Sudan for which we are very grateful. This has all contributed to the greater effort of many that is slowly improving the lives of Sudanese. We can all accept...that the challenges ahead of us remain great."

The statement goes on to outline some of the issues that I have identified, but it is clear that the people of south Sudan are looking, apart from to the African Union, to the United Kingdom to help them through the transitional process. They are of course grateful for funds that the Department for International Development may provide for schools and health facilities, but there is also a fundamental issue of how they get through the next few critical months of governance and deal with drafting a constitution, sorting out the remaining issues of the referendum in Abyei and the oil reserves.

I am glad that many colleagues wish to contribute to the debate, so I shall conclude my remarks to allow them to speak. The resolution of the issues in south Sudan and the creation of a new de jure state in Africa make it almost unarguable that Somaliland should be given the opportunity to have a referendum so that it can decide whether it wishes to remain part of de jure Somalia, or whether it is able to become a de jure state in its own right. The whole House will know that Somaliland is on the boundary of what was formerly the British protectorate of Somalia. It has been a de facto country for some 20 years with its capital in Hargeisa. For a considerable period, the people of Somaliland have wanted to be a de jure state. The African Union has argued that it does not want new countries emerging in Africa, but a new country has emerged in south Sudan, so that argument is no longer sustainable as far as Somaliland is concerned. I hope that, where appropriate, we will be able to support the people of Somaliland to obtain the independence that they want so much.

As the right hon. Member for Coatbridge, Chryston and Bellshill said, these are days of hope for south Sudan, but there are serious obstacles ahead, and if matters in the next few months are not sorted out properly, it will be easy for the whole thing to disintegrate back into mistrust, bloodshed and a serious loss of life.

2.57 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It is a pleasure to speak under your tutelage and chairmanship today, Mr Walker. As others have done, I congratulate the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) on securing this important debate. It has come at an interesting time. There are plenty of distractions, both domestic and international, that might

[Mr Tobias Ellwood]

focus our attention elsewhere. My hon. Friend the Member for Banbury (Tony Baldry) reminds us of our historical links with the country of Sudan, and why we should take a continued interest in what is happening there and in developments as life moves forward.

Sudan is an exceptional country on many counts. It is one of the largest and most geographically diverse countries in Africa, with huge mountain ranges splitting the deserts in the north and the rain forests in the south, and the River Nile splitting the country from east to west. As with many African countries, its borders are a consequence of colonisation, and a product of the deals that settled imperial battles in the 1800s, which created an artificial state where the political differences between the north and the south matched the geographic contrast that I mentioned.

Indeed, from 1924 until its independence in 1956, British policy in Sudan divided the country into two separate territories: the Muslim area in the north, and the Christian area in the south. It is not surprising that, with such a stark cultural, religious, linguistic and economic difference between the north and the south, the country has been beset by conflict. To suggest, however, that we can divide such things and create a polarised view of the country would be misleading. There are over 200 different ethnic groups, each with their traditional beliefs, cultures and histories, and often their own language.

Conflict there has been. The humanitarian crisis has been described by the United Nations as

"one of the worst nightmares in recent history",

and various leaders from across the country are accused of war crimes, including President Omar al-Bashir. The conflict has lasted for decades and the civil war has cost the lives of millions of people. It has driven millions of others from their homes, straining relations with neighbouring countries and squandering millions of dollars of international aid. The conflict is denying the country economic prosperity and, as has been mentioned, Sudan is a rich country. Oil has been mentioned a number of times, but there are also reserves of gold and cotton. All that is being squandered because the civil war is in the way.

The long overdue referendum was held in January and the country has been primed to split, which should happen in July this year. As the right hon. Member for Coatbridge, Chryston and Bellshill said, one area, Abyei, has still to determine where it will sit under the new order. There is a comprehensive peace agreement, but that resounding issue is unsolved. There are some spoilers; a number of organisations and tribal influences and so on are trying to prevent the peace process from reaching fruition.

Where does the border go? That is crucial. Any map showing the oil fields will illustrate the difficulties and the problem. Much of the oil straddles the border or is in the south, but the oil refineries and ports from where the oil is distributed are in the north towards the Red sea. The south produces 80% of the country's oil, but currently receives only 50% of the revenue. The north has recognised the desire of the south to split, but it is no velvet revolution.

The Khartoum Government have a history of using proxy forces to bleed political concessions from the south. The most worrying example of that has already been mentioned and is the Lord's Resistance Army. That Christian fundamentalist group was formed away from Sudan in 1987, and is today led by Joseph Kony. It has no coherent political strategy; it is a bizarre group that draws on religious fundamentalism and urges brutal guerrilla tactics such as cutting off the noses and hands of victims. It claims its members are possessed by spirits, and Kony advises his recruits to smear oil on their chests as a way to protect them from bullets. Its relations with Khartoum are worrying. In the 1990s, Sudan funded and trained the LRA to fight against Ugandan and Sudanese rebels in the south. In 2005, al-Bashir decided to cut links with the group after signing the comprehensive peace agreement. Nevertheless, there are continued reports of LRA activity, and despite official denial of those links, violence in south Sudan persists.

The LRA is not any small group, and it has caught the attention of the United States, which in December 2008 decided to send in the CIA in Operation Lightning Thunder. It was a botched operation that tried to remove the LRA from north-east Africa, and affected not only Sudan, but the Democratic Republic of the Congo and other countries. The operation had an adverse effect because rather than the group being removed, Kony's troops dispersed into the land where they remain today. That epitomises the challenge of this contemporary conflict which involves a non-state militia group whose activities do not recognise any borders or laws. The group numbers less than 1,000 people, but it seeks to destroy the good work that has been done in the peace agreement.

President Obama has called for the LRA to disarm through the Northern Uganda Recovery Act 2009, and that strategy has been advanced. The Americans have taken the issue seriously and put it in statute to help the future of Sudan. The four objectives of the Act passed by the United States Congress are to increase the protection of civilians; to remove Kony from the battlefield; to promote defections, disarmament, demobilisation and reintegration of fighters; and to increase humanitarian access and continued relief.

I would be curious to know whether the Minister believes that the work done by Britain ties in with that done by the United States. The official Government line condemns the actions of the LRA and in February, the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North West Norfolk (Mr Bellingham), stated:

> "We are sparing no effort at all in helping those countries who are on the front line of tackling the LRA, and we are doing all we possibly can to bring its leader to justice in the International Criminal Court as well."—[*Official Report*, 1 February 2011; Vol. 522, c. 724.]

I invite the Minister to update the House on what actions Britain is taking, together with the United States, to tackle that group.

Perhaps I may digress and ask the Minister some further questions about funding for Africa. The amount of aid given to Africa every year is about one tenth of the value of the minerals that are exported out of Africa. Much of that money disappears because there is no accountability or transparency to show where that mineral wealth, and the money paid by countries such as China, Britain and others, actually goes. The statistics on the website of the Department for International

Development state that about £150 million is given to Sudan every year. Will the Minister spell out how that money is accounted for and how transparency is provided? When the coalition Government were formed, I was pleased to hear the announcement that there would be more scrutiny of spending, to ensure that money is spent in a correct and accountable way.

It is important to step up our support. More incidents of violence are occurring in south Sudan, which suggests that force is being used to disrupt the moves towards peace. That level of violence takes place far away from the Democratic Republic of the Congo, which suggests that organisations such as the LRA are receiving patronage from Khartoum or from outside.

As we ponder the consequences of the Arab spring—an opportunity to change things for the better and to sow the seeds of democracy that comes once a generation—we must look at how we can avoid a repeat of what we saw in Iran. Iran had its own revolution where our influence was perhaps not welcome, and we ended up with a regime with which we have not been able to work.

As we focus on Sudan, we must remind ourselves that this is also a once-in-a-generation opportunity and a chance to make a change and introduce a new country to the world. That requires the support of the international community. This rare opportunity that comes once in a generation must be harnessed. The birth of a new and fragile state such as south Sudan needs international support to sow the seeds of democracy and encourage the genesis of economic growth. Most importantly, we must deny insurgents, bandits and violent opportunists the chance to seize power by force. As my hon. Friend the Member for Banbury said, Britain's historical involvement means that we owe it to Sudan to do our part. In the past, we had an historic role in carving out a poorly designed state over a century ago. Let us hope that today we can have a positive influence that might lead to longer lasting peace and prosperity for this new country.

3.9 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I, too, convey my thanks to the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) for securing this debate. During the previous Parliament, I visited Sudan together with Michael Howard and David Steel, both now in the House of Lords. One of the most moving and emotional things that I saw during the course of the previous Parliament was when I spent two days walking through the camps in Darfur and meeting the refugees. I talked to them and saw their living conditions, heard what they and their families had been through and saw the tremendous fear, poverty and appalling brutality that those people had faced for such a long time. At the time, as we see in *Hansard*, many speeches were made about our concern for the situation in Darfur, yet we seemed unable to influence the situation, much to the concern of many hon. Members.

While my colleagues and I were in Darfur, we spoke with the African Union soldiers who were trying to bring some form of policing to the area, and they expressed concerns about the Sudanese authorities' intransigent obstruction of their efforts properly and effectively to supervise things. We took those concerns directly to President Omar al-Bashir when we met him at his presidential palace in Khartoum, and despite all my concerns about what had been happening in Darfur, I was extremely pleased by our meeting. I wish that hon. Members could have seen the conviction and effectiveness with which Michael Howard and David Steel negotiated with President Omar al-Bashir during our meeting. I was extremely pleased that changes were subsequently made, and African Union helicopter flights were allowed at night-time to protect innocent civilians.

On a note of optimism, I am pleased at how the referendum has gone. Given all the problems that the country has suffered over such a long period, it is quite a paradigm shift for it to go through the referendum process. That is something to be encouraged and to be grateful for. I met the Sudanese ambassador before the referendum, and he was sure that the country would split. There was a consensus about that; even before the referendum, everybody realised there was a certain inevitability about the country splitting. Of course, this is an extremely controversial issue, as we have heard from colleagues, and terrible difficulties are involved in any divorce. However, the country has somehow managed to go through the referendum process in a relatively peaceful and stable way, and I very much hope that the Minister will acknowledge the progress that has been made.

When I was in Khartoum, I realised that parts of it are like downtown Beijing because of the tremendous influence of the Chinese. I have never seen so much Chinese lettering anywhere in the world, apart from in China. China is all over the country, with huge investments and a massive influence on the Government. It is a pity that there is so much Chinese influence and so little direct British influence. Many politicians told me that all the products in Sudan were British-made in the '50s and '60s; everything was made in Britain and then exported to Sudan. Now, there are hardly any British products in Sudan; all the products are Chinese imports.

The reason I have come here is to ask the Minister to work with British business to help expand trade with Sudan. I understand that DFID is all about international aid and assistance, but there must be some interaction and co-operation with British industry to help British business export to Sudan and send people there to assist in the country's construction. There should be some form of co-operation and engagement between DFID and British business.

Stephen Pound (Ealing North) (Lab): Before the hon. Gentleman moves on from the extremely pertinent question of Chinese influence, which can be seen not only in southern Sudan, but in many other places, will he share with us his view of what lies behind that activity? What is motivating this extraordinarily frenetic expansion, which is originating in China and flourishing in Africa?

Daniel Kawczynski: If we look at the map of Africa, we see that the greatest Chinese investment is primarily where the oil reserves are. The hon. Gentleman will recognise that the Chinese are keen to invest. There is huge construction of bridges, railways and other infrastructure to extract the minerals and oil that China so desperately needs for its economy.

I have had many meetings with the Sudanese ambassador to the UK at his embassy, and I pay tribute to him, because he is a good and diligent representative of his

[Daniel Kawczynski]

country. I have taken British businesses to see him, and he keeps telling me, "Sudan is open for business with the UK. We are desperate"—to return to the point made by the hon. Gentleman—"to detach ourselves from our over-dependence on China. We need to change our economy's relationships to make sure we interact more with countries in Europe and particularly with the UK." Many Sudanese people see the UK in an extremely positive way, and they have a long-standing friendship and relationship with us.

This is the first time I have heard of the cancellation of the £1 billion debt owed to Britain, which the right hon. Member for Coatbridge, Chryston and Bellshill highlighted. He asked the Minister to clarify when that debt will be cancelled, and I, too, am very much looking forward to hearing the answer. However, this should not just be a matter of saying, "Oh well, let's cancel £1 billion of debt," and we must remember that we are talking about British taxpayers' money. Our country is heavily indebted, and various facilities are being closed in our constituencies, so £1 billion is a huge amount of taxpayers' money to think of simply cancelling.

Rather than just cancelling £1 billion of debt, therefore, I suggest that we negotiate with the Sudanese. We should say that we will cancel a proportion of the debt in exchange for their hiring the services of British manufacturing consultancies or companies, which would go to their country to educate their people, set up production and help them set up factories. There must be a quid pro quo interaction between the British Government and Sudan. We should not simply cancel the debt, but cancel some of it and say that we want the Sudanese to use the money to hire the services of British companies.

Mr Tom Clarke: I hesitate to intervene in such a thoughtful speech, but it is important to register that much of the debt is interest accrued over the years on borrowing that many people at the time considered reckless. Does the hon. Gentleman accept that?

Daniel Kawczynski: The right hon. Gentleman makes a good point, but whether that borrowing was reckless or not, we all take out mortgages, and we normally all have to pay off the debt. Regrettably, some of my constituents have taken out loans that they cannot afford, and I have tried to help them to somehow negotiate their way through those loans. That is difficult, but a contract has been signed. We should show good will to the Sudanese by cancelling some of the debt, but I do not think the right hon. Gentleman would object to our also encouraging them to use some of the resources that would be freed up when they no longer have to pay us interest to engage the services of British engineering and manufacturing consultants in the development and restructuring of their country.

Stephen Pound: I do not want to trespass too much on the hon. Gentleman's generosity of spirit, but, to take up his analogy, nobody would object to paying a mortgage if they got a house out of it. When it comes to debt relief in Africa, however, it is as if the mayor of the town got the house, and the people had to pay the mortgage; that is a much more accurate description. I hope, therefore, that we can unite in praise of the Government, the Minister and DFID for apparently intending to do precisely what my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke) suggested by writing the debt off.

Daniel Kawczynski: I do not want to come across as a Scrooge, and I know how generous the hon. Gentleman is, but a lot of British companies would like to engage and trade with Sudan and do not know how to. DFID has a huge role to play in advertising the opportunities and what is happening in a country, and in ensuring that the Department for Business, Innovation and Skills and British commerce and industry are engaged in helping it to create the prosperity that we desperately need. Sudan will be prosperous long term only through trade, not through aid, as I hope the hon. Gentleman will acknowledge. Sudan is able to become a very wealthy country through increased trade with the UK and to not always be over-dependent on aid.

I served briefly on the Select Committee on International Development in the previous Parliament. We visited many countries in Africa, and one of those visits was to a tiny village on the Ethiopian-Kenyan border. The workers from the non-governmental organisation that had been hired were all French speakers and all the machinery—everything—was Chinese or Japanese. I went to the village to meet the village elders, who said to me, "You know, Mr Kawczynski, we're very grateful to you and the French Government for providing all this wonderful help for our village." I said, "We're not French, we're British". They replied, "Oh, what's Britain got to do with it?" So stripped had DFID become of the British brand—deliberately stripped by Clare Short—that, in many circumstances around the world, there was no linkage at all between the UK and British taxpayers and the good work happening on the ground.

That was a deliberate policy by Clare Short following the scandalous Pergau dam incident, which we all recall, but it went too far. I am very proud and satisfied that British taxpayers are helping the poorest around the world. It is something for which we should all be thankful, but we should not flinch from waving the British flag at the same time and showing how important it is to promote the UK. Can the Minister assure me today that he is engaged directly in helping British commerce to work with Sudan to help to ensure its future prosperity?

3.22 pm

Jo Swinson (East Dunbartonshire) (LD): I congratulate my neighbour, the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke), on securing the debate. I appreciate this opportunity to discuss Sudan. The debate is particularly timely at this critical point following the referendum and before southern Sudan takes statehood in its own right on 9 July. As is often the case with Westminster Hall debates, our discussion has been informed and valuable, and we have heard from people with great experience serving in international development, and with first-hand experience of visiting the country.

I would like to touch on current events and the concerns that most hon. and right hon. Members share about how things are unfolding, as well as on Darfur and human rights in Sudan more generally. As I said,

this is a particularly good time to discuss Sudan, because the referendum on independence for southern Sudan took place in January. Right hon. and hon. Members have discussed the decades of conflict and civil war that destroyed lives entirely needlessly. It was very positive that the referendum could take place and that the result was generally deemed to stand up to scrutiny. The turnout was more than the 60% required and the result had overwhelming support. It was important and right that the UK Government provided support and assistance to enable that process to take place, and it is important that such support continues as southern Sudan takes the steps to becoming a state, and as northern Sudan adjusts to being a smaller country.

Obviously, building a new nation requires significant effort in the creation of new institutions and networks, and the development of civil society. There is a need to ensure that the people are taken along with the process so that, from the start, they hopefully have a Government and state that they trust and have faith in, thus building on the positive result of the referendum and the undoubted enthusiasm that went alongside that. However, there are always dangers, because with such an overwhelming result, expectations can be high. A lot of work will be needed to deliver a stable and successful state that will have strong economic development and growth rates of which we would be envious, although since the financial crisis such rates are obviously far below the double-digit figures that were enjoyed before.

I have read worrying reports about the involvement of civil society, because it is incredibly important that it is well represented and that it has links with the Government. I was concerned to read about the group that has been set up to draft the new constitution to build on the interim one of 2005. It is great that there is a civil society representative, but civil society organisations have petitioned the south Sudanese president about the person appointed as their representative to say that he does not represent civil society, which is a sign that perhaps the joined-up discussions and the involvement of the various players are not proceeding as well as they should. It is important that that should happen so that people can trust the institutions created. After all, getting the constitution right sets the framework for how everything else will follow, so it would be unfortunate if questions remained over it.

The thorny issue of resources has been discussed, and although it was positive that the referendum happened, there will inevitably be really difficult decisions and discussions about how the resources are divided up. The country is rich in oil but, as others have said, that can be a' curse. When countries have such natural resources, there is a strong potential for those resources to create conflict. Sudan produces 500,000 barrels of oil a day. Three quarters of that comes from the south, but the pipelines to get it to market are in the north. There are moves to examine whether pipelines could be built in the south, but it will be years before that will be possible. That means that there has to be a resolution to the resource issue, but it is important that that central issue is managed. I do not know whether the Government can assist the dialogue between north and south to try to get a resolution, but the situation has the potential to create conflict.

While we are talking about dividing things up, the other big question is how the debt will be divided. If the international community found a way to reduce or get rid of Sudan's outstanding international debt, that would be one fewer thing on the new countries' "difficult to resolve" list.

The violence that we saw after the referendum is concerning. Last week alone, 150 people were killed, and the tally since the beginning of the year is 800 people. Obviously, those numbers could be a lot worse, but they are definitely creating huge cause for concern, as others mentioned, particularly around the flash point of Abyei. In a sense, it is a microcosm of the wider conflict—it is where north meets south; it is rich in oil; and it has all the historical rivalries. I was intrigued about water resources, which can often be a source of conflict, particularly in countries where water is not plentiful and access to it is difficult. The main river has two names. It is the Kiir river to the people from the south, and Bahr al-Arab—river of the Arabs—to those from the north, so they are very much putting down a marker that they feel that it is their river.

That particular flashpoint is a real concern. We still have not had the promised referendum. It has been delayed, and now it looks as though there is no prospect of that happening. Is that option still being pursued, or is any discussion taking place about whether it would be possible to take the border through that region? Will it actually be split? There must ultimately be a resolution of that particular issue.

Before I conclude, I would like to turn to Darfur. That ongoing issue has been high on the international agenda—it has been coming and going in waves—since 2003. However, it has been rather overshadowed in the past year by focus on the referendum and the move towards independence for the south. Some 300,000 people died in the conflict in Darfur, while 2.7 million people were displaced, which is equivalent to half the population of Scotland. However, there has been little progress by the Sudanese Government on implementing the recommendations of the African Union high-level panel on Darfur. A renewed effort is needed to get the talks that are being sponsored by the Qataris working. I hope that the Government will ensure that that is in their mind in their discussions about Sudan.

Turning to human rights, there should be credit where it is due. There has been small progress in some areas. The Child Act 2008 will recognise as children those up to the age of 18. The previous test referred to signs of maturity, and there were appalling atrocities against children. While there has been progress on that point, there has not been in other areas of human rights, such as the death penalty and rights for women. The country refused to sign the convention on the elimination of all forms of violence against women, which speaks volumes. There is also restriction on freedom of the media and speech, and people can be detained or arrested just for being a journalist or human rights defender. There are also religious restrictions, particularly in the north, which is something of increasing concern post-independence. There are differences in law for the Christian minority in terms of property rights, and it is also illegal for a Muslim to convert to Christianity. There have been reports that one of the church schools in the north that had 500 pupils is now down to 60 or 70 due to an exodus of many people migrating south. Those who remain are even more of a minority and discrimination against them is likely to heighten. I hope that we are

[Jo Swinson]

making strong representations on all those human rights issues, and I know the UK Government are active in doing so. Last but not least, there is the refusal of President al-Bashir to comply with the arrest warrant of the International Criminal Court.

All those important human rights issues do not necessarily relate directly to the independence referendum and the particular changes in the country, but they are, as is the case for human rights abuses in any country, still matters of grave concern for many hon. Members. The Government must continue to make that issue a priority.

The UK can play a positive role in Sudan by providing technical advice and assistance to support southern Sudan in becoming a new state. We have a lot of experience from assisting the journeys of the countries in eastern Europe. Our aid can be used even more effectively if we ensure that, when possible, local labour is used, because that can contribute to the development of the economy. However, we need to be sensitive about aid. There are still real tensions due to the conflict and the different groupings. We need to take into account the dynamics of the conflict when delivering aid. We can also put diplomatic pressure on the Sudanese Government on issues of human rights, and try to prevent further conflict spreading, as well as resolving the issues of resources.

Apparently, southern Sudan is interested in joining the Commonwealth. That idea might have merit, and could be a further incentive for progress to be made on some of the issues we have outlined. It could also promote a supportive network to make it more likely that the state can be successful and stable. I look forward to the rest of the debate and to the Minister's response.

3.35 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): I welcome the Minister who will reply to the debate and I congratulate the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) on successfully petitioning the Backbench Business Committee for it to take place. With the events occurring in north Africa, the issue of Sudan has been driven from the news headlines. As it is likely to be the first democratic nation spawned by the world since Kosovo in 2008, and the Government are likely to take office on 9 July, this is an important and timely moment for the right hon. Gentleman to secure the debate.

I had the pleasure of visiting north and south Sudan at the time of the referendum. What was particularly pleasing was the absolute joy of the people in south Sudan who voted in the referendum. Their smiles and body language showed their delight at being given the opportunity to vote in a referendum that would secure them a new nation. Their aspirations were huge. The challenge that the international community now faces is to move quickly enough to meet those aspirations. Otherwise I think there will be real trouble.

The referendum and subsequent independence arose out of the comprehensive peace agreement of 2005. The conflict, with 2 million deaths, left the south in an undeveloped and blighted state, one of the poorest nations on earth. I could see that the referendum, though not perfect, was fair and well run, considering the conditions under which it operated, and it resulted in 98.83% of the voters backing the proposal. We now have to move quickly to meet the aspirations of those people. However, there are a number of obstacles facing the new Government, which have been mentioned in the debate. The right hon. Gentleman cited one of the biggest: the oil-rich state of Abyei. Abyei was awarded special administrative status in the comprehensive peace agreement. There was supposed to be a referendum on the region but it has not taken place, due to the difficulties and problems stated by the right hon. Gentleman. It is important that the issue is resolved. Only yesterday, President Bashir reiterated claims that the contested oil-rich region of Abyei belonged to the north. He threatened to wage war on the border state of south Kordofan if the newly independent state of south Sudan opted for confrontation there.

According to reports, a senior official from the President's ruling National Congress party has warned that the north will revoke its recognition of south Sudan's independence, if the latter claims ownership of Abyei in its constitution. In its draft constitution, south Sudan lays claim to Abyei, and that is due to be adopted after the region officially gains independence on 9 July. As can be seen, the issue of Abyei has the potential to derail the whole process. The latest proclamation from the President is particularly unwelcome. It is imperative that the international community facilitates discussions at the earliest possible opportunity to deal with one of the most pressing issues. Elections are due to take place in the north on 2 May. It may be that this matter is being used as an issue of politicking by the President in the north. If that is the case, it is utterly reprehensible, and I hope the President will act with restraint.

Others have mentioned the second real difficulty: oil revenues. The majority of Sudan's wealth, north and south, comes from the oil fields, about 75% of which are sited in the south. The oil then flows through the pipeline to be distilled in the north, where all the distilleries are. It then goes on to be marketed from Port Sudan in the east of the country. Both sides have accepted an oil-sharing agreement over the past five years under which the net oil revenues of the oil produced in the south—I use my words with care—should be shared 50:50. That is where Abyei comes in; if it was to be sited in the north, the south would get none of the oil revenue. It is important that that agreement continues.

Nobody challenged this figure, but it is one of the most important facts that I gained from my visit: up to $12 billion is estimated to have been siphoned off from money that the north has given to the south over the last five years. Did that go on what is ostensibly one of the best-paid and best equipped armies in Africa, or has it merely disappeared? One of the biggest challenges faced by the international community in trying to set up a new nation in the south is the corruption. Aid assistance schemes for dealing with poverty throughout the world are normally short of funds, but potentially there is no shortage of funds here.

The third big obstacle is that of citizenship. I thought that the right hon. Gentleman might have concentrated a little more on it, but I realise that he could not deal with everything and I do not criticise him. There is a problem with southerners living in the north not being granted citizenship of either north or south. Indeed,

will southerners be welcome to continue living in the north? I understand the north's problem: if it gives the southerners citizenship, they will be able to participate in the political process in the north. The solution would appear to be to allow the southerners to continue living in the north in normal peaceful conditions but to grant them southern citizenship. There is a smaller but nevertheless significant problem the opposite way round. Northerners living in the south already have northern citizenship. These problems need to be resolved, but time is not on our side.

My hon. Friend the Member for Banbury (Tony Baldry) made perhaps the most important point. That is the capacity of the new Government to operate. If there are not sufficient skilled people—this is exactly what we are finding in Afghanistan—it will be extremely difficult to get a sustainable and stable Government up and running. When I was in the south, that was cited as a real concern. There are enough people in the north who could help, and the international community will need to put in a great deal of training and infrastructure in that respect.

Others have said that the UK is particularly well respected in both the north and the south. That was one of the things that surprised me most. In a sense, I expected it in the south because of the comprehensive peace agreement, but I did not necessarily expect it in the north, particularly as the President is currently indicted for war crimes. Nevertheless, we should use that respect. After all, we are one of the three signatory nations to the comprehensive peace agreement, we are a permanent member of the Security Council and we are the ex-colonial power. We are therefore beholden—this is why today's debate is so important—to provide every possible assistance, together with the United Nations, and do our utmost to ensure the success of the new nation of the south.

We need to address the future of the United Nations Mission in Sudan—UNMIS—which is due to end with the implementation of the comprehensive peace agreement. However, as I shall demonstrate to the House shortly, the security situation in the south cannot be taken for granted. We need to see some form of extension of UNMIS; we may need another name, but we need an international peace force in southern Sudan. The country will not suddenly become stable in July.

I was disturbed to hear that 55 people were killed in clashes last Saturday between the Sudan People's Liberation Army—the SPLA—and a number of rebel militiamen. The southern Government are already battling with about seven different militia groups. As the hon. Member for East Dunbartonshire (Jo Swinson) said, 800 people have been killed and the UN estimates that 94,000 people have been forced from their homes since January. It is clear that the south remains a fragile state, and international support is critical in order to avert further conflict and humanitarian disaster.

As if that problem were not enough, as others have said there is the problem of the Lord's Resistance Army. The LRA is particularly mobile. It is like a snake; if bits are cut off, it regenerates. Although it is only 200 or 400 strong at the moment, it operates almost freely between the Democratic Republic of the Congo, south Sudan, Chad and the Central African Republic. It has been considerably reduced in size since Kony, its leader, was indicted for war crimes, but it nevertheless has the ability to regenerate quickly. That transnational problem makes it important for the international community to provide help. Helicopters are needed, particularly to provide intelligence of the LRA's activities.

Another source of conflict, which has already been mentioned, is the problem of Darfur. A referendum is about to be held on whether it should be run as two separate states—north and south—or one. I was advised by the Foreign Office not to meet the President, because he is indicted for war crimes, but I met the Vice-President and the President's key adviser. They are most sensitive about Darfur, and are somewhat bitter that they are to lose a big chunk of the country. They are sensitive about it and do not want to cede further control. Darfur is particularly tricky in another respect, in that some of the southern militias are meddling in Darfur, as we heard earlier, and the north will blame the south for not keeping them under control. That has the potential to become a real problem.

When I visited the north, I met several key people. I was heartened to see that the north recognises that it is very much in its interest that the south succeeds as a nation. With a little international encouragement, the north will provide considerable help to get the new south nation on its feet.

Time is short, but I have a little shopping list. The United Nations needs to co-ordinate a plan to get the new nation off the ground. I have already mentioned the first and most important matter that needs to be dealt with—that of corruption. It must be eliminated. The oil revenue that the south will receive must go towards forming a new democratic nation for the benefit of those who live there. Despite the £12 billion—I repeat that it was £12 billion; I cannot repeat it enough—that has been given to the south over the last five years, there are only 20 km of metalled road, virtually no running water, no electricity, few hospitals and not enough schools. The infrastructure needs to be dealt with, and I believe that the international community can help, and as my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) said, there is no reason why British construction companies should not be well and truly involved.

I asked the ordinary people of Sudan, "What is it that you want most?" This may be a lesson for the Department for International Development around the world, because it does not always concentrate enough on it; we can do without almost everything, but we cannot do without food and water. Most of the food that feeds the poor people in the south, which is one of the poorest nations on earth, comes from the north. The people of the south will have to wean themselves off that, and there is no reason, given that they live beside one of the biggest rivers in the world, why they should not grow a considerable amount of their own food. However, that requires investment and know-how.

I have listed corruption and food and I previously mentioned the problems of infrastructure. The fourth matter is education. It is a major problem in many underdeveloped countries. My trip to Sudan included visits to some of the referendum points, most of which were in schools. Although the schools were empty, most of them looked well maintained. They were in Juba, the capital. I was told that the levels of attainment were not great. Although the schools that we had seen were in Juba, there was a paucity of schools in rural areas.

Mr Ellwood: I hesitate to interrupt a powerful and authoritative speech. My hon. Friend speaks of education, and we would all agree on its importance. Last year, under the previous Government, DFID provided about £150 million, but only 4% of that went to education. Will my hon. Friend join me in seeking to have that figure increased?

Geoffrey Clifton-Brown: Education is particularly important. Without it, one would find it difficult to get out of the present situation. We have not heard much about gender equality in today's debate, but education is particularly important for women because they are often the ones who not only do most of the work in these developing countries but are denied their rights the most. Like my hon. Friend, I am keen to ensure that DFID pays great attention to education.

Let me divert for one sentence, Mr Walker. I have stuck to the script so far, but I would like to provide an example. Pratham, a charity in India, has got 20 million boys and girls into education, and that is one of the greatest things that any non-governmental organisation on earth can do.

As the hon. Member for East Dunbartonshire mentioned, the fifth area that needs assistance, training and expertise is the security and judiciary services. The security services must be educated to understand that they are now operating under a democratic regime, which requires proper scrutiny and accountability. On the judicial side, it is important that proper police courts and prisons are set up so that the rule of law can be maintained and we do not let the southern state revert to a lawless, squabbling load of tribes.

Finally, the other issue that needs addressing is health. Even in Juba, there are virtually no hospitals. If the health system is virtually non-existent in the capital, there must be no trace of it in the rural areas. In a poor country such as this, the health indices are inevitably very low. This is an area in which the international community could rapidly produce some sort of rudimentary health delivery system and start to meet the aspirations of the people.

We need to get the whole issue of democracy up and running. At the moment, 94% of the MPs come from the Sudan People's Liberation Movement and the other 4% come from a breakaway part of the SPLM. We must educate those MPs to understand the need for opposition parties. I sometimes wish that we did not need opposition parties here. Nevertheless, we cannot have a proper democracy without opposition parties. The essential job of the Opposition is to hold the Government to account.

Stephen Pound: Will the hon. Gentleman give way?

Geoffrey Clifton-Brown: The hon. Gentleman will now make a frivolous remark. I will give way if he is not making a frivolous intervention.

Stephen Pound: If all Members of Parliament were as emollient and hypnotic as the hon. Gentleman, there would be no need for dissent or different parties, because we would be as one under his intellectual sunshine.

Geoffrey Clifton-Brown: I am not sure whether or not that was a backhanded punch. I suspect that it was a punch from the blind side.

The international community faces a really important challenge. If it meets it, it could make a significant difference. As my hon. Friend the Member for Bournemouth East (Mr Ellwood) said, Sudan has historically been a war-torn country. If we were able to bring about a peaceful democratic future and, at the same time, put in the infrastructure and lift the levels of poverty in this poorest of countries, it would be a huge prize for which the international community could take great credit.

3.54 pm

Mike Weatherley (Hove) (Con): It is a pleasure to serve under your chairmanship today, Mr Walker. I, too, congratulate the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) on securing this very important debate.

Unlike many hon. Members taking part in the debate, I have not yet visited Sudan. My interest in the country is driven by a wonderful community of Sudanese people in Hove and Portslade in my constituency, who have alerted me to some of the terrific attributes of their homeland. I appreciate that to have a fully informed opinion, one needs to visit the country, and I am pleased to report that I hope to be visiting Sudan next month by kind invitation of His Excellency the Sudanese ambassador to London.

Hove and Portslade have a thriving Sudanese community that is well integrated in the local area. Encompassing a broad range of positions in the city, the Sudanese contribute doctors, lawyers and business men, among many other professions. One member of the community, Gamal Khalil, recently received the first class medal of perfection from the President of Sudan for his charity work in both England and Sudan.

I have regular contact with representatives from the community and we are currently discussing plans for a free school to be set up in conjunction with the popular Coptic Christian Church. The move has wide support and would provide an excellent facility, as well as much needed spaces for young children in the area.

I highlight this local connection because it is important not always to talk in isolation of Sudan, but to remember that there is a worldwide community as well, with connections in Africa. It is important, therefore, that a change in position by the Government is considered as a matter of urgency.

However, it is the on-the-ground situation in Sudan on which this debate rightly concentrates, and today I would like to highlight some positive aspects. Many speakers have focused on the challenges facing Sudan. There are many challenges, but people from my local community have said that the negative position is perhaps over-emphasised. In a recent discussion in a Committee room in this House, one said that he did not recognise what was being said about Sudan.

With regard to the situation in Sudan, the comprehensive peace agreement, signed in 2005, ended a civil war in southern Sudan which began in 1955. Although I am not an expert in this area, the signing of the CPA appeared to be an unprecedented event, and an achievement not just of the Government of Sudan, but of Sudan's

coalition Government, who brought together the ruling National Congress party, as well as the Sudan People's Liberation Movement of southern Sudan and several other parties.

The CPA was an unambiguous commitment to peace and it may well serve as a blueprint for ending the conflict in western Sudan. It also paved the way for the autonomy that led to the referendum on secession of the south.

As we are all aware, an internationally monitored referendum was held in January, which resulted in an overwhelming vote for the independence of southern Sudan. With the formal declaration to be made on 9 July following an almost unanimous vote for secession, south Sudan will have a unique place in history as a future state in Africa.

Having been geographically split, Sudan, once the largest country in Africa, has embarked upon a programme of transition and redevelopment, which must be embraced. Representatives from my local community reiterate to me that what we see in Sudan are the hallmarks of a developing free society. For example, women's rights are enshrined in their constitution, with a guaranteed 25% participation in all national and state assemblies. By contrast, it is interesting to note that only 21% of the British Parliament is made up of women. It is encouraging that women in Sudan assume many positions at ministerial, judicial and executive levels and that should be applauded.

President al-Bashir has welcomed the decision of southern Sudan to separate. The President has said that the two countries should live separately as good friends, rather than as adversaries within the same country. It is testament to the largely positive spirit behind the referendum that the international observers were able to report on a smooth and calm process across the country. That positive report should not be underestimated as it demonstrates a real commitment to progression. That said, the future holds financial uncertainty and a crippling debt that both countries will have to address. Nevertheless, progress is being made. On my tour, I hope to gain a greater understanding of this wonderful and dynamic country.

I understand from discussions with business men in the local community that some of the greatest stumbling blocks facing the economic rejuvenation of Sudan are the indirect sanctions currently in place. For example, as a result of US-imposed banking restrictions, it is extremely difficult for Sudanese business men to set up bank accounts in the UK, especially as much of the trade is transacted in US dollars. If we are serious about helping both Sudan and south Sudan to develop and prosper, we must allow them to trade freely with the rest of the world. Being part of the international banking community is an essential step to helping local Sudanese people to gain employment in companies locally. That move will help to reduce poverty and many of the other problems that have been highlighted in today's debate. I would very much like the Minister to comment specifically on what talks he will be having with US officials to free up restrictions on trade, and any timetable for that process.

With regard to natural resources, Sudan is blessed with a bounty of raw materials, including sugar but, of course, most notably oil. Utilising the natural resources available and a dedicated work force, Sudan has a burgeoning manufacturing industry, which includes a number of new car assembly plants. Investment is paramount for the success of these new industries and it would be encouraging to see incentives being offered to bolster trade relations and internal growth.

I am aware that our Government have set out priorities, listed as delivering health and education services, focusing on long-term development, reducing hunger and extreme poverty, and responding to sudden humanitarian crises. I am also aware that we will spend £140 million a year in Sudan until 2015, of which £90 million a year will go to south Sudan. It is the long-term development aspect that I would like further detail on, including information on whether that aid includes private company set-up support.

The summary of the Associate Parliamentary Group for Sudan visit to Sudan earlier this year noted that

"encouraging investment and growing the private sector will be a priority, with a focus on agriculture, power generation, infrastructure, and the creation of employment opportunities."

Again, I would be extremely grateful if the Minister said what specific plans the Government have to encourage British investment in both Sudan and south Sudan, and whether different policies are being considered for each country.

Without doubt, some of the biggest investment and growth in Sudan will be in agriculture. I understand that that will be especially true in the south and east. At the moment, spare parts that are required for agricultural machinery need to be sourced from Nairobi in neighbouring Kenya and from even further afield. Manufacturing spare parts locally is just one small step that would assist development. Given the importance of agriculture, it is no surprise that many in Sudan are big fans of Massey Ferguson tractors, for example. I have no idea how practical it would be for there to be a local manufacturing base for that particular company in Sudan, but it would be interesting to know if the Government are considering offering incentives, for example export guarantees or direct aid, for companies such as Massey Ferguson to set up in Sudan and south Sudan.

I am fortunate to have a good working relationship with the Sudanese embassy in London, including the ambassador, and, as I have mentioned, with the Sudanese community in Hove and Portslade. I hope to facilitate the development of this dynamic rapport for the benefit of Britain, Sudan and south Sudan and I look forward to hearing the Minister's response to the questions that have been put today.

4.2 pm

Stephen Pound (Ealing North) (Lab): It is a pleasure to follow the hon. Member for Hove (Mike Weatherley). I want to tell him that in Uganda, which is just to the south of Sudan, the Madhvani family have now built their fifth tractor factory. As the hon. Gentleman will know, that family were expelled from Uganda back in 1973, and they are now looking to build a tractor factory further to the north.

It was a pleasure to hear from the hon. Gentleman. I think that we heard today the first trumpet call for the twinning of Portslade with Juba. Bearing in mind the traditional tensions that exist between east and west in

[Stephen Pound]

Hove and Brighton, perhaps there is an appropriate linkage to which he can bring his expertise to bear. It is good for us to hear about the contribution that the Sudanese community makes in our country.

It was a genuine pleasure—I mean that sincerely—to sit at the feet of the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) and hear, as ever, his master class. He may be biologically related to a former Speaker of the House, but he seems to have within him the blood of Herodotus, although I must say that even Herodotus might have cavilled at the idea of the self-regenerating serpent. I believe that earthworms have that ability and that on occasion, if they are in a good mood, slow-worms can manage it, but the sinuous, slippery serpent is a creature that I have never yet observed regenerating itself—but who knows? I must say that if anyone can enlighten us, it is the hon. Gentleman. I recall his contribution during a speech made by the Secretary of State for Foreign and Commonwealth Affairs, the right hon. Member for Richmond (Yorks) (Mr Hague), who had suggested that the then Prime Minister, Mr Blair, should send his Chancellor, my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), to Sudan because of what had happened the last time a "Gordon" had visited Khartoum. The hon. Member for The Cotswolds had to explain to a number of the younger Members exactly what that reference meant. It is a pleasure to hear from him, especially when he is imparting such in-depth knowledge.

The hon. Member for East Dunbartonshire (Jo Swinson) has given us yet another expression to go away and cogitate on: the "difficult to resolve" list. Many a night we must sit at home and think about the ever-extending, ever-longer "difficult to resolve" list. In the context of this afternoon's debate, what is particularly difficult to resolve—it has been referred to by virtually all speakers—is the issue of the generation of oil in the south of Sudan, its transmission to Port Sudan and its onward transmission. What the hon. Lady did not say, albeit probably out of generosity and kindness, is that there is a fair degree of empirical evidence that not all the value of that oil is reaching those from whose wells the oil is produced.

That is why the role of NGOs is important, and particularly CAFOD, which works so well and strongly in the region. What we must have in Sudan is not only people from northern Europe saying, "This is how you should do it; this is how we would do it; and this is how we suggest you should do it," but people on the ground in villages in those parts of the country that are not normally visited. They must not only give the example of good governance, but witness, observe and report back, and reveal the reality of what is going on in those areas. That is absolutely crucial.

There is a fledgling nation—a new nation—as we have been told. We all wish that new nation Godspeed, but a new nation needs help. A baby cannot live by itself for quite a few years. It needs to be supported and helped, so we have to give our support.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) delighted us all with a marvellous image of him meeting a group of senior southern Sudanese and trying to persuade them that he represented the British Government. It is hardly surprising that they thought he was French. For a moment, I wondered whether they suspected, "Is this the Polish mission?" Nevertheless, the fact that he has gone to the region so many times is very much to his credit.

Having said that, the hon. Gentleman's words about Clare Short, the former Secretary of State for International Development, should not pass without comment. She made a specific point of saying that the Department for International Development was not an example of trade following the flag. She said that the Department was not something that existed to act as a stimulus for British trade, and that it was not a sort of export credits guarantee scheme, nor a trade investment body. She said that it was specifically supposed to be a "clean hands" organisation. Many times I went to see her in her office at DFID and she always used the same expression: "My people were the colonised, not the colonisers". When I used to beg her to do a bit more about tea planting in Sri Lanka and northern India, she said, "No, what we want to do is to help people, in many cases without them even knowing that we are helping them." That may be a tad naive in terms of realpolitik, but we can imagine what she was trying to do. The alternative is the Chinese approach, when everyone knows that the action being taken is not philanthropy, generosity of spirit or a case of somebody waking up in Beijing and saying, "Let us extend the glorious hegemony of Chinese industrial growth to those who need it the most." We all know—the hon. Member for Shrewsbury and Atcham certainly knows—that there is rather more to it than that.

We do not get much good news in the world. It does seem to be that all around us the gloom gathers, but there is some good news in southern Sudan.

Geoffrey Clifton-Brown: Before we move off that point about aid, when DFID promotes a project, and particularly an infrastructure project, it is right that it should promote the fact that the project is British. When I have been around the world, I have seen the wretched European Union signs showing that EU aid has been given, and in little tiny letters it says "and DFID"—the words are so small that they can hardly be read. Everybody then thinks that the project is an EU project and nobody has any idea that it is a British DFID project. We should proclaim our generosity around the world. That is not a political point; I just think that we should do that.

Stephen Pound: That would be rather a good subject for another debate. I rather delight to see in Donegal signs saying that a road was built by the European Union. That is absolutely wonderful. It cheers me up no end, both as a passionate pro-European and as someone with a large number of relatives in Donegal.

I would have thought that what we are doing in this country is not a rerunning of the role of the Royal Navy in the 19th century. This process is not about a direct linkage between the wealth of this nation and future trading opportunities. By all means, badge those projects that we support, as we already do, particularly in India and in the largest recipient of DFID aid, which is a country right next to southern Sudan. We already badge those projects, but let that not be all there is to it. Let us try to bring a little Christian generosity and say that it is more important that we give the gift than sign the card.

Daniel Kawczynski: Does not the hon. Gentleman agree that more of the products that DFID sends abroad—water sanitation items and other things to help people—should be British, even if they are slightly more expensive than the alternatives? DFID should source more British products than it currently does.

Stephen Pound: My experience of DFID projects—admittedly, more in central and south America than in Africa—is that the single most important issue is sustainability, not where a product comes from. Many hydraulic kits for wells that have been provided from this country, with the best will in the world, simply do not last because they cannot be repaired and maintained because the parts cannot be sourced locally. That is the tragedy. Of course, if there is a hydraulic water raising factory in the hon. Gentleman's Shrewsbury and Atcham constituency—there might well be, and if there is not, I am sure that there will be in a couple of weeks—let it cover the globe with its marvellous equipment, but let us also train local people to provide engineering resources so that the equipment can be maintained. We used to say that when the donkeys stop nodding in the oil fields, it takes a great deal to get them nodding again.

Mr Ellwood *rose—*

Mr Charles Walker (in the Chair): Order. We are here to talk about Sudan, not about branding DFID.

Mr Ellwood: I do not wish to test the line that you have just given, Mr Walker, but we are also talking about what aid or support Britain can give, and the style of that support is important and has been mentioned at least a couple of times. DFID has had a policy of doing things on the quiet. The hon. Member for Ealing North (Stephen Pound) makes the significant point that it is important to get the aid there in the first place, but I encourage the Minister to give us an update on where we stand on promoting the fact that Britain is helping so that not only the locals, but the domestic audience, can see where the money is going. We need to enhance our reputation with countries so that we receive the benefits of further deals in industry and commerce that will come about as a result of the stronger relationships we have due to the appreciation that the help is British.

Stephen Pound: I entirely take on board your strictures, Mr Walker.

One difficulty is that Britain has not had entirely clean hands over a long timeline. Britain is inextricably linked with the past, and it is a great tragedy that the shadow of the past lies over us. Many would say that that is all the more reason to take such action, but let us never forget that the great poet of empire coined an expression that became part of the common currency when he said:

"ere's to you, Fuzzy-Wuzzy, at your 'ome in the Soudan;
You're a pore benighted 'eathen but a first-class fightin' man".

That typified people's attitude to what was then Sudan and Egypt, which was going to be not just the biggest country in Africa, but by far the biggest.

I am acutely aware, Mr Walker, that we are here to talk about a specific subject, so I shall return to what we can do in Sudan.

Geoffrey Clifton-Brown *rose—*

Stephen Pound: Before I do so, I give way to the hon. Gentleman.

Geoffrey Clifton-Brown: On the aid that we might give to Sudan, it is worth noting in passing that the United States Agency for International Development, which is the largest aid agency in the world, is much more clever than DFID at making sure that its contracts go to US businesses.

Stephen Pound: Like many hon. Members, I have seen great sacks of grain and bales of bottled water being delivered to places, covered in stars and stripes. I support the emotion that drives that, but I am slightly worried about badging to such an extent. By and large, this should be about global humanity rather than national self-interest. If that is absurdly naive, so is CAFOD, which is probably one reason why my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke) and I have such sympathy with and respect for its work.

One problem that we currently face is the Lord's Resistance Army. It is an issue that simply cannot go away. As we know, it is not just a southern Sudanese issue; it affects also the Central African Republic and the DRC. It is a completely out-of-control, non-hierarchical militia, in many cases staffed by forced soldiers—often child conscripts—that commits the foulest and most appalling crimes. There has to be a way to do the two things that are necessary. The first is to stop the supply of child soldiers—those brutalised conscripted children—into this appalling group. I am not sure what to call it—we cannot use the word "army"—but it is almost a heavily armed mob. The second thing is to divert the energy from that force and to persuade people that there is sufficient safety in their home areas for them to return, and that they do not always have to sleep with an AK47 under their pillow. That will be incredibly difficult.

I have mentioned CAFOD, and I do not want to embarrass my friends there too much. However, in the western equatorial state, about 100,000 people are displaced—just imagine that number of people, in a country the size of Britain. It is a vast number, and the CAFOD people are doing an immensely good job, certainly in the diocese of Tombura Yambio, where most of them are working. We must support that work.

Although there is an interesting debate about the honesty of individual nations when it comes to assisting, advising, helping and supporting, I think that we would all agree that even the noblest nation sometimes does not have the same reputation as some of the best NGOs. When I see what the NGOs have achieved on the global scale, I often feel that their work is more sustainable and more widely respected. I profoundly hope that we can continue the beyond-symbiotic relationship that exists between DFID and the various NGOs—CAFOD, Caritas Internationalis, Christian Aid and many others—because that seems to be the way forward.

Above all, we have a new nation taking the first step of its life, blinking in the sunlight. In a couple of months, this new nation will take its first tottering steps and, if it appears to be falling, we will have to be there to offer a hand, to offer support, to offer succour, and to offer refreshment, advice and assistance. Whether that is through DFID or CAFOD, I know not, but I profoundly hope that it comes from the heart.

4.16 pm

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Walker. I, like other colleagues on both sides of the Chamber, congratulate my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke) on not only persuading the Backbench Business Committee to allocate time to this debate this afternoon but on his excellent opening remarks, which set a tone for what has been a very good debate. Members have covered a wide range of areas, either by chance or design, perhaps ensuring that no issue was overlooked. It will not be for me to comment in detail on those speeches; no doubt the Minister will do so when he replies.

I wish to make brief reference, however, to two points. The first is the branding of UK aid, which I will not go into, Mr Walker, except to say that Members should be aware that the policy changed towards the end of the last Government, and the second is an important point about some of the comments that were made about sanctions and their role in Sudan. Let us not forget that sanctions were one of the forces that led to the comprehensive peace agreement, and to some action on Darfur as well, so before Members rush to try to lift sanctions, let us bear in mind the reason behind them. I am sure that the Minister will want to make the Government's position clear in his closing speech, because there will be people outside this Chamber who are interested in the Government's view and in whether the points made by some of the Minister's hon. Friends, which were, I am sure, well intended, reflect that position—I suspect that they might not fully do so. That is obviously for the Minister to address in due course.

This has been a good debate, and it has rightly highlighted how the UK has made a significant commitment to Sudan, both under the present Government—I pay tribute to the work of the Secretary of State—and under the previous Government and the work of my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) in DFID at that time. With the creation of the new state of southern Sudan on 9 July, it is important not to forget that there will be continuing humanitarian needs, due, for example, to drought—and ironically to flooding as well—the challenge of returnees from the north and the long-term development goals. It is true that DFID has recognised the need to scale up its presence in southern Sudan after July, with the opening of a separate country office in Juba and a new independent country programme, and it may well be that the existing plans for that office have also to be expanded, due to the demands on development in southern Sudan. A number of NGO representatives have mentioned that the lack of capacity will mean that we will have to be very careful to ensure that our funding goes to the right places and has the right effects, and that in itself might need more staff and resources, not fewer. I am sure that the Minister is aware of that, and might wish to comment on it in due course.

On the general issue of DFID policy on southern Sudan, the bilateral aid review makes this point:

"Decades of war have left Sudan with a legacy of chronic poverty, inequality, and continuing insecurity…Ensuring the stability of both"

parts of Sudan

"and reducing extreme poverty will be the main aims of our programmes."

That is as it should be.

It is worth emphasising that alongside the continuing humanitarian challenges to be met in the south are longer-term development goals. Currently, non-governmental organisations provide 85% of basic services in southern Sudan—services that in most parts of the world we would expect the Government to provide. Capacity building will be essential to enable a transition to provision by central and local government. It will be particularly important at a more local level.

For that reason, however, in the short and medium term, NGOs will probably have to continue providing basic services and conducting much of the work of building long-term capacity. It is therefore crucial that future UK aid funding should be timely and predictable enough to allow NGOs to plan their programmes and support for basic services in years to come. I will be interested to hear the Minister's comments on what continuity and certainty our NGOs and the NGOs that we support can be given for their work to provide basic services in southern Sudan.

I turn to the key wider issues facing southern Sudan that have been mentioned. On the security and protection of civilians, there has been an upsurge in violence since the referendum. So far this year, almost 800 civilians have died and more than 80,000 people have been displaced. The violence comes from many sources: from the Lord's Resistance Army, as has been mentioned; from clashes between what are described as rebel militias and the Sudan People's Liberation Army; and from other, more disorganised sources. Tackling that violence and supporting the Government of southern Sudan in doing so should be a priority for the international community and the UK as a leading partner of southern Sudan.

Another key issue, which was mentioned by my right hon. Friend the Member for Coatbridge, Chryston and Bellshill, is that it is important to support the political forces, society and Government of southern Sudan to enshrine democracy and political plurality there. Since the referendum, some opposition groups have complained about a lack of political pluralism and inequalities in the power exercised by various groups within the country. Concerns have also been raised about the fact that although there were meant to be two phases to the drafting of the new constitution—a technical phase and a consultative phase—the second phase might be something of a fait accompli, which could lead to a monopoly of power by the current Government party.

We welcome the peaceful way that the referendum took place, but as I am sure all Members recognise, democracy and good governance do not end with a referendum. It is important that we continue to support the Government of south Sudan to ensure that all political and social groups in the south have a fair chance to take part in the political process and that the situation does not drift to one in which one party or movement acquires a grip on power not based on its degree of popular support.

On returnees and the sharing of land, since late last year alone, more than 200,000 refugees have returned from southern Sudan. So far, they have mainly come during the dry season, but there are concerns about more coming during the wet season, which is now starting. We must not forget that it is estimated that as many as 1 million people or more might wish to return

to southern Sudan, depending partly on the political situation elsewhere in Sudan and the rights given to southerners in the rest of Sudan, from which the south has seceded. I understand that most refugees want to go to rural areas, which raises issues about the sharing of land. However, returnees often get stuck in urban transit camps, and there are fears for conditions in the wet season. I am interested to know what the Government can do during the next few months to assist those who find themselves in that situation.

Another important range of issues relates to the border between northern and southern Sudan. That has been covered at length in this debate by colleagues, so I will not go into any great detail, but I will say simply that the border issues underline the importance of the UN mission in Sudan. The Opposition urge the British Government to use all the levers at their disposal to push for the United Nations Mission in Sudan mandate to be extended beyond 9 July and strengthened to ensure that the unresolved issues do not propel Sudan back to war.

The mission will have a particularly important role in border areas, but its mandate should also give high priority to the protection of civilians—particularly women, who face specific threats—and those delivering humanitarian assistance, such as the staff of NGOs. Civilians need to be protected country-wide in southern Sudan—obviously, with the co-operation of local government authorities—as well as in border areas.

Darfur was mentioned, and several Members have rightly emphasised the need not to take our eye off the tragic situation there, where a peace deal remains elusive. As with UNMIS, we believe that the British Government should strongly support the strengthening of the United Nations-African Union Mission in Darfur, or UNAMID, when it comes up for renewal in July. Like other Members who have spoken, we are concerned about plans to hold the referendum on the future of Darfur during a conflict, making it difficult for many to take part, which will no doubt make it easier for the Sudan Government to get their preferred result in Darfur. The continuing peace process in Darfur must not be put on the back burner while we concentrate—understandably—on issues in southern Sudan.

I have a couple of comments generally on areas of the remaining state of Sudan, as one might describe it. There are concerns about how southern Sudan nationals will be treated in Sudan after independence. Sensible suggestions have been made about how southern Sudanese resident in the rest of Sudan should be treated after independence. A problem has also arisen more recently due to a substantial influx of refugees from Libya, primarily into northern Sudan, although that influx and its duration will presumably depend heavily on the speed and nature of developments in Libya.

In conclusion, to restate what we believe should be the UK policy priorities in relation to Sudan, first, support at UN level to both Sudan and southern Sudan must be continuous—I am sure that the Government will do this, but I make the point—for resolution of outstanding disputes on the southern Sudan-Sudan border and in Darfur. Secondly, we should support strengthened and continued mandates for the UN missions in southern Sudan and Darfur. Support needs to be provided for the new Government in southern Sudan, but it should be critical support. If we have concerns or questions about the actions of the southern Sudan Government, we should be prepared to raise them. It is also important that the right working environment for NGOs is maintained in both north and south. NGOs particularly need access to areas such as parts of Darfur that have been restricted in the past.

Some Conservative Members mentioned agriculture. It is certainly important, but it is also important to emphasise that we must find ways to support the many millions who depend on subsistence agriculture. We should not support only outside investment, important as that can be in certain circumstances; we must also focus on helping those in southern Sudan who depend on subsistence agriculture to improve their ability to feed themselves and their families and supply their local markets. So far, we have not seen much sign of how DFID perceives its role in that area. I would be interested to hear some indication from the Minister of what support he can give agriculture, particularly in southern Sudan.

People around the world were moved by the pictures of hundreds of thousands of people in southern Sudan queuing to vote in January's referendum on independence. The pictures were a contrast to the often sad history of southern Sudan—a history often, of course, forced on its people by outsiders—as well as to the conflicts based on ethnic and religious differences that we have seen elsewhere, not just in Africa but around the world.

On independence, it is true that southern Sudan will be one of the world's poorest countries, but it has some rich resources and a people who showed in a referendum a unity of purpose that many countries would envy. The continued support of the international community is essential to allow that potential to be grasped, through diplomacy, to find solutions to unresolved problems, such as border demarcation, and to get aid to develop the basic infrastructure of government to meet the needs of its citizens. We welcome the support that the UK Government continue to show to the people of southern Sudan in particular, and I look forward to hearing from the Minister how that support will continue to be provided in the months and years to come.

4.30 pm

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): I am delighted to have the opportunity to respond to this extraordinarily authoritative and informative debate. I congratulate all Members who have taken part in a debate that will, I hope, allow those who read the proceedings to benefit and learn from it, too. It is a timely and important debate, given the scale of the challenge faced by the peoples of Sudan today and of north and south Sudan tomorrow. There are many opportunities for the UK, one of the many nations that can contribute to the future, to help to bring about the best benefits.

I begin in complete sincerity by thanking the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) for doing whatever was necessary to persuade the Backbench Business Committee to nominate this topic for debate, and for his interesting, thought-provoking and, above all, comprehensive introduction. It gave us the hooks on which the rest of the debate has been able to hang. He did that very ably and I am pleased to

[Mr Stephen O'Brien]

acknowledge expressly the inspiration that he has derived from his leadership of the Parliamentary Friends of CAFOD and the advantage that he has taken of the knowledge with which it has supplied him. I hope that I will be able to do justice to what has been a comprehensive debate. Many points have been raised and I will seek to address as many as I possibly can. I will attempt to address any points that I cannot address today either through further meetings with the Associate Parliamentary Group for Sudan or by letter.

It is important to recognise that, as the British Parliament, we have taken and continue to take an extremely close interest in both the interests and the future of the peoples of Sudan, which will become two separate countries—north and south Sudan—from 9 July. That interest is genuine and important, and the debate is timely and is welcomed by many interested parties. Many people will want to consider what we have had to say in today's proceedings, so, rather than immediately address in detail some of the issues that have been raised, it would be helpful to set out some of the context that has informed how the British Government and DFID in particular have decided upon their policy towards Sudan, and how we hope to support the growth of the new nation state of south Sudan.

The UK has four key Government objectives for the people of Sudan and their constitutional manifestation. First, we are working towards a peaceful conclusion to the comprehensive peace agreement, including the transition to two countries in July. Secondly, we are committed to an inclusive peace with justice in Darfur. We have focused on many other aspects of Sudan recently, but it is vital that we do not lose sight of the paramount importance of our concerns about Darfur, because they continue to this day. Thirdly, we are working to ensure national and regional stability for Sudan. Fourthly, we will support the development of democratic and accountable Governments, delivering a more equitable distribution of Sudan's resources—a point that has been touched on ably today—in the hope and, I would say, expectation of an improvement in the human rights situation in Sudan. Although that is not an explicit linkage, it is certainly something whereby, by working hard to get one aspect right, we would expect to have influence on the other and to see it develop.

In the context of the overall promise—which the coalition Government have been able to confirm and maintain, and which has been welcomed and supported broadly throughout the House—to spend 0.7% of gross national income on official development assistance by 2013 and to ring-fence that money, the UK has committed more than £280 million in Sudan this year. Of that, £140 million will be provided through DFID in its African context. We have offices in various countries. We have an office in Juba as well as the one that has been established for some years in Khartoum. The further £140 million will be in the assessed contributions to the two peacekeeping missions in Sudan—United Nations Mission in Sudan and United Nations-African Union Mission in Darfur. My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) mentioned that he had spoken to a member of the African Union, which supplied forces to UNAMID. That shows how much that is a joint UN and African Union mission in Darfur, and it is vital that that be maintained.

The UNMIS mission has just been renewed up to 9 July, which I think was supported broadly throughout the House. The issue was raised by my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown), whom I should like to congratulate on an outstanding and authoritative speech, which was made with great knowledge. He made the strong point that we need to look beyond UNMIS on 9 July to what will succeed it. I give him the categorical assurance that we in the UK Government are determined to do whatever possible to continue to promote influence so that there is a successor approach to that broad peacekeeping and peacebuilding opportunity. That nation state needs to find a firm footing and the ability to have the confidence that it will not be set off track.

We read last week about recent incidents of various killings—what has been called south-south violence—and those who are perpetrating them are doing so in an insurgency role and are often, allegedly, dispossessed ex-generals with various interests. Those are areas in which we have to make sure that there is an ability to resist the undermining of the important process of going forward in a positive way that meets the enormous aspirations that were articulated by many people when they queued to vote in the referendum with such unity of purpose, which was an interesting phrase used by the hon. Member for Edinburgh North and Leith (Mark Lazarowicz). If we can harness the unity of purpose that delivered the referendum result, we can have great hope for the way in which south Sudan will be able to develop its resources in order to build an economy upon which it will be able to sustain the interests of its people.

In addition to the two lots of £140 million this year—the assessed contribution and the direct bilateral aid that we have identified—a further £8.3 million will be provided for conflict prevention projects and to support the Assessment and Evaluation Commission. After this financial year, as we announced following the DFID bilateral aid review, we will provide £140 million a year for the next four years up to 2014-15, which is one year beyond the four-year envelope that we have announced for others. Sudan, therefore, has already been singled out for special treatment to achieve the greater predictability and certainty that has been called for by many Members who have spoken in today's debate. That support will be for both countries, north and south.

Our four-year strategy will focus on transition from humanitarian programmes to support for durable and sustainable livelihoods in conflict-affected areas. It will encourage peacebuilding between the north and the south, in the east, in Darfur, and between Sudan and its neighbours. It will support increased democratic and accountable governance, operational and fiscal decentralisation, and a reduction in the incidence of corruption. That was another point that was made forcefully, and rightly so, by my hon. Friend the Member for The Cotswolds. The strategy will also focus on more equitable and sustainable development through a better use of the national budget, including a shift from military expenditure to more productive use of resources, and a focus on economic diversification and employment. I will address directly the point made by my hon. Friend

the Member for Shrewsbury and Atcham. His comments led us to stretch our terms of debate to the issue of trade and badging what we do from the UK. I will come back to that point because it is important that we deal with it.

It is clear that poverty indicators are generally worse in south Sudan. We have come to the conclusion that, as a rule of thumb, at this stage about 65% of the funding—about £90 million out of that £140 million—will be focused on the south. The remaining 35% of our funding—around £50 million—will focus on the north of Sudan, including Darfur, the east and the three areas known as Abyei, South Kordofan and the Blue Nile.

Mr Ellwood: I do not wish to interrupt or pre-empt what the Minister might say about the accountability of the spending. He talks about corruption. There is an argument that, if we put no money into Africa—absolutely zero aid—it would prompt many of these corrupt organisations to become far more transparent and utilise the money they have far better. I do not agree fully with that argument. However, I am concerned. The money we are providing is part of a £44 billion package of aid that goes to the whole continent of Africa every single year. The amount of money that is generated by mineral exports is $393 billion a year. That is a huge amount. We know that that money does not reach the front line because of corrupt Governments. I would like to hear the Minister's thoughts on how we can prevent that money from being wasted and ending up in places such as Dubai, rather than going to the front line, where we would like to see it.

Mr O'Brien: Let me absolutely categorically assure my hon. Friend that, as far as we are concerned, corruption is completely unacceptable. To the extent that we have knowledge of corruption and can prove it, we have a completely zero tolerance approach to it. We have a much more explicit understanding of the issue and a lot more work has been done on identifying how to stop the opportunities for corruption, given that it has become endemic in some countries during some parts of the processes.

I will come on to transparency, but I hope that my hon. Friend will take some assurance from the review on bilateral and multilateral aid that has taken place during the previous 12 months. The various multilaterals were scored according to how well they were doing, including in relation to transparency. On the receiving Governments, we have pledged an aid transparency guarantee and have said that we will put all expenditures above £500 on the net, which DFID is now doing.

We also want to help to empower civil society organisations in receiving countries, so that they can see at a grass-roots level what is meant to be coming to their country. They should then be able to make demands upwards into their systems. We need to encourage democratic institution building, so that the process is no longer something done to them as peoples. Such organisations should be able to demand that those who are politically accountable to them say what they are doing with the money that is supposed to have come their way. If we can get that transaction transparency at both ends, that is precisely where we hope to be able to improve the situation considerably.

On the example my hon. Friend gave that we should perhaps go to year zero and remove all support to Africa, the only people who would suffer would be the poorest, and the only people who would have a temporary blip would be those who might have to search hard in their Swiss bank accounts rather than suffer anything at all.

Mr Ellwood: Is the Minister aware of the American Dodd-Frank Act that has been passed? That obliges companies listed on the New York stock exchange to declare how much money they give to a country's Government or individual Heads of State when they strike deals on oil and so on. Could we apply that to DFID and British companies that are operating in Sudan and elsewhere to make sure that there is that transparency?

Mr Charles Walker (in the Chair): Order. Can the Minister return to the subject of Sudan?

Mr O'Brien: That will form part of the state building of Sudan, and it applies elsewhere. Whether or not we are dealing with Dodd-Frank as an example, the Chancellor has said that he wants to explore that idea and see what lessons it has for us at a European level because, of course, it is only worth moving if we all move as one.

We also need to recognise that many African countries are mineral rich and that that is a potential means by which the private sector will be able to develop in such a way as to benefit the greatest number of people. The evidence shows that, if we can get the right explosion of what we might glibly call the middle class, or at least rising economic prosperity among a greater number of people, that will create the biggest, best and most sustainable alleviator of poverty. In the meantime, getting good public services, relieving poverty, saving lives and improving health have to be the first responses—even beyond humanitarian emergency responses—so that we can make sure that people have the opportunity to take part in that prosperity. At the moment, people are often denied a sufficiently long life even to have an opportunity to be a part of that future.

I was in Sudan three years ago in 2008. I went as chairman of the charity, the Malaria Consortium, of which I was then the honorary trustee chairman. I went from Juba, which at that point had only 10 metres of road metalled, up to Rumbek and Wau, where I met the new President of south Sudan, Salva Kiir, who happened to be landing in his jet—I had gone by car. We met on the airport apron and went up to Northern Bahr el Ghazal at Aweil and out to the tiny village of Aroyo. I saw for myself—this is a bit of a surprise to most people; it was particularly a surprise to me when I saw the request for 300 boats on the accounts of the Malaria Consortium—that, when the rainy season comes, Sudan is awash with water. It is not very deep, but the only way to get around is by boat. Many people do not understand the logistical issues that face the people of southern Sudan and that part of the country, and the challenge of dealing with the poverty.

The other thing I remember from that visit—this is not in my brief, but I remember it well and it is relevant to our consideration of the whole of the humanitarian response—is that because there has been almost permanent war going on since the '50s and many conflicts before

[Mr O'Brien]

then, there has been a tendency for people to scatter, disperse and effectively hide. There are no pockets of population that are easy to address in terms of disease, economic opportunity, education or health access. It is a case of finding lots of people in very remote areas. We are talking about a particularly difficult area to service.

When looking at the analysis as DFID, it was clear to us that we should divide the £140 million per annum for the next four years—there is also £280 million in the current year—by a £90 million and £50 million split. I will talk about the results we intend to deliver in a moment. Hon. Members will know that we have been absolutely determined—this is partly in answer to my hon. Friend the Member for Bournemouth East (Mr Ellwood)—to say that it is not what we are spending that is important; it is the results we are seeking to achieve through working with local people. DFID does not go out there with DFID people. It has offices and so on, but we procure the best people in the best possible way—most transparently and by getting the greatest value for money—to deliver, many of whom are with the non-governmental organisations.

I shall partly answer a point I was going to mention later on NGOs. It is absolutely vital for the NGOs—particularly those with experience and knowledge of the territory, connections with people and trust within communities—to have the chance to bid for such opportunities. That is why on the DFID website there is a section on the Global Poverty Action Fund. CAFOD has knowledge of that, but other organisations will see that there is a series of rounds where those with expertise and experience have an opportunity to bid. If the organisations qualify, pass the due diligence tests and can demonstrate value for money and transparency, they will be part of the way in which we are able to deliver results.

The results we want to deliver in Sudan are to help 1 million people to get enough food to eat; to enable 240,000 more children to go to primary school; to provide malaria prevention and treatment for 750,000 people; to give 800,000 people access to clean drinking water and sanitation; to provide life-saving health and nutrition for to up to 10 million people; and to give 250,000 women better access to justice. That point was mentioned by my hon. Friend the Member for The Cotswolds.

Stephen Pound: I am so impressed with the Minister's words, I feel extremely guilty for having tramped the streets of Eddisbury in the election to try to prevent him getting elected. It is a pleasure to hear what he is saying. His work in the field of malaria is very well known throughout the House and far wider. In view of the statistic he has just given, does he feel that we are doing sufficient to provide in-country medical advice, treatment and therapeutic support to prevent malaria re-emerging, or does he think that we will face many years when overseas aid will address the issue of malaria, particularly in southern Sudan?

Mr O'Brien: The hon. Gentleman is right. Southern Sudan represents one of the cradles where tropical diseases are most virulent and are most likely to sustain over our lifetimes. If one were to pick the three areas where it would be difficult to rid the world of malaria and other tropical diseases, they would be parts of the DRC, parts of Nigeria and southern Sudan. There is, therefore, an opportunity to make an appreciable difference and contribute significantly to the millennium development goals. That is why the focus on south Sudan, irrespective of the fact that it fits very well with our intention to put money behind conflict states and fragile states, will have a major multiplier and leverage effect.

Of course, NGOs and donor agencies will be instrumental in ensuring that there is sustained, predictable programme money to help local health systems, as they grow, to develop malaria control and malaria elimination opportunities. Equally, it will be important to recognise that, with a very low capacity in southern Sudan, it will be many years before the population will not be afflicted by malaria. A little like Ethiopia, southern Sudan is prone to epidemics of malaria simply because of the nature of the vector. In other parts, particularly in sub-Saharan Africa, malaria is more endemic and persistent across all the seasons. It is easier to persuade people to use nets all the time, whereas it is more difficult to persuade people to use the preventative method of a net when there are epidemics, because very often they do not get the net up before the epidemic has already taken hold. Without getting too diverted on malaria, about which I have been known to be able to wax lyrical—

Geoffrey Clifton-Brown: I am grateful to my hon. Friend, because he is making a very useful speech. He has said what he would like to happen in Sudan. Can he confirm whether the Department for International Development is in discussions with United Nations agencies to produce a plan of precisely which country's aid agency will do what and which NGO will do what, so that there are not any overlaps, but equally, so that there are not any underlaps in achieving the very admirable aims that he has just outlined?

Mr O'Brien: My hon. Friend makes a powerful and important point. I was going to come on to his list, which was a shopping list rather than a too-difficult-to-do list, a bit later. He is right. There needs to be a clear delineation of who is meant to be doing what in order to achieve a co-ordinated and comprehensive approach, so that the benefits can feed off each other. Often in aid delivery, there has been a need to think about how to put the inputs in, rather than recognising what combined results we want at the end. The reason why his point is well-made is that, at a democratic and governance level—but also at the level of delivering good developmental aid—that is what might be termed as the post-CPA framework. Where will the governance levers be? Is it going to be a question just of donor agencies, NGOs and the UN talking about south Sudan, or is it going to be a question of south Sudan talking to them about how we all helped to contribute to their initiative, to deliver it on the ground and to embed it?

It is fair to say that it is not yet clear what form the post-CPA framework will take, but the main objective is to agree as much as possible—as was identified in the debate—where all the areas of difference lie. While they sit there, whether it is Abyei or the three areas, there remains the tension that does not allow the space through which that kind of co-ordinated consensual approach can take place. We are absolutely determined to do our best to foster that resolution of the differences, because

we will get effectiveness and value for money, which is part of the transparency answer, only providing we have that consensual opportunity. While there is a dispute, people will seek to gain an edge off the other and that is where we get disunity. I am glad to have the opportunity to underscore that point, which is why it is so important that we agree as much as possible before the CPA expires on 9 July. That will obviously change the dynamics dramatically.

We are working with Thabo Mbeki and his high-level panel on precisely that. It is more likely to be achieved—a point that I think was hinted at by the opening speaker—if this is not seen to be a somewhat old-style solution of the international community talking about another country, and particularly a new country, but the family of African countries coming together themselves to produce something that might be regarded as an African solution. That is much more important, which is why Thabo Mbeki and his high-level panel are important and crucial to the process. We are encouraging all those parties to maintain as much momentum as possible in advance. I shall come back briefly to some of those issues.

I was talking about the financial commitment and the results that we are hoping to achieve. That was also partly in answer to the hon. Member for Edinburgh North and Leith, who wanted to know that we were in it for a sustainable, predictable period so that people could plan with some confidence. The financial commitment to Sudan represents a large amount of British taxpayers' money. It is a priority for us to ensure that it is spent well, represents, of course, good value for money, and brings real benefit in terms of building peace and delivering assistance to those affected by conflict and extreme poverty. We are determined to ensure that our aid reaches the people who need it most. We do not give any money directly—let us be absolutely clear—to the Governments in Khartoum or Juba. All our funds are routed through NGOs, private sector firms and multilateral agencies, which have robust financial management systems in place. That is part of the due diligence and the tendering process and the real, tough hurdles that they have to get across. We require a detailed narrative and financial reports from all our partners, as well as audited statements. DFID staff also conduct regular monitoring of progress and formal annual reviews in line with our own project management procedures.

The UK is committed to its relations with north and south Sudan. We recognise that sustainable peace in Sudan can only be delivered by addressing the root causes of conflict, and we continue to urge the north and the south to take the steps needed to resolve the outstanding issues from the comprehensive peace agreement by 9 July. Those include the issues of Abyei, border demarcation—as was discussed and raised by a number of contributors to the debate—and arrangements for the conclusion of the inclusive popular consultations in Blue Nile and South Kordofan. It was interesting to note that while Blue Nile is moving ahead at a reasonable step, South Kordofan is giving more cause for concern. Of course, we come to the issues of distribution of oil wealth and citizenship, both subjects that need to be resolved. We will continue to press for full implementation of the CPA ahead of its conclusion in July, and for agreement on wider arrangements that have to be equitable and just between the north and south.

I will come on to some of the other issues in a moment, but on the issue of Abyei, in addition to Thabo Mbeki and his high-level panel, who seek to broker these solutions, we welcome the ruling of the Permanent Court of Arbitration and the way in which that may help to support the outcome. That is an important point to put on the record.

Tony Baldry: I entirely understand the point my hon. Friend makes about Thabo Mbeki's high-level group and the need for that to be seen as an African solution, but is he confident that the Government of south Sudan have the necessary capacity and support to be able to actively engage with all the parties, which is necessary to bring matters to a successful conclusion?

Mr O'Brien: One of the central points my hon. Friend made in his excellent speech was about whether we could lend capacity to help, particularly in south Sudan. One has to recognise that this is having a disruptive effect on north Sudan as well. While I do not want to sound as though I never want to make a decision by being too even-handed, at the same time we need to recognise that this is not just south Sudan. We also have to enable, through our aid, north Sudan to be functional as well. It will lose a huge amount of its country, and that is where the citizenship issue has become so difficult to resolve. I hope that some of the suggestions that have been made in this debate will be listened to carefully, because they sounded both visionary and like possible resolutions of that difficulty.

On lending capacity such as the human resource of experts—more than just money and the expectation of the results that that will buy, which was a point reinforced by my hon. Friend the Member for The Cotswolds—we have already made certain offers, some of which have been taken up. We have moved beyond—with confidence, I hope—any sense of guilt as the former colonial power. Many years have passed, but we recognise that we still have expertise in matters such as mapping, with surveying technology as well as knowledge from the past. Some offers have been taken up, although not all of them. We must build confidence and relationships, but I assure my hon. Friend that such offers have been made. There is more to be done, but it would be nice if some of those offers were taken up with more alacrity.

Part of accepting such offers is also accepting, to a degree, the basis for a resolution of disputes such as the Abyei demarcation or allocation. Any such resolution will be on the basis of maps and surveying—what was originally marked, or the contours of the land—rather than of what at the moment is a sense of tribal identity, or pastoralists' right to transit across certain lands without crossing a border. Those complex issues remain to be negotiated, but the main point is to get the parties into a negotiating frame with such capacity building, as my hon. Friend said.

That gives me the opportunity, tangentially, to give credit to what was mentioned in the opening of the debate: the importance of some of the Church groups, such as the Episcopal Church mentioned by my hon. Friend the Member for Banbury (Tony Baldry). I was pleased that he referred to the Archbishop of Juba, whom I had the privilege to meet, not only to hear his generous thanks but his recognition of the deep thought on how assistance and support should be given in order

[Mr O'Brien]

to achieve that negotiating framework of trust and respect, which has enabled us to have a real role.

Without being explicit, the debate touched on the visit of my right hon. Friend the Secretary of State to Sudan shortly, as part of the troika. All three will be travelling together, which is an important and powerful signal of unity and consistency of approach that has taken many years to bring about. Their message will be to encourage the various bodies to resolve the difficult issues, rightly building on the recognition of reasons to have trust and respect, and we can have a role in that. I was grateful to my hon. Friend the Member for The Cotswolds for making that point.

I am conscious that I have not yet had a chance to cover some of the other points. How long does the debate go on for, Mr Walker?

Mr Charles Walker (in the Chair): Twenty-eight more minutes.

Mr O'Brien: People might need to dash away, but I shall cover a few of the points.

My hon. Friend the Member for Bournemouth East and others asked about the Lord's Resistance Army. The LRA, having been driven out of northern Uganda, is now in pockets throughout the Central African Republic, the borders of south Sudan and the edges of parts of Uganda, even tilting into southern Darfur. We all abhor the whole essence of that abominable organisation, with its child soldiers and the mayhem it has caused over many years, but we are also concerned whether it might destabilise progress for south Sudan.

We are determined that the LRA should not represent such a factor by urging the regional Governments and peacekeeping forces—we have the two UN forces—to co-ordinate closely their efforts in combating the LRA. The point made by my hon. Friend the Member for The Cotswolds about how quickly it can regenerate was well made and is well known among the experts. One of the best things to do, as part of our response, is to engage with the demobilisation of LRA combatants. We should offer the hope of such engagement to those young people.

I visited Gulu recently, too, but I was there some four years ago in another guise, when I met some former LRA child soldiers who have been converted. Some of them have visited the DFID offices in London. It is important to recognise that we must take such positive and constructive steps as well as simply maintaining our vigilance and, where we find the LRA, rooting it out of areas in which it might destabilise neighbouring countries.

Geoffrey Clifton-Brown: On the LRA, I would like to mention intelligence specifically. The LRA leadership has particularly good intelligence about the location of the armies that they are combating, and how quickly they can move. It is therefore necessary to be able to outpace it, which requires those regional forces to have more helicopters. Helicopters and intelligence about the LRA's activities are key to defeating it.

Mr O'Brien: I know that and, when I have travelled in some difficult conflict areas such as the eastern Democratic Republic of the Congo, helicopter is the only mode of transport capable of being used by the UN for any purpose, so my hon. Friend's point is extremely well made. I shall look into access to such genuinely vigilant machinery from the sky. If it is not available, I shall ask some more questions and perhaps reassure him at a later date.

Another point, made not least by my hon. Friend the Member for Shrewsbury and Atcham, was about trade. I emphasise that as far as DFID is concerned, for the past 11 years and at least since the International Development Act 2002, by law there can be no link between our aid—our overseas development aid spend—and British trade. That is the law, and what we must conform to. However, the Foreign and Commonwealth Office can make trade an explicit element of foreign policy, which it has now done as one of the new Foreign Secretary's decisions. Trade, therefore, is now central to every aspect of our overseas engagement.

I confirm from discussions with my fellow Minister, the Under-Secretary of State for Foreign and Commonwealth Affairs with responsibility for Africa, my hon. Friend the Member for North West Norfolk (Mr Bellingham), that he has been looking explicitly for trade opportunities in both southern and northern Sudan. His visit received some publicity, but it was perfectly understood that the trade side was vital, and we have a long-standing trade relationship. Trade is an essential element in promoting the wealth-creation side of those economies. There is a clear distinction between what is done by DFID as part of programmes for ODA spend and what is done for trade by the Foreign and Commonwealth Office and, indeed, by the Department for Business, Innovation and Skills.

What is important and new is the DFID policy decided on over the past year, which is to include specifically, as a complete pillar of work, private sector development and the encouragement of the private sector and of trade opportunities in a context of confidence that enables people to be entrepreneurial, to have access to finance, to be above micro-finance, to have the ability to take a risk and to have foreign direct investment more encouraged because of greater security from an independent judicial system or in repatriation of dividends. Those are all things that people around board tables who take risks with money borrowed from banks need, so that they will be prepared to engage, whether in a tractor factory, a spares supply chain, some kind of commodity or agricultural processing.

Such discussions with countries might often be an FCO matter—which countries might we invest in, and which companies might do it—but it will also be a DFID matter, for a DFID Minister to decide. Such a policy is part of the discussions that my ministerial colleagues in DFID and I have had. For instance, a country might be prepared to make adjustments to its land law, so that those who acquired land could be confident that it was not going to be confiscated from them. That element would create confidence for investors, who would then know that they had collateral to offer to a bank, so that they could invest further, develop markets and make demands about the infrastructure that ought to be put in place in order for them to get goods to market. We have clear dividing lines but, at the same time, they are part of a co-ordinated whole. We can satisfy, quite rightly, the idea of a strong recognition of what is development and what is trade.

Allied to that was the question of whether we should badge our aid more explicitly. Hon. Members will be aware that, whether in Sudan or elsewhere in Africa, DFID has generated a strong brand as a trusted deliverer of development benefit and results. DFID has a brand, and one of the issues we face in trying to change that is that we might be in danger of taking something away, because DFID is currently respected. Importantly, we are working very hard, and hon. Members here will see from the letterhead when I write to each and every one of them that it refers prominently to "UKaid"—

Mr Charles Walker (in the Chair): Order. The Minister cleverly mentioned Sudan once, but once every four minutes is not good enough, and perhaps he will return to it.

Mr O'Brien: I will do my best to respond to the debate, Mr Walker. I accept your stricture, and perhaps we can explore the issue on another occasion.

Mike Weatherley: Will the Minister give way?

Mr O'Brien: I will give way if my hon. Friend does not take me down that track, because I will not be able to respond.

Mike Weatherley: I have no interest in the branding of our aid, and my point has nothing to do with that. The Minister mentioned two Departments having discussions about private investment contributions. Have those Departments had specific discussions about Sudan?

Mr O'Brien: I think I must return to that, because I am running out of time. I had not appreciated that the right hon. Member for Coatbridge, Chryston and Bellshill needed so much time to wrap up.

The hon. Member for East Dunbartonshire (Jo Swinson) referred to human rights and the International Criminal Court. It is vital to urge respect for its processes, to have no compromise in our approach to human rights, even on some of the trade issues that have been mentioned, to continue our determination to focus on our efforts to engage with Darfur's security, and to maintain this important engagement of trying to stop the destabilisation of south Sudan by violence.

I have noted the points about banking and US restrictions. I have the excellent shopping list from my hon. Friend the Member for The Cotswolds. It is highly informative, and I will ensure that it is injected into the processes that DFID and the FCO are utilising for our engagement with Sudan. I have plenty to take from this debate to help me brief the Secretary of State for his upcoming visit with the troika, and we are of course focused totally on the prevention of conflict, and the creation of peaceful opportunities.

Mark Lazarowicz: Will the Minister address the policy on sanctions? It is important to hear from the Government about that.

Mr O'Brien: The policy remains as it is: the sanctions are in place, and they are an important aspect of our international relations. I have nothing to report that would change the current situation.

I hope that I have at least given a flavour of the matter. I used the available time, which was a reasonable amount, but I am happy to ensure that the proposer of the debate has enough time to conclude. If any hon. Members want to drop me a line about any points that were raised but that have not been adequately covered, I will ensure that I address them in detail.

The principal issue is to recognise that the people of north and south Sudan now have an opportunity to put many of their differences behind them by having adhered to and demonstrated a strong commitment to a constitutional process that will give a new opportunity to the people of south Sudan. We want to make our respectful contribution—

Mike Weatherley: Will the Minister give way?

Mr O'Brien: I will not give way, because in all fairness I must give the proposer of the debate the opportunity to wind up.

5.13 pm

Mr Tom Clarke: I am not for one second introducing aggro that I do not feel by saying that I enjoyed the 43 minutes for which the Minister spoke. I assure him that I, like others, will carefully consider the many points that he made. We appreciate the thought that he has given to the various issues that were raised, and we will have an opportunity to read what he said. My immediate response before reading his speech is that what he said on CPA, Abyei, the Mbeki group, south Kordofan, the Blue Nile and so on was very helpful, if only because these issues have scarcely been reported in recent times. We all appreciate that there have been huge issues throughout the world in Tunisia, Egypt, Japan and elsewhere, and we understand that they should be fully reported, but the great merit of this excellent debate is that in this Parliament, which is representative of the people of the United Kingdom, we have put Darfur on the agenda again.

I welcome the Minister's comments, and I welcome DFID's role in these important matters. Numerous points were made in the debate. Did I agree with all of them? It would be less than honest if I said yes, but there was a remarkable measure of agreement throughout the Chamber. The points on which we agree—in a few moments I want to turn to the future of Sudan—and the debate have offered hope to many people, including those who have followed the debate, and those outside who hear about our discussion. That, too, is long overdue.

I thank the hon. Member for Banbury (Tony Baldry) for his contribution. I am glad that I have time to say that he has focused on these issues, particularly Sudan, in his role as Chair of the Select Committee on International Development, and in so many other ways. I believe that on these issues his constituents should be proud of him, and I am sure that they are. If the debate had any purpose at all, it was met in his wonderful message in the statement from the Anglican bishops, and I hope that he will feel free to tell them that we reciprocate their objectives and hopes for the future of Sudan, and the prayers that they have no doubt expressed. I thank him for his contribution.

The hon. Member for Bournemouth East (Mr Ellwood) travelled from Bournemouth for the debate, and I thank him for that. He referred to the complexities in north

[Mr Tom Clarke]

and south Sudan, such as the 200 ethnic groups. I was very pleased that he mentioned, as others did later, the humanitarian crisis and how the United Nations sees it. He also referred to the problems of fundamentalism.

If I have one regret when it comes to disagreement, it has to be with the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). Until the last five minutes or so of his speech, I thought he was doing remarkably well, and that is still my view. That said, he was a brave man willingly to take on Clare Short and China in one speech. Clare Short and I had our disagreements and, sadly, she is not now even a member of my party, but she re-established international development as a Department. It been on the fringes. I mean no disrespect, but when I came to Parliament it was led by a Minister of State in the House of Lords with 10 minutes' Question Time at the end of Foreign Affairs questions. Clare Short re-established the role of international development and reminded the people of Britain that there are poor people in a rich world.

In 1982, when I came to Parliament, the Brandt report was published and reminded us that although we have responsibilities to the poor south, there is some interdependence. The point about looking to the future, and to trade, exports and interdependence was made well by the hon. Member for Shrewsbury and Atcham and others. That is something I welcome and for which Clare ought to be remembered.

I am glad that the hon. Gentleman mentioned mineral extraction—that point was taken up by other hon. Members and I will come to it later if time allows. The hon. Member for East Dunbartonshire (Jo Swinson) made a positive speech. She dealt with violence after the referendum and rightly drew our attention again to Darfur, which she thought had been overshadowed. She was not the only hon. Member who mentioned gender, and she was absolutely right to raise that subject and speak about the lack of rights for women in Sudan. Although there may have been a few improvements on the fringes, her comments were a reflection of what is going on in both north and south Sudan, directed from Khartoum.

I regard the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) as a personal friend. He and I visited Australia together as part of a CPA delegation. I was not surprised that his speech was so beautifully well informed and comprehensive or that it contained a great deal of clarity to help our understanding of this complex situation. Without being too hard on the hon. Member for Shrewsbury and Atcham, whom I respect very much, I felt that his description of the poverty, lack of clean water and health care, malnutrition and the poor priority given to education in that part of the world contrasted greatly with his attitude to debt that we heard towards the end of his speech.

Perhaps I should deal with the issue of debt before the clock ticks on much longer. I will set aside the domestic debate about the banks and so on because you would rightly remind me that that is not part of this debate, Mr Walker. I do not believe that in this wealthy, modern world of ours, the most impoverished and destitute people should be those who repay all the debt, base and interest. Every three seconds one of them has died as we have been debating this afternoon. Let me draw to the attention of the Chamber to the view of the Jubilee Debt Campaign; I assume from what the Minister has said that the Department for International Development will take these views on board. On Darfur it stated:

"Almost 60 per cent. ($20 billion) of Sudan's debt is interest."

That is money added to the sum that was borrowed, but it was not borrowed in the interests of those poor, hapless people who have been described so well by the hon. Member for The Cotswolds and others. I listen to opinions expressed by British taxpayers, and I do not believe that they are so mean-minded as to say that we who benefited from colonialism, not only in Sudan and Africa but elsewhere, and who also benefited from the Marshall plan after the second world war, without which we could never have thrived, would wish to deny the same things to countries as hapless and difficult as both sections of Sudan.

Having—I hope—put the issue of debt to bed, I will mention some of the other speeches. The hon. Member for Hove (Mike Weatherley) mentioned the Sudanese diaspora, which was an important contribution to the debate. I wish him well in the visit he is due to undertake, and I look forward to hearing his views on it afterwards. My hon. Friend the Member for Ealing North (Stephen Pound) made a powerful and well-informed intervention that was witty, classical—

Stephen Pound: And irrelevant.

Mr Clarke: It was wholly relevant and compassionate. I will tell my hon. Friend something that I have always wanted to say, but did not plan on saying so publicly: he should not underestimate his own intellect. I think that he was on to something, and if we were to follow the advice that he gave us in his speech about how to deal with Sudan, and take that in a global context, much progress would be made. I welcomed his speech, and particularly the goals that he set.

My hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) made one of the winding-up speeches, and I pay tribute to the clarity of his speech and to the marvellous work that he did in this field before coming to the House. I am delighted that he speaks on these issues from the Opposition Front Benches. He speaks well and is remarkably well informed. I hope that he will get the opportunity to implement in Government some of the beliefs that he has held for many years, sometimes alone. I remember him speaking at Scottish Labour party conferences, which were perhaps once more concerned with domestic issues. Nevertheless, he got right to the heart of the issues that we have been addressing today.

What are those issues? This is a time of globalisation, and despite the awful poverty, conflict and lack of hope for the future, Sudan has the benefit of mineral resources which, if properly organised, could mean a brilliant future for all people in the country. People rightly talk about corruption, and I accept that is an issue. Perhaps I may say with some modesty that I sponsored the International Development (Reporting and Transparency) Act 2006 which dealt with that very issue. I acknowledge the help that I received in getting that Act through Parliament from a number of Government Members, not least the hon. Members for Bournemouth East and for Banbury.

Of course we want transparency and to wipe out corruption. I welcome what the Minister had to say on figures, and he should not take this as a rebuke. However, when he gave us those figures, I reflected that until we took the issue of corruption and transparency seriously, the money did not go where British taxpayers wanted it to go. That is why Clare Short was such a successful Minister. In some ways I am slightly surprised that nobody has mentioned the way she took on the European Union and said, "When it comes to multilateral agreements, development and aid we want to know why the EU is acting in that way and what the arguments are. We will support those arguments when we believe them to be right, but we are entitled to know the thinking behind them." She deserves credit for that, and very much more.

As we come to the end of the debate, let me say that had it been held at prime time on the Floor of the House, people would have been very proud of our Parliament. They would have been proud because they share the view of Edmund Burke that all that is necessary for evil to triumph is for good people to do nothing. With all its limitations, I believe that we have done something in today's debate, and offered hope, prosperity and good will to people who have long deserved it.

Question put and agreed to.

5.29 pm

Sitting adjourned.

Westminster Hall

Tuesday 3 May 2011

[MR ROGER GALE *in the Chair*]

English for Speakers of Other Languages

Motion made, and Question proposed, That the sitting be now adjourned.—*(Jeremy Wright.)*

9.30 am

Heidi Alexander (Lewisham East) (Lab): I am grateful for the opportunity to open this debate, but I would rather that the need for such a debate had not arisen. Last November, the Government published a document that was somewhat euphemistically entitled "Investing in Skills for Sustainable Growth". Alongside various changes to the funding of further education and training in the UK, Ministers announced that from 1 August this year, many people who currently qualify for free courses in English for speakers of other languages will have to pay a significant amount towards their studies. From August, anyone who receives council tax benefit, housing benefit, income support, working tax credit or pension credit will be expected to contribute £2.91 per hour to the cost of their ESOL course. Anyone who is dependent on someone who receives what the Department for Work and Pensions has defined as "inactive benefits" will also be expected to pay.

The sum of £2.91 per hour may not sound like a lot of money, but it amounts to a minimum of £1,300 in tuition fees for a full-time course. Although as a point of principle I tend to agree that those who can pay should pay, the Government are living in cloud cuckoo land if they think that those currently on such courses, or those who most need them, will be able to pay—they will not. If someone's husband has a job on the minimum wage and works full time but still earns less than £12,000 per year, will they really be able to pay £1,000 for an English language course? It will not happen.

I cannot help but think that the proposed changes to the way ESOL is funded are woefully short-sighted. Set alongside the Prime Minister's repeated pronouncements on immigration and the need for everyone to speak the language of their new home, they are nothing short of hypocritical. I called this debate to give the Minister an opportunity to explain the rationale behind the changes and to question him on the impact they will have, to ask him to reconsider the crude distinction that has been made between those on active and inactive benefits, and to urge him, at the very least, to delay the changes by a year to allow those involved in the provision of ESOL to work with the Government to find a way forward.

Lyn Brown (West Ham) (Lab): Does my hon. Friend agree that the changes are another example of this Government's attack on women? Figures from the Association of Colleges suggest that about 77% of those affected by the changes will be women who, in a two-parent household, will not be in receipt of the benefits required.

Heidi Alexander: I entirely agree with my hon. Friend, and believe that the changes will have a hugely disproportionate effect on women and on members of black and ethnic minority communities across the country.

Kate Green (Stretford and Urmston) (Lab): I congratulate my hon. Friend on securing this important debate. Does she agree that acquiring English language skills is important both for women's access to the labour market, and because women mediate so many of the social services for families such as medical appointments, dealing with schools and so on?

Heidi Alexander: My hon. Friend makes an excellent point, and I will come on to those matters later in my contribution.

One reason I requested this debate is because a couple of weeks ago I had the privilege of meeting a group of ESOL students at the Granville Park education centre in my constituency. About 25 women sat in a classroom in Lewisham and asked me whether their individual circumstances mean that they will have to pay for their courses this September. They wanted to know why the Government are making changes to the funding of ESOL courses, how much money will be saved, and why the Government are taking away the one thing that offers them a lifeline out of poverty and the chance of a better life. They wanted to know whether the Government are pushing through the changes simply because they think that they can get away with it. The people affected by the changes, such as those women, are some of the least likely to be able to mount a campaign against them. Suffice it to say, I struggled to answer their questions.

The ESOL students I met in Lewisham come from all over the world. Some are eastern European, some African, some Asian and some from the middle east. Some have come to this country recently, and others have been here for many years. Most are not in receipt of active benefits and do not receive jobseeker's allowance or employment support allowance. Many of those people have husbands in relatively low paid jobs, and many are in receipt of tax credits. Most have children in local schools and told me that they want to improve their English in order to get a job. Without exception, all of them told me that they want to speak better English so as to get on in life and be able to speak to their doctor, their neighbours and their children's school teacher.

Stephen Timms (East Ham) (Lab): My hon. Friend makes a powerful case and I wonder whether her experience has been similar to mine. Priory Park in my constituency has written to me to say that out of 42 students in the three classes run by that centre, only one receives benefits that will qualify them for such support in the future.

Heidi Alexander: That has certainly been my experience in Lewisham, and research by the Association of Colleges shows that a significant number of people who study ESOL courses are in receipt of inactive benefits.

I was talking about the sorts of people whom we find in English language classes across the country. Some people in the UK may ask how it is that those who cannot speak English are living in the United Kingdom. I have some sympathy with such a sentiment, although I wonder how many Brits living abroad make little effort to learn the local language. More seriously, the circumstances that led to some people—refugees in particular—coming to this country in the first place did not mean that they could say, "Hang on a minute, let me

[Heidi Alexander]

brush up on my English language skills." Like it or not, there are people in this country, many of whom are British citizens, who have poor language skills.

When the Prime Minister tells us how vital it is that all migrants speak the language of their new home, I agree with him. When he says that practical things can make a big difference to community cohesion, I agree with him again. When he says that the presence in neighbourhoods of significant numbers of people who cannot speak the same language as those already living in the area can cause discomfort and disjointedness, I agree with him for a third time. Why on earth, therefore, are the Prime Minster's colleagues, including the Minister present today, making it harder for people to learn English? It is completely nonsensical. Many other countries make language training compulsory for new arrivals, but we are in the unique position of running the risk of making it harder to learn English.

The situation that I described of the ESOL class in Lewisham is replicated in towns and cities up and down the country. A recent survey carried out by the Association of Colleges found that at least 90,000 ESOL students are on inactive benefits—that is 90,000 people who currently have access to free language tuition but will not if they start their course in September. According to the survey, 74% of those people are women. The AOC's survey also found that over half of ESOL students receive inactive benefits—income support, working tax credits or housing benefit—but that only 14% receive the so-called active benefits of jobseeker's allowance and employment and support allowance. Did the Minister realise that when he published his skills strategy last November, and did he realise that roughly two thirds of ESOL students on inactive benefits are women? I know that he has promised an equality impact assessment of the changes to ESOL funding, as distinct from the broader assessment carried out by the skills for sustainable growth strategy, but where is it? Will he update us on when that assessment will be published?

One of the most perverse things that strikes me about the changes to the way that ESOL is funded is that we could end up in a situation where money has been allocated to colleges and other providers for courses such as ESOL, but they will not be able to use it. There is a serious risk that Government funding will just sit in bank accounts during the coming academic year because the students who should be on those courses simply will not be able to pay their half of the course fees.

The Government seem to have acknowledged that that could be a problem in the most recent guidance note published by the Skills Funding Agency. Paragraph 53 of guidance note 7 states:

> "The Agency recognises that new rules on learner eligibility and fee remission mean that many colleges and training organisations will have to make significant shifts in their provision in order to earn the allocation they have received for 2011/12. Given the scale of the challenge, the Agency will consider some transitional flexibility, to support colleges and training organisations making that change."

Paragraph 54 states:

> "At the end of the year, if the Agency is satisfied that a transition plan has been successfully implemented during 2011/12, the Agency will agree a manual adjustment to the final claim, to reduce the amount of funding that would otherwise be subject to clawback."

Will the Minister explain whether that means that colleges that cannot spend their adult education budget on ESOL courses next year because the students simply will not be coming through their doors can keep the money that they would otherwise have spent?

Kate Green: Does my hon. Friend share the concern expressed to me by Trafford college that some colleges may be forced to close classes, so even for those people who can fund themselves to attend college classes, those classes may cease to exist?

Heidi Alexander: I agree that college governors throughout the country are making decisions at this time about how they will fund courses next year and whether to keep staff on or put them on notice of redundancy, so there is a real danger that the ability to provide the courses will simply dry up.

I spoke about the possibility of funds just sitting in bank accounts this year, unable to be used, as the students will not be coming through the door because they would not be able to pay their half of the course fees. I ask myself and the Minister whether that is a good use of public funds in such straitened economic times or whether it is an admission that the Department had not really understood the significance of the changes that it included when it published its strategy document last November. What happens in a year's time, when money has not been spent and budgets are being set for the subsequent year? Does the Minister recognise that reduced spend by colleges and training providers will be a reflection not of demand for English language courses, but of students' inability to pay?

Fiona Mactaggart (Slough) (Lab): There is an additional point. If courses cease because of cuts, students who have already made some progress but who cannot afford the fees in the coming year will not be able to study. I know from my appalling French that if people do not focus on the study of a new language and maintain their learning, they go backwards.

Heidi Alexander: My hon. Friend makes an excellent point. Later in my speech, I have some testimony from Lewisham college students who make precisely that point—that to improve and, indeed, to make the best progress possible, there needs to be continuity of learning.

I was talking about the latest guidance note from the Skills Funding Agency. While I am on that subject, I would like to ask the Minister a few more questions. In particular, why is the Department treating ESOL differently from other basic skills training and foundation learning? In paragraph 47 of the latest Skills Funding Agency note, the Government state that where a learner has an entitlement to a level 2 qualification, entry or level 1 aims will be fully funded to facilitate progression. However, the note also states that skills for life, including ESOL, are exempt from that provision. Will the Minister tell me why? Simply saying, as guidance note 7 does, that guidance note 6 deals with that is not an answer to my question.

It is remarkable that colleges and training providers may not be able to spend money that has been allocated to address basic skills because of the new co-financing requirements that the Government are introducing. That just does not make sense.

I will turn now to some of the wider arguments about why investment in ESOL courses is so important. In the last few days, the National Institute of Economic and Social Research has estimated that eastern European immigration has added £4.9 billon to the UK's gross domestic product. Surely having more people able to speak the language and able to work is a good thing. The alternative is more dependence on the state and a greater outlay on benefits. That is before we start to think about the knock-on effects of poor language ability on the public purse.

In April, a series of freedom of information requests to London hospitals showed that in the three years from 2007 to 2010, £15 million was spent by seven different hospitals on interpreters and translators. We know that other parts of the public sector, whether councils or the Courts Service, have similarly high bills. Again, I find myself in the strange position of agreeing with a Minister. This time, it is the Minister for Immigration, who is quoted in connection with that story as saying:

"This illustrates very starkly why we need to do more to ensure that those people who are settled in this country can speak basic English."

Will the Minister responsible for skills tell me what discussions he has had with the Minister for Immigration about the impact of his changes to ESOL? Has he told the Minister for Immigration that his Department's changes will result in fewer people being able to speak basic English? It is not just the NHS that is affected.

Mr Mark Field (Cities of London and Westminster) (Con): The hon. Lady is making a very powerful case with which most of us would agree. Given the financial constraints that the Government find themselves under because of the general economic situation, will she accept that for every pound that she would like to be restored to the budget for ESOL, a pound should be taken away from translation along the lines that she has suggested?

Heidi Alexander: This issue is so important and has such knock-on effects that investment in English language courses is fundamental. That is why I have called for the debate today.

I was making some points about the wider societal importance of English language skills and had spoken about the NHS. Let us think now about schools and what happens to many children who grow up without English as their mother tongue. They go to primary schools and hundreds of teachers throughout the country do a sterling job in improving their language skills and helping them to integrate with their classmates. Then they go home, where perhaps they revert to speaking the language of their mother and father. Is it not much better for those children to be able to hear both their parents speaking English—perhaps not all the time, but at least so that they can see and hear that their parents can speak the language? Is it not much better for their parents to be able to understand the letter from school, to be able to speak to the teachers and to be able to contribute to the wider school community?

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I congratulate my hon. Friend on securing the debate and on the very powerful case that she has made. Like me, she represents an area in south-east London with a very large number of relatively poor migrants and she will know the number of occasions on which in our surgeries we are confronted with constituents who bring a child to translate for them. Her point is very powerful: in the interests of community cohesion, it must be right to encourage those families to speak English at home and not just to depend on their children to translate for them.

Heidi Alexander: My right hon. Friend is entirely right. Like him, I have had that experience at my surgeries.

We are coming to the nub of the debate now. Time and again, people at the top of the Government have talked tough on immigration and community cohesion. It is often a simplistic narrative that runs the danger of inflaming tensions rather than dealing with them. However, its simplicity, even if it is problematic in many ways, demonstrates how critical language skills are to building a shared sense of what it means to be British, what it means to live together in our towns and cities and how we might all be able to develop respect and tolerance for someone else's way of life.

That is why, on 30 March, I stood up in the Chamber and asked the Prime Minister to reconsider the Government's plans for ESOL, given his desire to see everyone speaking English. His response was illuminating. He said:

"We will have to take some difficult decisions over student numbers, and the priority should be to ensure that our universities can go on attracting the best and the brightest from around the world...That is why we have said that there should be a post-study work route. However, it does mean that we should be tough, particularly on those colleges that are not highly regarded. The fact is that over the last year, about 90,000 students were coming to colleges that did not have proper regard at all."—[*Official Report*, 30 March 2011; Vol. 526, c. 342.]

I could not quite believe what I heard. I was so incensed as I sat there that I am surprised that I did not get a "Calm down, dear."

I appreciate that answers to unasked questions are a common occurrence in politics, but I am afraid that the ignorance the Prime Minister's reply demonstrated was in another league altogether. I was not talking about international students coming to the UK to learn English, about bogus colleges or about 90,000 students coming to study at institutions with no "proper regard". I actually had to watch the clip of our exchange again on Democracy Live because I thought I must have been so vague and ambiguous that the Prime Minister could not possibly have understood me, but, no, I was relatively clear, and the Prime Minister did not know what I was talking about.

I was talking about the thousands of people who are settled in the UK and who need to be able to speak our language. I was talking about the mums in Lewisham, Sheffield and Liverpool who are desperate to learn English. There may not be many such mums in Witney, but if the Prime Minister is going to insist on giving us lectures on immigration and community cohesion, he should at least have a basic grasp of the things that can make a difference to communities such as the one I represent, and ESOL is one of those things.

Before I close, I want to refer to some of the stories of Lewisham college's ESOL students, all of whom have contacted me about the proposed changes. Solange

[Heidi Alexander]

Makaba is originally from the Democratic Republic of the Congo. She has lived in the UK for 11 years. She says:

"I heard on the news yesterday that the government is going to change everything about studies in this country and I feel disappointed and depressed about it."

Speaking of when she first came to this country, she says:

"I didn't know where to start and I was unable to do anything because I had a problem with my English. It was too hard at the beginning, but when I found an ESOL class, it helped me a lot. Now I am able to do something because I improved my English."

I have another e-mail, from Nanthankumary Sivakumar, and the Minister should already be familiar with these comments, as the e-mail was copied to both of us on 10 February. Nanthankumary says:

"I am writing to you because I feel worried about the proposed cuts to ESOL English classes. I came to England in 2005, when I couldn't speak English and no one could help. First my life was hard. Then my husband found work. After that my children joined a school. It was very difficult for me because I couldn't understand English at my children's school and GP. I couldn't answer important phone calls during that period. I thought about going back to France. Then I found an English class at Lewisham College. I couldn't speak very well but I could manage everything. If I had to pay for my course I wouldn't have improved so quickly"—

my hon. Friend the Member for Slough (Fiona Mactaggart) touched on that—

"and I wouldn't be able to help my children. I am worried that after the cuts people will not be able to access education."

There is also the story of Maryam Zeinolabedini, whose e-mail the Minister was also copied in on. Maryam says:

"I am writing to tell you that I am very worried about the proposed cuts to ESOL courses...When I came to England, I couldn't speak English. I was living in Nottingham and one day I was very sick. I went to hospital and nobody could help me. I was very upset and for 4 hours I waited for an interpreter."

After that, she decided to learn English. She says:

"I went to college and English classes. I was very happy because I got a part time job in a factory and in the afternoon I went to college and discussed with my classmates and teacher and improved my English. If I had to pay for my ESOL course I couldn't come to college and would feel very unhappy and couldn't communicate with people."

Finally, there is Percy Tabaoda, who says:

"I am writing to you because I'm so worried about the proposed Government cuts to ESOL and the effects they'll have on the most vulnerable people and their families. I come from Peru and I've been living in this country for more than 10 years. I'm a British citizen now but in my experience as an immigrant I'll tell you that what helped me gain confidence and integrate into the society was courses like ESOL. I believe the government will be making a big mistake if they proceed with the cuts because it is not a solution to the problems the country is facing."

I repeat: the changes are not a solution to the problems the country is facing—Percy hits the nail on the head. The danger, of course, is that the proposed changes to ESOL will not only not be a solution, but will make some of the problems in our country much worse. I implore Ministers to look again at their proposed change. They should look hard at the impact assessment when their civil servants put it in front of them. They should look again at the Prime Minister's speeches and ask themselves whether they really think their changes will result in more people being able to speak basic English.

I have not come here to score political points, but because the Government did not do their homework before announcing the changes to ESOL last November. I want to give the last word to another constituent, Nick Linford, who is a further education funding consultant and the managing director of Learning and skills—events, consultancy and training, or Lsect. I must thank Nick for his help and advice over the bank holiday weekend when I was preparing this speech. He sums up the current situation better than I ever could when he says:

"The change to inactive benefit policy will impact on tens of thousands of English language learners, something it is clear the Government did not properly consider when they announced the policy...in November 2010. It is an unintended consequence and a rethink whilst embarrassing is more than worth it...as aside from the impact on communities and people's lives, it would avoid tens of millions in funding going unspent."

In referring to unintended consequences, Nick gives the Government the benefit of the doubt, and the debate gives the Government an opportunity to show that he is right to so.

Several hon. Members *rose—*

Mr Roger Gale (in the Chair): Order. I intend to call the Front-Bench spokesmen at about 10.35 am. At least 10 hon. Members have indicated that they wish to speak. If hon. Members do the maths, they will work out that they have about three minutes each. I have no power to curtail speeches, and I had, in fact, been allowing for the hon. Member for Lewisham East (Heidi Alexander) to take rather longer. However, the length of time for which Members speak is not in my gift, but in the gift of others present.

9.56 am

Mr David Ward (Bradford East) (LD): Six or seven months before the election, I attended a session on phonics at a school where I was a governor. The session was also attended by 50 parents—48 women and two men. I am not suggesting that all those who attended were poor at English, but the parents of only 10% of the school's children—there are nearly 700 children at the school and its nursery—were born in this country, so Members will appreciate the difficulties that the children have at times with the lack of English in their homes.

When Kate and Will looked at their contribution to reducing the deficit, I am sure that they carried out a cost-benefit analysis and decided that their wedding was worth while, because of the tourism and the extra hotel rooms that would be booked. In the case of ESOL provision, too, we really need to look rigorously at the cost-benefit analysis. We are not talking about people who are fluent in Urdu, Punjabi or Gujarati, or in the languages of Slovakia and Lithuania. Very often, although not so much in the case of eastern Europeans, we are talking about people who have never developed language skills, even in their mother tongue, and ESOL lessons are the first time that they learn not only English, but how to develop language skills.

One of the most powerful arguments used against the education maintenance allowance, which I did not agree with, was the infamous dead-weight argument that 90% of people would go to college or stay on even without EMA. However, surely that argument does not apply to the situation that we are discussing. Clearly, the majority

of people who benefit from ESOL provision would not be able fully to fund it themselves. At Bradford college, 46% of ESOL students who are currently fully funded would not receive full funding, and they would not be able to access ESOL provision.

We have a social contract. I did not sign the pledge on free higher education, which has been a massive subsidy to the middle and upper classes for years, and I welcome the fact that those people will now have to contribute to the cost of their higher education. However, there is a social contract for those up to 18, and all parties agree that we should provide free education up to the statutory leaving age. We have reached that agreement, because we realise that young people need to develop basic knowledge and skills, including language skills, to make the best of themselves when they leave full-time education. Why do we not extend that free aspect? Why does that social contract not extend to those who do not have English, whatever their age? Whether people are 19 or 90, if they do not have the skills to enable them to be fully functioning members of society, why do we not extend that social contract to them, as we do to those under 18? The argument that is made is that that is a matter of equality. We do not fund, apart from those on active benefits, those who are over 19, so why should we provide ESOL for those over 19? However, the lesson that I have learned over many years in my community is that if unequal people are treated equally, inequality is reinforced. If one does not favour those who are over 19 but who lack the basic skills to be part of a functioning society, one is disadvantaging and reinforcing the inequality that already exists.

Bradford college, one of the largest providers of ESOL in the country, has considered the impact on the local community. Those on low incomes are likely to remain on low incomes, as they will lose out on the opportunity to develop their language skills and to improve their employment prospects.

Mr Virendra Sharma (Ealing, Southall) (Lab): Does the hon. Gentleman agree that, with this approach, the Government are creating an environment of social alienation, which can be so damaging to multicultural communities such as mine?

Mr Ward: That approach is damaging to my community, as well. I believe that that is a fundamental consideration that needs to be taken on board. Bradford college has also said:

"The college currently makes an excellent contribution to Bradford's widening participation, social mobility and social cohesion agendas. The ESOL team is a significant force in meeting these agendas."

Coming from Bradford, I know the cost of not having social cohesion, which is a cost that we cannot afford. We need to do all that we can, which includes fully funding ESOL provision for all those who require it. In answer to the question whether, pound for pound, provision should be for translators or for ESOL, it should be both—maybe we could fund that from the royal family.

10.2 am

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. I will do my best to be brief to allow other colleagues to contribute.

I wish to refer to two aspects of the impact of Government policies on my constituency. The first has been expressed in correspondence from Michael Farley, principal of Tower Hamlets college, who tells me that at the college there are 2,000 adult students on ESOL training, only 20% of whom are on active benefits. He also expects a 24% cut in ESOL funding generally. He asked me to raise three specific points with the Minister. My hon. Friend has already referred to two such points, and maybe to all three.

The first point concerns when the Minister will publish the specific equality impact assessment on the ESOL changes, which will be appreciated as soon as possible. Secondly, there has been a request to delay any changes by at least a year to allow a working group to be convened by the Association of Colleges, the Refugee Council, the University and College Union and others to try to plot a consensus and way forward. Thirdly, there has been a request to consider a sliding scale of fees depending on circumstances, which would replace the current models with colleges having flexibility to decide how they support the provision. Tower Hamlets college is a huge educational institution in my constituency, and it provides education to people from the next-door constituency of my hon. Friend the Member for Bethnal Green and Bow (Rushanara Ali). Michael Farley's advice has been taken by both of us, and we are keen to hear the Minister's response.

The second aspect of the impact was clear from a visit that I made to the Bromley by Bow centre in my constituency, one of the premier social entrepreneurial centres in the UK, where I met 100 ESOL students, 95 of whom were women and 85 of whom were not on active benefits and therefore will not be entitled to future support. Seeking work is obviously an important criterion, but many of those people are not looking for work and are therefore not entitled to benefits. However, as my hon. Friend the Member for Lewisham East has said, the ability to communicate with their children and teachers in English is very important, and the ability to present adequately to doctors—to describe signs and symptoms and be able to understand the advice and medication—is critical.

It is most important that people integrate into UK society, which is a fundamental ambition of all political parties. With these policies, we are preventing that from taking place. Those critical aspects of life are not addressed by the coalition's proposals. The ESOL students at the Bromley by Bow centre asked me to raise those points with the Minister and to seek his response to them. I am pleased to have the chance to do that, and I thank my hon. Friend for providing the opportunity. I look forward to the Minister's response to those important points, which I will send to my constituents.

10.5 am

Mr Mark Field (Cities of London and Westminster) (Con): I congratulate the hon. Member for Lewisham East (Heidi Alexander) on securing this important debate. She spoke in a heartfelt way, although some hyperbolic concerns have been expressed by some of her colleagues.

I want to offer my input as a Government Member with an inner-London seat. I share the concerns that have been expressed about the unintended consequences at the margins of some of the proposals, and I will be

[Mr Mark Field]

listening to the Minister with interest. Westminster Kingsway college in my constituency does a tremendous job not only for my constituents but for other central London authorities.

As the Minister shadowed his role in opposition for some years, he fully understands elements of the skills gap. He is passionate about what he is trying to achieve in what has been the Cinderella area of further education for many years. We will see some tremendous advantages from some of the deep-seated work that he has done in the area. He recognises the importance of English language skills, and I hope that he will work through all the unintended consequences of the financial implications. I expect that he will say more on that point.

We are living in difficult financial straits. In the exchange that I had earlier with the hon. Member for Lewisham East, I was sincere in saying that there has been a tremendous amount of waste in translation services not only in our hospitals but in local authorities. Conservative local authorities have been equally big offenders, with huge amounts of money spent on translating masses of literature into umpteen languages. I have seen that both in Westminster and in the next-door authority of Kensington and Chelsea, where I was a councillor for eight years. I made these points time and again during the late 1990s about the amount of money being spent in rather more clement economic weather—I was not trying to be flippant and we have got to think about that. Is there a way in which we can make distinct savings and ring-fence money saved on translation services to be put into ESOL?

In the 10 years in which I have been an MP in inner London, I have always stood up for English language courses. I have always said, whenever I have been lobbied—particularly by the large Bangladeshi and Chinese communities in my constituency—about courses in their home language, that I do not believe it right for public money to be spent in that area. However, where there is a need—there clearly is—for English language skills in those communities, we should do all that we can. I accept we are living in a very different economic environment and that money is tight.

I take on board what the hon. Member for Bradford East (Mr Ward) had to say. This issue transcends further education; it is an issue of community cohesion, and we must take it extremely seriously. If that means the Minister knocking some heads together in the Home Office to ensure that we can parcel elements of this budget, it would be a sensible way forward.

I hope that the Minister will take on board some of the heartfelt concerns expressed today. I accept that we are in such a difficult financial state that we have to make some difficult decisions and that this is one of them. However, I hope that we can look at community cohesion in a much broader way, and I also hope that the Minister will work with other Ministers.

I look forward to hearing other contributions to the debate. I hope that we can all work together, and that it is not a matter of making hyperbolic claims about the Government being somewhat racist or sexist. We all recognise that there are difficult decisions to be made, and I hope that we can work together in the interests of community cohesion and of making life better for many millions of immigrants who are committed to this country. Many of them were equally committed to the events on the streets of London last Friday. It was great to see many coloured faces of people who recognise that the royal family represents all their interests in a way that no political party can purport to do.

10.9 am

Hugh Bayley (York Central) (Lab): On a number of occasions, I have presented certificates to ESOL graduates in my constituency. York college, which provides the majority of the courses, does an essential job.

English is one of our great national assets. It is the international language for business, science, politics and the internet. It gives our country an enormous economic advantage. It is a mistake to think of immigration as a one-way flow. Millions who came to our country helped us to create the economic boom of the noughties. They came from eastern and central Europe and from many other parts of the world, and many of them returned to their countries speaking English, which helps to give us the enormous global economic advantage of making ours the pre-eminent international language.

The Government are right to use the teaching of English for speakers of other languages as a way to help people get paid work, but they are wrong to suppose that it is only Jobcentre Plus that provides a route from benefits into work. College courses are effective, and they reach people that Jobcentre Plus does not reach and enable them to find work. The Government are also wrong to assume that paid work is the only way for people to contribute to society. What about voluntary work? The big society will fail if it does not involve immigrants and speakers of other languages. The Prime Minister is right to say that immigrants have a duty to integrate; they should not be excluded from the big society, but unless they are given the opportunity to learn our language, they will be.

The Association of Colleges has made some useful suggestions, and I hope that the Minister will consider them carefully and take them on board. It suggests a sliding scale of fees rather than students getting the course for free or having to pay the full rate. It also suggests that for many of those with basic skills needs, the learning of English is a means to an end, because without the ability to communicate in our language, they will not gain the necessary basic numeracy and literacy skills.

I know that time is short, so my final point is this. I know that the Minister has taken a huge interest in promoting apprenticeships during his time in Parliament, both in opposition and in government. He will know that black and minority ethnic people are enormously under-represented on apprenticeship schemes. If the Government cut back on giving people from other countries who do not speak English the opportunity to learn our language, that huge racial disadvantage will never be overcome.

10.13 am

Kate Green (Stretford and Urmston) (Lab): I apologise, Mr Gale, because I will not be able to stay for the whole debate; I have to attend the Welfare Reform Public Bill Committee at 10.30 am.

I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. I am grateful to the Minister for engaging in correspondence

with me on the problem as it affects my central Manchester constituency. My constituency also contains a diverse and successful multicultural community, so I strongly support everything said this morning about the impact on individuals and families and on the implications for strengthening communities and community cohesion.

I wish to raise a couple of specific points, as time is so short. First, will the Minister amplify what he said in his letter of 13 April about the way in which colleges are to be encouraged to identify and draw in people from vulnerable backgrounds and communities? What processes will be put in place to make that happen? What guidance will be made available to colleges to support them in making those decisions? What auditing or monitoring will be put in place subsequently to ensure that it is indeed the most vulnerable learners who have access to those courses?

Secondly, ESOL funding is to continue for people making steps back into employment through jobseeker's allowance or employment and support allowance. Whether those people are routed through Jobcentre Plus or Work programme providers, how will the Minister ensure that there is sufficient funding for colleges to sustain that provision and enable access to those courses? As I have said, it is a big concern for Trafford college in my constituency that classes may have to close. ESOL funding has always been patchy and stop-go, and it is difficult to rely on it. What assurances can the Minister give that there will be certainty of funding, even for those who now or under a future regime will remain entitled?

Thirdly, what attention is being to given to ensuring that ESOL provision is sufficiently resourced to meet the needs of people not only to learn English but to learn it in a way that allows them to apply it through their roles in the community and on their journeys towards employment? That applies whether or not they are on active benefits. Many women in my community in Trafford are not on active benefits, but it is none the less likely that at some point they will want to move into paid employment. They are certainly actively engaged in their communities.

The best way to reach those women is in the settings where they already go, and for English language teaching to be set in the context of the activities that they already undertake in the community—in Sure Start centres, in caring for their children, in medical centres and talking to their doctors, in improving their children's health and well-being and in the context of the kind of jobs that they might be interested in doing in future, such as caring, catering or clerical roles. I would be grateful if the Minister were to say something about making ESOL courses useful and relevant to people's life courses, whether in or out of work, and about resourcing and supporting them.

I am sorry that I cannot be here to hear the Minister's response, but I undertake to read his comments in the *Official Report*, particularly as I am meeting the principal of my further education college in Trafford later this week to discuss this important matter.

10.16 am

Mr Virendra Sharma (Ealing, Southall) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on securing this important debate. Indeed, the number of Members present shows how essential it is.

As time is short and many have spoken on the matters about which I would have liked to speak, I simply support the ideas that have been expressed and recognise the feelings in their constituencies. As a person who had little knowledge of English 42 years ago, I know that without the opportunity to learn the language in this country I probably would have been working on the factory floor. In today's circumstances, I would probably not even have had the chance to work.

Ealing, Hammersmith and West London college in my constituency is one of the largest providers of ESOL courses in the UK, with almost 3,000 students at its five campuses. More than 2,000 of the students are women, many of whom will now be denied the chance to improve their English, their job prospects and their children's chances of fully integrating into society. The college told me that it was concerned that the high proportion of women who will be affected will have a severe impact on families and on the next generation. They said this change will stop English being spoken at home, which means that the fluency of the younger generation will continue to be affected, thus ensuring that the literacy and language problems already present in our schools will be perpetuated, affecting educational standards.

The college also spoke to me of its dismay that women in particular will now be denied the chance to learn. It said:

"it seems to have been forgotten that many of these students have escaped serious repression in their own countries. The women in particular are also frequently fighting their husbands to have the freedom to study. The real issue, therefore, is that they have come to this country to find their voice, and in return we are locking them into silence."

Mr Andy Slaughter (Hammersmith) (Lab): My hon. Friend rightly concentrates, as have others, on the effect on students, but Ealing, Hammersmith and West London college—the largest provider of ESOL in his constituency and mine—will suffer badly because ESOL courses give people access to other courses enabling them to gain further qualifications. The college will lose £5 million, and its successful future will be jeopardised by these changes, which are very short-sighted.

Mr Sharma: I agree with my hon. Friend. The colleges and campuses are in both of our constituencies, and I am aware of his point.

The students at West London college felt so strongly about the changes that they organised an ESOL day of action, which I, and probably many other Members in their own constituencies, attended. The students are worried that their voices are not being heard by the Government. Now is the time to stop and listen to those who will have to live with these changes. The Prime Minister wanted the Government to go further in helping those who come to the UK to learn English, and we must ensure that that wish is fulfilled. I hope that the Minister will take note of the views that are being expressed not just by me but by many of my colleagues who have experienced similar calls from their constituents. He must ensure that people have the opportunities and resources to integrate into our society and to improve their working opportunities so that they, too, can contribute to the future of this country.

10.21 am

Joan Ruddock (Lewisham, Deptford) (Lab): I apologise that I will have to rush away early from this debate to attend a statutory instrument Committee at 10.30. I congratulate my neighbour and hon. Friend the Member for Lewisham East (Heidi Alexander) on the fine way in which she has presented her case today. She said everything that needed to be said, but we all want to add a little of our own experience.

Many of the students of the Granville Park education centre, whieh my hon. Friend visited, are constituents of mine, and Lewisham college is in my constituency. Its excellent principal, Maxine Room, has made representations on the subject to both my hon. Friends and me.

If the Minister were to say that the Labour Government started this process of targeting benefits, I would say to him that when we targeted, we wanted to be absolutely sure that these were people who were resident in this country and who had the right to be here and to be on benefits. There is a difference between what his Government propose and what we did in 2007. We said, "If you are here and entitled as a member of our society, we want you to be able to learn English." It is this change to active benefits that excludes so many women. Women are often not even required to sign for active benefits. They are legitimately claiming inactive benefits. Many women who are single parents have young children in their care and cannot possibly put themselves forward for an active benefit, but they are playing a real part in society. It is this matter of community cohesion that must concern us.

I have been appalled by the idea of very young children having to explain to doctors their mothers' gynaecological conditions. Some women have no hope of getting medical help without such assistance from their child.

I remember a group of Somali mothers who came together because of their great concern that their children were not in school. Some 17 Somali youngsters were identified who were not in school and not known to the education authorities. The mothers did not know how to get their children into school. If we want community cohesion, we do not want to see children, who were never schooled in the original countries from which they and their mothers fled because of appalling violence, not being given the opportunity to be in school in this country.

I urge the Minister to look at the equality assessment objectively when it comes in. Opposition Members and, I think, Government Members, believe that that will demonstrate that this measure is against everything the Government have ever said they want to achieve in terms of community cohesion and it is certainly discriminatory against women. He must find the scope to act if he has the evidence. This issue must be grasped because we are punishing those who have often suffered already, those who have come here to make a better life for themselves, and those who just want to live a normal life but cannot access that life or integrate. Time prevents me from reading out some of the many letters that I have received on this matter. None the less, the Minister will see that he needs to change his mind. I am sorry that I cannot be here to hear him promise to do that, but I hope very much that he will.

10.25 am

Paul Blomfield (Sheffield Central) (Lab): In view of the time, I will severely curtail my points. I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on this timely debate and I welcome the comments from Government Members on the need to work together in resolving the issue. I tabled an early-day motion on the issue, which drew support from parties across the House. There is the potential for us to address the concerns that have been raised this morning.

I will not read out all the testimonies that I received in response to my early-day motion. A number of students from Sheffield college talked about wanting to improve their lives, to find a job, to help their children, and to be able to talk to their doctor. One said, "I don't need an interpreter any more. I feel more confident. I can join in with things. I won't keep myself so far from society." Is not that what we all want to see?

Of the testimonies I received, almost all of them were from women. That is not surprising. As has already been said, 74% of ESOL students on inactive benefits—those who will be affected by the Government's proposals—are women. Six months on from the original proposals being published by the Department, the equality impact assessment has yet to be produced. Only last week, the Minister, in response to a written question that I tabled, said:

> "There is no specific date currently planned for publication of the assessment."—[*Official Report*, 27 April 2011; Vol. 527, c. 487W.]

That is simply not acceptable because there is a date for implementation of the proposals. There is a real danger that we will find ourselves in a position—as the Government have on other policies—in which we implement changes before we consider the evidence. I join my hon. Friend in urging a delay in implementation.

Although, regrettably, I will not be able to stay until the end of the debate, I would like an assurance from the Minister today that he will consider our remarks and that we will receive the equality impact assessment and have the opportunity to consider it before the Government proceed with their proposals. That delay will give us the time to consider the helpful proposals that have been made by the Association of Colleges and others. My own early-day motion simply asks the Government to modify their proposals to alleviate the devastating impact that they will have on many people, and on women in particular.

10.28 am

John McDonnell (Hayes and Harlington) (Lab): My hon. Friend the Member for Lewisham East (Heidi Alexander) brilliantly summed up the main points. I just want to add a few remarks about what is happening in my area. I have been contacted by Uxbridge college, which delivers ESOL classes from the Hayes campus. The principal, Laraine Smith, has contacted me, as has the ESOL lecturer Rubina Kause. My constituency, like that of my hon. Friend the Member for Ealing, Southall (Mr Sharma), is one of the most multicultural in the country and has a 100-year history of migration. When ESOL was introduced, we found that it significantly contributed to overcoming divisions and isolation and maintaining a cohesive community.

I attend the award ceremonies for ESOL classes in my area. There is a 100% attendance record for such classes, and they are mainly attended by women. When I ask them what their motivation is, they say that it is about supporting their children in education and wanting to engage in the wider community. In my area, 80% of students are not on the benefits appropriate to enable them to maintain their attendance at these classes.

The main concern expressed by the colleges is that individuals will be driven back into isolation, which will result in a divided community in the future. Uxbridge college in my constituency has already lost its capital grant for reconstruction. It has lost grants that have supported ESOL classes and, as my hon. Friend the Member for Ealing, Southall said, its concern is that there will now be further instability that will threaten the courses that it offers in the long term.

I urge the Minister to pause again. We await the outcome of the equality impact assessment, but I invite him today to visit a number of colleges. I am happy for him to visit classes in my own area and to meet representatives of the University and College Union and some of its lecturers to talk through the long-term implications for our communities of the threat to these courses. I cannot overestimate the seriousness of the cuts to these courses for the wider community.

10.30 am

Fiona Mactaggart (Slough) (Lab): I, too, want to thank my hon. Friend the Member for Lewisham East (Heidi Alexander) for initiating this debate. I also want to thank the Minister. Along with representatives of the Refugee Council and the National Institute of Adult Continuing Education, I had a meeting with him about this policy. At the end of that meeting, I felt a bit optimistic. I feel slightly foolish about that now; I thought that the Minister had got the point.

That point has been emphasised in speeches today. It is that this policy will affect women in an unfair way and that the women who will be affected are the mothers of children whose future is here in Britain. I do not think that we have heard enough about their children. For a child to succeed in school, the input of their parents is critical and mums who can read in English with their children make a major contribution to their children's learning.

In my constituency, the evidence is that five times as many women as men are affected by this policy and that it is mums for whom the difference is greatest, because it is mums who quite often find it difficult to get out of their homes. That is not only because they do not have the necessary resources but because there are "gatekeepers" in their family who will not allow them out, except to something safe such as an ESOL class. It is a very liberating experience for mothers to attend such a class.

I urge the Minister to raid not only the translation budgets, which the hon. Member for Cities of London and Westminster (Mr Field) has already referred to, but the interpretation budgets. In our police stations and health service in Slough, we spend a huge amount on Language Line. If we could ensure that patients and criminals alike could speak English, less money would need to be spent on Language Line. The Minister needs to invest to save that money.

The Minister wrote to me after our meeting and said:

"We have therefore prioritised Government investment in training for unemployed people actively seeking work."

He is being too short-term in his thinking. The people who we are talking about today will be able to work in future, but right now they are not able to seek work actively. Unless we invest in them at this point, they will never be able to seek work actively, because one of the things that I have discovered through speaking to many ESOL teachers is that getting people early, before they have learned to get by with pidgin English, is the key to their achieving success in learning English.

I urge the Minister not only to scoop money out of the interpretation budgets for the Home Office and the NHS and use it to reduce the need for interpretation, but to invest in community provision of ESOL. That provision involves family learning, ESOL with reading and ESOL with basic skills. If he could offer that kind of provision, it would provide some of the things that we need for the mums who I am talking about.

There is another thing that the Minister could do. In his letter to me, he referred to "flexibilities" for colleges. If there were more flexibility for colleges, the risk that my hon. Friend the Member for Lewisham East referred to—of colleges having money that they cannot spend—would be reduced. In my constituency, for example, the percentage of students who will receive fee remission in the council-run courses will fall from 82% at present to 6% under the Minister's proposals. If he gave complete flexibility to colleges and other providers about how they used the money that he gave them, I think that they would use that flexibility well.

Unless the Minister has community-based ESOL education for free or at affordable prices for the mums I have mentioned, we will create a generation of children who, although they were born in Britain, will speak pidgin English and will not be able to use their learning as well as they ought to. Unless he invests in addressing that problem, we will lose another generation of workers.

10.34 am

Mr Andy Slaughter (Hammersmith) (Lab): I want to make two points, briefly. First, as my hon. Friend the Member for Ealing, Southall (Mr Sharma) has already said, Ealing, Hammersmith and West London college is one of the largest colleges in the country and it is the largest provider of ESOL in the country; it has almost 3,000 ESOL students. Of the college's total number of students, 84% are of non-white British heritage, and for 70% English is not their mother tongue. Among the students, there are 100 nationalities and 70 languages are spoken. Of those taking ESOL courses, 65% are on inactive benefits and 77% are women.

Those statistics show that ESOL is fundamental to the life and success of that college and the surrounding community. This measure is not simply "another cut"; it is destroying the basis for education for thousands of people in my constituency and the neighbouring constituencies in west London—and, of course, over a wider area.

My second point is that this policy is not only about education; it is exactly to do with what the Prime Minister has said about British values, culture and traditions. In my constituency, we had an ESOL day on 24 March, when the students at Ealing, Hammersmith and West London college came together to celebrate

[Mr Andy Slaughter]

their own history and culture, as well as what ESOL had given them. They showed great enthusiasm, producing a magazine written in English in which they not only showed off their skills but said what ESOL meant to them. I will read out one excerpt from that magazine, from Mohammed Conde, who is from Guinea:

> "If you don't speak English, that means no life for you. How do you expect to live in this country if you're not able to speak English? There are many things you have to understand about the country. For example, the laws, the history, the culture and the lifestyle, and all this only happens when you start speaking English."

That could have been the Prime Minister speaking.

If the Minister will not listen to Mohammed Conde and the other students at the college, perhaps he will listen to the Prime Minister and look not only for people to succeed economically in this country but for a more cohesive society as a consequence of preserving ESOL for students who simply will not be able to afford the amount—up to £1,200—that they will have to pay in the future. That will destroy our colleges and the future of many young people and adults in my community and others.

10.36 am

Jeremy Corbyn (Islington North) (Lab): I will be very brief because of the short time we have left.

I think that the Minister has been in touch with or visited City and Islington college in my constituency. Consequently, he will be well aware of the excellent work that the college does on ESOL training, the good-quality teaching that it provides and the knock-on benefits for the entire community.

During his visit, he will also have heard from the students there—and no doubt from many other students around the country—that it is not only the college-based teaching that is valuable and important but the community-based teaching and the grant support for small community groups to learn English as a second language. That is because many people, particularly women, feel extremely isolated. For them, the concept and prospect of going to a college is quite daunting, whereas a fairly small teaching group in a community centre or a similarly appropriate location can be just as effective as teaching in a college.

Any analysis of what we are doing in this country about teaching English as a second language would show that the relatively small amount spent on it has enormous beneficial effects in later life for the children of ESOL students and for the economy and the community as a whole.

In Australia, any newly arrived migrant who does not speak English receives—as of right—up to 500 hours of English teaching, to enable them to participate fully in Australian society. That is extremely valuable. The community in north London that I am very proud to represent has dozens of different languages, possibly even 100. The multicultural concept and the associated quality of life is hugely valuable. However, there is a thirst among those people to be able to contribute to society. If we do not teach those people English, or give them the opportunity to learn English, in a college or elsewhere in a community, where will they learn it? English is not spoken in their homes, as nobody there has had the chance to learn it other than through the children. As a result, we end up with the embarrassing consequences of small children translating for their parents, as other Members have already pointed out, or we end up with children underachieving in school because their parents are unable to support and assist them. Those children underachieve and their parents are unable to access work.

We should educate the parents, particularly the mother, to speak English. The knock-on effects of doing that are enormous—for the achievements of the children in school and for the participation in society of both parents in every way, including gaining access to work and jobs. We would get back the money spent a dozenfold, in increased taxation and increased income for the community as a whole. It is a win-win situation as a result of a relatively small investment.

My plea to the Minister is that he fight his corner within Government spending requirements, that he understand both the value of English as a second language to the learners and its benefit to our entire community, and that he recognise the dedicated commitment of ESOL teachers in colleges and communities up and down the country. They not only teach English as a second language but do so much to bring the people they teach into the ambit of community life, so that they understand what it is like to live in this country and understand the rights, responsibilities and opportunities that they have. Cutting back on that is not sensible, fair or reasonable, and will simply be counter-productive in the long run. Give people a chance to communicate, participate and be part of our society; give them the chance to learn English as a second language.

10.40 am

Mr Gordon Marsden (Blackpool South) (Lab): I congratulate my hon. Friend the Member for Lewisham East (Heidi Alexander) on the comprehensive and passionate way in which she has put her case—and, indeed, the case of so many Members on both sides of the Chamber today. She conveyed with great passion and conviction her points about the particular impact on women, which were echoed by so many, and about whether the Minister had realised that two thirds of ESOL students were women. She also made points about the practicalities of the co-funding, about why the Departments are treating ESOL differently from various other Skills Funding Agency funding streams, and about economic activity.

My hon. Friend's passion and conviction have been shared by the other contributors. The hon. Member for Bradford East (Mr Ward) urged the Minister to look at the cost-benefit analysis of ESOL and focused, very importantly, on economic inequality. My hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) talked about listening to what the Association of Colleges has said about sliding scales of fees. The hon. Member for Cities of London and Westminster (Mr Field) reminded us that the issue is broader than just further education and used, I think, the phrase "knocking heads" with the Home Office—that is a challenge for the Minister.

My hon. Friend the Member for York Central (Hugh Bayley) made the very important point that the big society will fail if it does not include new entrants, and

that ESOL is very important in that process. My hon. Friend the Member for Stretford and Urmston (Kate Green) urged the Minister to look at the design of the ESOL programme, and my hon. Friend the Member for Ealing, Southall (Mr Sharma) made the point that many women come to England to find a voice and that we are in danger, with the legislative changes, of locking them into silence.

My right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) made some very important points about the role of single parents, and my hon. Friend the Member for Sheffield Central (Paul Blomfield) said that the importance of the equality impact assessment was still not recognised by the Government, even at this late stage. My hon. Friend the Member for Hayes and Harlington (John McDonnell) talked about how ESOL overcomes division and isolation, and my hon. Friend the Member for Slough (Fiona Mactaggart) made a very important point about the future of Britain—about mothers and children—and said that the issue is part of lifelong learning, about which I know the Minister is passionate.

My hon. Friend the Member for Hammersmith (Mr Slaughter) talked about how ESOL was fundamental to the life and success of FE colleges, and I shall say a little more about that shortly. My hon. Friend the Member for Islington North (Jeremy Corbyn) made another important point about community-based, as well as college-based, teaching. In my own constituency of Blackpool South, many of the groups that we want to meet simply will not or cannot go to colleges, so that point is very important.

The Minister has had a cornucopia of advice and fervour today, and I think that he will recognise all the points made. ESOL courses play a key role in helping people who have arrived in the UK to learn and develop English and to integrate into our society. The Minister will know, because of his own portfolio, that that is important in equipping them to contribute to the communities in which they live, not just through their integration, but also through their skills, their taxes and their economic activities.

As we have heard several times today, no less a person than the Prime Minister has banged on about the issue in recent speeches and has rightly identified the understanding of English as a key element. Yet paradoxically, at the very time when he is being so fervent with the rhetoric, the impact of some of his Ministers' decisions will make the job much harder. Their decision to remove ESOL funding for learners on inactive benefits—in other words, not on jobseeker's allowance or employment and support allowance—will hit many people on low incomes. They are precisely the sort of people that ESOL courses would help, by improving their language skills and, in turn, helping them in the job market and to feel further integrated into our society, rather than being stuck on the perimeter. It is worth remembering that, alongside these changes, the £4.3 million learner support fund that gave colleges the discretion to help with fees has been scrapped, as has the funding uplift that gave ESOL courses 20% more than courses in other subjects.

I am afraid that, as with so many other policies, the Department seems to have rushed in and then stopped to ask the questions later. It is very much like "Alice's Adventures in Wonderland": sentence first, trial later. Only now, after the policy has been announced, a matter of months from the changes coming into force, has the Department commissioned a specific equality impact assessment.

I urge the Minister to listen to everything that has been said today and to make that assessment a real basis for real change. How could his Department sign off on changes as fundamental as these without a proper assessment of how they could affect the disadvantaged and the vulnerable, and exacerbate the gender bias in progression and employment? I hope that he already has his officials working on a plan to counteract some of those anticipated problems.

The changes to ESOL funding are, however, only the tip of a large iceberg. The restriction of fee remission to only those on active benefits is being applied across the board by the Skills Funding Agency as part of the harsh funding settlement that the Minister's Department was dealt by last year's comprehensive spending review, and Lsect—a learning and skills analysis company—estimates that the move could affect up to 25% of the adult provision currently funded by the SFA. That works out at some 300,000 learners.

Last year's Government skills strategy was called "Skills for Sustainable Growth", but what exactly is sustainable in cutting back on support that would enable low-income earners to take courses to improve their skills and job prospects? Those are surely vital aspects of building a balanced and sustainable economy. Someone working 30 hours a week on the minimum wage, for example, who has an annual income of £9,050 and receives working tax credits, will no longer qualify for full fee remission, thanks to the changes being brought in by the Government. I believe that the policies will nudge people away from, rather than towards, work, and that they point to a fundamental and potentially fatal disconnect between the Government's policies on skills and welfare.

It is clear from discussions that I have had with many of the key stakeholder groups, who were not consulted on the potential impact of ESOL change, that they are driven by the waste as well as the unfairness. I attended and spoke at a meeting in this House at the end of March, at which the University and College Union, the Association of Colleges, the Association of Teachers and Lecturers, the Refugee Council and a number of individuals eloquently expressed their frustration with the Government on this issue. I urge the Minister to take on board not just what he can do in his own Department, but what he can and needs to do with the Home Office and the Department for Work and Pensions, to prod them into rowing back from this ill-advised course of action.

The ESOL learning cuts could be, as others have said today, another blow to FE colleges, which have already had to cope with a 25% cut in their resource grant over the CSR period and the possible disastrous drop in enrolment thanks to the abolition of the education maintenance allowance. The cutting of ESOL funding could put college courses at risk, and in turn jeopardise lecturers' positions, and that is reflected in a recent UCU-Unison survey that shows that 60 of the colleges surveyed were already planning to cut courses over the next year.

The Minister is, as others have been, fond of referring to FE as moving away from being a Cinderella sector. However, he knows—because he and I were in Birmingham at the Association of Colleges conference, where it

[Mr Gordon Marsden]

came up time and again from the floor—that many of the colleges that right hon. and hon. Members here represent are very worried about the story's ending. The confusion that the Department for Business, Innovation and Skills has caused over ESOL sums up the muddled thinking and lack of joined-up thinking across the Departments, with sweeping changes being made before their impact has been considered.

The Prime Minister has talked the talk on promoting cohesion and integration, but the Minister's Department is failing to walk the walk. The issues being thrown up in ESOL provision will replicate themselves as general FE colleges across the country suffer the implications. The consequences will be serious for those who want to gain the skills to improve their career prospects and move on with their lives.

The issue is about the big society and moving forward. I urge the Minister to listen to what has been said today, delay the introduction of the policies, consider alternatives and convene the group that has been discussed. As I said, the Prime Minister has been eloquent on the subject. On 2 February, in response to a question on ESOL from one of his own Back Benchers, the hon. Member for Keighley (Kris Hopkins), he said:

"I completely agree, and the fact is that in too many cases",

learning English

"is not happening. The previous Government did make some progress...I think we need to go further."—[*Official Report*, 2 February 2011; Vol. 522, c. 856.]

Are the cuts the sort of going further that we need? I think not. The Minister is rightly fond of literary quotations. I remind him of the words of Siegfried Sassoon's poem "The General", about Tommies on the western front:

"'He's a cheery old card,' grunted Harry to Jack...

But he did for them both by his plan of attack."

If the Minister does not wish himself or his Prime Minister to be associated with such an outcome, he needs to think, persuade and act fast.

10.51 am

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I am delighted to speak in this debate secured by the hon. Member for Lewisham East (Heidi Alexander), who represents her constituency, which I know extremely well, with a passion and commitment. I thank other hon. Members for contributing to this debate. Both the tone and the spirit of their contributions have been helpful. I put it on record that in opposition and, more especially, in government, I have always informed what I have said and done by listening to the views of others, and I am happy to do so again today. In the short time available to me, I hope to be able to give some illustration of that willingness to listen.

Let us be clear about the context in which the decisions are being made. I have two points to make about that. One was made by my hon. Friend the Member for Cities of London and Westminster (Mr Field). We are debating in difficult times for Government finances and public spending. The strategy that we published last November, which has been mentioned, set out changes that, although positive in my view, occur in the context of spending reductions, not just in the area of English for speakers of other languages but in many other areas. We have had to consider closely how to get maximum cost-effectiveness. I do not think that anyone in this Chamber expects ESOL to be exempt from such scrutiny. It was absolutely right to consider it alongside other spending commitments to decide how we could ensure value for money.

The second contextual point is that the changes are part of a strategy. I will not plead guilty to the charge that they were not thought through. We planned our skills strategy during five years in opposition, and the document that I published was the result of a careful rethink of how we fund and manage skills in this country. At the heart of that rethink is the question of who pays for what. What contribution should individuals make, what contribution should the state make and what contribution should business make? That question has been ducked for too long. It has informed the debate on skills for as long as I have been involved in it, but it has been posed and never previously answered. We are moving towards giving some clear answer.

The context is one of difficulty and the need for a fresh range of ideas and fresh thinking. However, it is also absolutely right that changes should be made on the basis of fairness. I am strongly committed to some of the principles articulated in this debate, such as social justice, social cohesion and social mobility. They are the cornerstone of my political views and should inform what we do in respect of policy. *[Interruption.]* I will not give way. I am terribly sorry. There have been a lot of contributions, and I want to make as much progress as I can. I apologise because I normally would.

I have five points to make in the time available to me, and in making them I will try to reflect the comments made during this debate and our consideration of these matters in correspondence and meetings. The first, which is a point of disagreement with some of the comments made, is that I take Trevor Phillips's view of multiculturalism, to be blunt. I think that there is a choice to be made in framing a society with people who started in many different places. Either we build a society around integration or we allow the co-existence of subcultures, with the potential risk, as Phillips said, of ghettoisation. In that spirit, it is important that we develop strong bonds that unite us so that the things that unite us are more important than those that divide us. Language seems central to that. Indeed, I agree that language is an absolutely crucial element in creating such social cohesion. The issue is how to fund the acquisition of those necessary language skills.

That brings me to the second point. If English language skills are critical to the kind of integration that I seek and that the Prime Minister has advocated so powerfully, how do we go about funding the acquisition of those skills? When I first considered ESOL, it was clear to me that, for example, many people who came here temporarily as migrant workers were being trained in English free of charge. As Alan Tuckett mentioned in his *Guardian* article on the subject last week, some firms have advertised abroad, saying, "Come to England to work and you will be taught English free by the Government." That seemed entirely unsustainable to me. It is absolutely wrong for the Government to subsidise highly profitable companies that recruit abroad to train their staff in English. It is not acceptable, and it must end.

Other people who came here used ESOL as a way to acquire language skills that helped them socially or culturally, or because they wanted to travel further. I remember going to a college and meeting someone from another European country, whom I asked, "Why are you learning ESOL here?" He said, "So I can travel around the world. You can't travel around the world if you don't have English." That also seemed to me fundamentally unacceptable.

My third point is a point of absolute agreement with the arguments made by the hon. Members for Slough (Fiona Mactaggart) and for Lewisham East. It is important, where women and families are fundamentally affected by the absence of good English skills, that we consider how to help and support them. The fourth point is that it is also vital, where the absence of English is an impediment to employment and the economic activity that is central to people's social and civic engagement, that we should also help. That is why I have decided to support people on active benefits.

The fifth point is that it was I who decided that a further impact assessment should be done. An impact assessment done at the time of the skills strategy determined that there would be no disproportionate effect on particular groups, but I felt that we should go further and consider the particular effect of this policy. That assessment will inform how the policy develops.

Heidi Alexander: When will the assessment be published?

Mr Hayes: I will ensure that it is published in good time—certainly before the summer recess—so that we have a chance to consider it in detail, informed by debates such as this one. The assessment will, of course, consider issues such as family learning and the effect of the changes on children, mothers and women. In addition, we will consider closely how our support for adult community learning can assist the wider cultural agenda. I have defended adult community learning clearly and strongly—people will know that the £210 million budget remains intact, even following the comprehensive spending review. We will also consider how colleges can use their flexibility to address the kinds of particular concern in their neighbourhood that have been raised today.

In summary, yes, we needed to re-consider ESOL, as we have needed to consider all spending priorities; yes, we needed to eliminate some of the waste; yes, I will ensure that the review is completed properly and informs policy. We will then determine how we move forward, inspired by some of the comments made today.

Mr Roger Gale (in the Chair): I congratulate all hon. Members who have participated in this debate on their exemplary conduct. It has been most helpful.

Childhood Obesity

11 am

Mary Macleod (Brentford and Isleworth) (Con): Thank you, Mr Gale, for the opportunity to introduce this debate on childhood obesity, which is, unfortunately, an issue that I understand far too well. Childhood obesity is a significant issue in my constituency of Brentford and Isleworth, which is part of the Hounslow borough—13.9% of children in reception are at risk of being obese, with the figure rising to 24.6% by year 6, or age 10—so I have a personal interest in finding out as much as I can about the issue and what we can do to address it.

I believe that there are two strong reasons why childhood obesity requires Government focus. First, the issue concerns children, who may not, therefore, be directly responsible for the situation in which they find themselves. We must, therefore, do all that we can to support and help them. Secondly, the potential long-term implications on the health of these children is serious, as is the cost to the state of their medical care, so it is our duty to do all that we can to address the issue.

This debate is timely, because there have been several recent developments on the issue. When I switched on the news this morning, there was a story about overweight people in middle age having a greater chance of dementia. On the children's side, the Greater London authority has commissioned a report on childhood obesity in London, which looks in detail at the causes of childhood obesity and the effectiveness of intervention programmes. The London assembly has published a report on childhood obesity in London, "Tipping the scales", which considers the role that the Mayor of London could play and puts the cost of treating childhood obesity in the capital at £7.1 million per annum. The current generation of obese children will cost the London economy £110.8 million a year if they grow up to be overweight adults. The Government recently launched their responsibility deal as part of the strategy for public health in England. They are also working on the paper on obesity, which will be published later this year. It would be good to hear from the Minister about any progress on that.

In today's debate, I want to review the scale of the issue, talk about some of the possible causes of childhood obesity and look to the future to discuss what actions we can take. First, how significant is childhood obesity in the UK? The headline figures on childhood obesity in this country are alarming—29.8% of children aged two to 15 are either overweight or obese, which is almost one in three children. On current trends, two thirds of children will be overweight or obese by 2050. Breaking down the figures on childhood obesity throughout the UK shows that there is a particular problem in urban areas, especially London. Data for 2009-10 show that in London 11.6% of children aged four to five, and 21.8% of children aged 10 to 11, are at risk of being obese. I have already mentioned the figures for my area in London.

The figures are a significant worry for the future health of our nation as a whole, because evidence suggests that overweight adolescents have a 70% chance of becoming overweight or obese adults. Obesity is a disease with, potentially, very serious health implications, including, in the short term, breathlessness, feeling tired,

[Mary Macleod]

and back and joint pains, and, in the longer term, hypertension, cardiovascular disease—mainly heart disease and stroke—type 2 diabetes, musculoskeletal disorders, especially osteoarthritis, and some cancers, including breast cancer and colon cancer. There are also psychological issues of low self-esteem, lack of confidence, depression and feeling isolated, which restrict a person's potential ability to earn. Obesity is also associated with a higher chance of premature death and disability in adulthood. The long-term costs for the UK of this level of childhood obesity are vast. The 2007 Foresight report on obesity predicted that the NHS costs associated with overweight people and obesity will double to £10 billion per year by 2050, and that the wider costs to society and business will reach £50 billion per year by 2050.

Secondly, why is there an issue? Before we can decide how best to tackle childhood obesity, we need to understand more about what causes it. As one doctor once put to me, at its most basic level the formula behind obesity is simple—we put on weight when we take in more calories than we burn off through day-to-day living and physical exercise. However, we need to dig deeper than that to find out what is causing the problem, because, clearly, a number of factors are at play.

We are talking about children, so perhaps the biggest single factor is parental influence. Weight Concern reports that children with two overweight parents are 70% more likely to be overweight themselves. GPs to whom I have spoken in my area are often the first point of contact for parents on the issue, and they feel that, often, parents do not accept that their children are overweight. Given that perhaps more than a quarter of other children in the class are also overweight, they may feel that their child is normal. They may also feel that the suggestion that their child is overweight is a direct criticism of their parenting skills, and they are reluctant to accept that.

I am not a parent myself, but I have discussed this issue with friends and constituents who are. There is no doubt in my mind that there is a lack of knowledge and information that is easy to understand. Often, parents simply do not realise the number of calories that they are feeding to their children. For example, I am pretty sure that no parent would allow their child to sit and eat five spoonfuls of sugar, but some think nothing of giving them fizzy drinks containing the same quantity. Ask a parent how many calories there are in a bowl of chocolate-flavoured cereal and what percentage of a child's recommended intake of sugar that represents, and I would wager that most would probably not know the answer.

When I speak to parents about the issue, a common story emerges. Many start off with the best of intentions, breastfeeding their babies for weeks or months under the regular guidance of health visitors. Perhaps they then move on to religiously preparing pureed vegetables and home-cooked meals that they bag up and put in the freezer for their babies and toddlers. Gradually, however, as the years progress and as the influence of peers, TV and the media grows, as well as that of, critically, the children themselves, who become more demanding and fussy about what they eat, it is too easy to slip into bad habits from which it is very difficult to get them back.

I am not saying all this to give parents a hard time—far from it. What I am saying is that those who feed our children and organise their activities—typically parents and schools for the most part—are so critical to this issue and need to be supported in any way we can. Jamie Oliver and many others in the school environment have worked hard to make progress in improving the quality of the meals that are provided to children when they are at school, and they should be commended for that work.

As I mentioned earlier, there are many factors at play, and I want to touch on another key one. Deprivation has been shown to play a significant part in levels of obesity, with children from the poorest backgrounds being much more likely to be obese. When families are struggling financially, they are more likely to be attracted to cheap, high fat, energy dense and poor foods, many of which are marketed with "buy one, get one free" deals.

The 2007 Foresight report on obesity highlighted the full range of factors that it believed were behind the trend towards obesity and made the point that there are lots to consider. However, to summarise the causes, the issue is about parents who have been overweight themselves, those who live in an urban area and those who come from a lower-income household.

Thirdly, what can be done in the future? Given that so many different factors influence childhood obesity, this is clearly not just a health issue, although I am pleased that a Health Minister is responding to the debate. The issue is also affected by planning, housing, transport, education, business and other things. Therefore, although the model we are aiming for is spearheaded by the Department of Health, it must be integrated across all areas. The Government have already taken important steps. Public health funding has been ring-fenced to ensure that sufficient focus is given to the matter and, in March, the responsibility deal was launched.

In the White Paper, "Healthy lives, healthy people: our strategy for public health in England," the Government stressed that localism is key. A partnership approach will be encouraged between the Government, local authorities, health representatives, education, business and the voluntary sector. In addition to putting in place the right environment for change with that partnership approach and by integrating policies across Departments, we need to tackle the problem head-on by making nationally recognised programmes available to address childhood obesity.

I am a fellow of MEND, which is a social enterprise that has evolved from a 20-year partnership between Great Ormond Street hospital and the University College London institute of child health. MEND is the child-weight management partner of more than 100 primary care trusts and 15 local authorities in England. MEND stands for Mind, Exercise, Nutrition, Do it, which sums up the approach that it takes to covering each of those important elements. At a recent parliamentary event for MEND, I met a young boy called Charlie and his mother, who had been through the MEND programme. Over 10 weeks, the whole family learned about portion sizes and how to read and understand food labels. They set goals as a family and took part in fun physical activities. Charlie told me that taking part in the MEND programme has not only helped him to lose weight, but given him new confidence. He now enjoys taking part in many school activities. The changes put in place have made a real difference to the whole family, including

to Charlie's sister. He now looks forward to going out shopping with her and her friends to buy new clothes, when previously he absolutely dreaded doing so.

Like many other programmes across the country, MEND builds in a number of best practices to ensure success. The programme is about working with the whole family to ensure that changes are made to the weekly shop and family activities. It focuses on nutrition and physical activity, and it aims to start young. One school in my constituency, Hounslow Manor, works with children from reception to achieve the greatest possible long-term impact. The programme also aims to deliver in a community-based way to reduce the stigma around the programme and build the real support networks that can make a difference.

In the GLA intelligence unit report published this month, MEND was evaluated as a cost-effective approach to obesity intervention. Other cost-effective programmes in the UK include the local exercise action pilots, which focus on increasing physical activity. Other such programmes include one to reduce television viewing in the US and the regulation of television advertising of high-fat, high-sugar products at certain times, which was introduced in Australia. I would like research to be directed at how we can extend the online elements of programmes that are provided to children. Children enjoy learning in an online, gaming-style environment, and it would be good to see how that could be used in obesity programmes to build up such an approach.

Lyn Brown (West Ham) (Lab): I am thoroughly enjoying the hon. Lady's contribution. I have stayed here from the previous debate just to listen to what she has to say and because I have a personal interest in the issue. Does she agree that getting children involved in cooking enables a child to explore foods that they might otherwise not try? That enables a family to experience better, more wholesome home-cooked food, rather than the processed rubbish that is thrust at them from television screens every day.

Mary Macleod: I thank the hon. Lady for her contribution and absolutely agree with her. The issue is about the whole family, including children, understanding what goes into food. If they understand more about that and participate and get involved in it, they will have a better understanding and knowledge of what it is all about.

How should we start to deal with the issue? I want to consider a couple of things that are happening and that might have an impact. The first is the move from a primary care trust-based model to GP commissioning consortia, and the other is the upcoming London Olympics. As we move towards GP commissioning, we need to consider the impact on the obesity service provision. Currently, providers such as MEND have suggested that decision makers in the new model will require clear information and guidance in the commissioning process for weight management programmes. They have also suggested that the commissioning process itself could be simplified and redesigned to ensure that it focuses on clear and consistent information and measured outcomes. The commissioning model will help in pulling together best practice. That is certainly the case in the Great West commissioning consortium, of which Hounslow is a part. It is already starting to focus on some of the public health issues that need to be addressed.

The 2012 London Olympics and Paralympics will soon be taking place. Those events provide us with a fantastic opportunity not only in London, but elsewhere around the country to build on the legacy that will be left. What better Olympic legacy could we have than a whole generation of children who appreciate the benefits and enjoyment that come from regular participation in sport? The Mayor of London is working hard to encourage schools in London to participate in his Get Set programme, which involves school children taking part in a host of sporting and cultural activities related to the games. A majority of my schools have signed up to that. We need to make sure that other such programmes are happening across the country and that the influence of the Olympics lasts well beyond the event itself.

As part of the obesity paper, the Government will also no doubt want to consider the approach they should take on the use of legislation in the food and drinks industry. In its recent report, "Stepping up to the plate—industry in action on public health", the Food and Drink Federation offers its view on the progress the industry is making, particularly in the areas of reducing salt, fat and energy in popular products and in improving food labelling and marketing. There is more that the food and drink industry can do in that area—for example, having clearer labelling, so that people know exactly what they are eating.

In conclusion, nearly one in three children in the UK is overweight or obese, and much more can be done to give them a better quality of life. We need to protect the long-term health of children and avoid unnecessary short and long-term financial burdens on the NHS. There needs to be a broad integrated and co-ordinated approach across Departments. We need to raise awareness about planning permission for fast food outlets very near schools and to ensure that we share best practice and measure outcomes from all the obesity intervention programmes. We want to use the London 2012 Olympics as a starting block to encourage more young people into sport and to engage in physical activity as much as possible. We need to integrate ideas, such as encouraging schools to grow food, into the curriculum and to support, and encourage parents to restrict television and do more things outdoors. We also need to encourage eateries to sell healthy options and have better labelling, so that people know what they are eating. In addition, we need to encourage more exercise. I have signed up for the Race for Life that will take place this month in Battersea, so I will be running my 5 km for charity as well as for my health.

I came into politics to help to make a difference to my constituency and the country as a whole. I feel very strongly that by improving health outcomes on childhood obesity we can definitely make a real difference to many people.

11.20 am

Justin Tomlinson (North Swindon) (Con): I pay tribute to my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) for her excellent speech. I would also like to echo the comments my hon. Friend made with regard to the MEND programme. I met a child from my constituency who had taken part in the programme and it had made a real difference. As Members of Parliament, we should be extremely supportive of the MEND programme.

[Justin Tomlinson]

I am interested in this debate for a variety of reasons. I am the vice-chair of the all-party parliamentary group on heart disease. Heart disease runs in my family and I have always had an eye on trying to be as active and as healthy as can be reasonably expected. I am also a vice-chair of the all-party parliamentary leisure group. I am a big, unashamed sports enthusiast, because sport can play an extremely important and positive role in encouraging an active and healthy lifestyle. My hon. Friend set out the picture, but I just want to concentrate on three areas that have a significant impact on child obesity levels: planning issues, food and organised sport.

On planning issues, prior to becoming the MP for North Swindon I was a councillor for 10 years. I represented a new build housing estate that had many good things and many poor things. One of the biggest challenges was the huge differences that hampered a child's ability to run around: back gardens are now a third of the size they were in the 1960s; front gardens all too often simply do not exist, with cars literally driving right in front of the front door, and we then wonder why children do not have the opportunity to run around; and there is a lack of accessible, useable open space. I was for ever being told that the ward I represented had a huge amount of open space, but I could not see that. All I could see was concrete, and I wondered what was going on. I did a little bit of digging and it transpired that open spaces included hedges and heritage sites, neither of which are suitable for jumpers for goalposts. We do not need premier league-standard open spaces for kids to run around. When I was growing up, the bit of open space in the middle of my estate was almost vertical. That was handy, however, as some of my friends were more technically gifted than me and some of my other friends, so we had the advantage of kicking downhill all day long.

I was the lead member for leisure on Swindon borough council for four years and a lot of the focus in tackling child obesity was on organised sport through leisure centres. The most significant opportunity for children to be active, however, is through open spaces where they are unsupervised, can put down jumpers for goalposts and follow the latest TV trends. If Wimbledon is on TV, out come the tennis rackets; with the Tour de France, out come the bikes; with the Ashes, out come the cricket bats; and football, in my case, was played for the majority of the year. I welcome the fact that in my constituency the council invested £6 million, working in conjunction with the national lottery fund, in the Lydiard park facility, and that we have fantastic parks such as Coate Water and Mouldon Hill right on the doorstep. On a sunny day, and we have been blessed in the past month or so, one can see thousands of families coming out and kids being able to run around.

Another interesting observation was that on Friday, following the fantastic royal wedding, I went to visit a number of royal wedding parties where communities had reclaimed the streets as open spaces. While parents sat around toasting the happy occasion, the children ran around and were extremely active, and I was touched by that. That shows the importance of having those open, accessible community spaces.

I echo the comments my hon. Friend made about food labelling. It is essential that parents, and children themselves, can make informed decisions. I am not one of those food zealots who says that we should never eat junk food, or unhealthy food. It is all part of a balance. I charged around as a youngster and was then sometimes fuelled by food that was deemed to be not particularly healthy, but it is about striking a balance. We need to see clear, uniform food labelling. I am a big supporter of the traffic light system. We have it here in our parliamentary restaurants and that makes a difference to my choice of food. On this occasion, the EU is dragging its feet. I encourage the Government to continue to put pressure on to ensure that all retailers use a uniform and clear system. I know that they are doing so. I welcome the Government's public health responsibility deal, which has seen retailers such as McDonald's, Pizza Hut and KFC committed to reducing trans fats. That is the big secret killer and we need to do so much to remove trans fats, reduce salt and display calories—all coming together as part of the informed decisions.

Hon. Members have already talked about cookery skills. I am a big advocate of basic cookery skills. I would go as far as to say that it should be a compulsory element of the national curriculum. I am a big supporter of the Let's Get Cooking campaign, which is in its fourth year of a five-year £20 million programme funded by the national lottery. It encourages schools to take up cookery. I visited Haydonleigh primary school, in my constituency, a few weeks ago. Not only were the children taking part in a cookery session, the parents and grandparents were also coming in and getting involved so that, when they went home, it was not just a one-off, two-hour cookery session, but something that would become part of their home life. Echoing the point about allotments that was raised earlier, the school had its own allotment, and was using the fruit and vegetables that were grown in the school. Wherever possible, schools should be allowed to do that full cycle. Basic cookery skills are essential for later life. It was not so long ago that I left university, where the idea of cookery for the vast majority of my colleagues involved the ping of the microwave and a three-minute wait. We certainly need to do something about that.

Finally, and probably what I am most passionate about, is organised sport. Not so many months ago, we had a debate on the school sport partnership and I was openly critical of the proposed changes. I am delighted that the Government changed their position, because where school sport partnerships work well, they can help maximise sporting opportunities. One frustration with the debate at the time was that, despite approximately £170 million a year being invested in SSP, we had not seen a massive increase in competitive sport activity. The reason for that is that children are sports-gifted, generally, because their parents have encouraged them at a young age and, by and large, whether a school is offering that sport or not, they will have joined a sports club and carried on. The SSP, however, was about the other children—those children who would otherwise just sit in front of the TV, not taking part. The advantage of the SSP was that it offered a menu of different sporting activities and there was always something for everybody to capture their imagination. I have spent many happy times touring schools and sporting groups to see what different sport captures them. A lot of people will no doubt bash television today, but television often inspires children, whether through traditional sport or through programmes such as "Pineapple Dance

Studios"—suddenly, there will be huge swathes of children dancing around in a dance hall. Yes, it is not a competitive sport as such, but it is extremely active.

The SSP in my constituency saw the number of schools taking part in two hours a week rise from 33 to 68—a fantastic result. The changes have allowed the SSPs nine months to secure continued funding from schools. Where there are good SSPs, they will be successful. Where some of the SSPs were not so good, those schools are now free to commission their own sports coaches. That is essential because there are a limited number of teachers with confidence, particularly in primary schools, to offer that wide range. A number of teachers said to me that they needed help. Another welcome Government measure that would indirectly improve the situation is fast-tracking the troops to teachers programme, because often troops are up for outdoor active lifestyles. They will be able to come in and get the kids engaged in something that is healthy and active.

I am also a fan of working with local sports groups. If children are given a taster session, they make sure that they then have an opportunity to continue. In my constituency, we set up a successful sports forum with the active involvement of about 60 different sports groups. They share best practice and help secure extra funding, but they also link in with programmes such as the SSP, going directly to the schools and saying, "Why don't you try this and we can then get you involved?"

Lyn Brown: I have enjoyed the hon. Gentleman's contribution very much. I was involved in the culture sector when I was in local government, and in the Local Government Association, and I recognise many of his arguments. Does he agree with me that the biggest problem we have, following on from our schools sports intervention, is that when children leave school there is no exit strategy for young people to enable them to continue in the sports that they played? I played badminton for my school up until the age of 16. By the age of 16 I stopped and there was no local club, or link with my school and a local club, for me to continue my activity. That is where we fall down.

Justin Tomlinson: I thank the hon. Lady for that useful contribution. She is right. A lot of what we are doing is putting in the building blocks for a long-term future to tackle health issues. Organisations such as the sports forum, can talk to people of all ages and ask people to engage. Local authorities and sports groups have a role in that. One of the best things that I saw was Swindon borough council's Challenge Swindon campaign, which brought together offices, pubs and sports groups and got them all involved in different sports. It aimed to get people to try something and then continue to do it.

We face a number of other challenges. The lack of volunteers is always a challenge, particularly in sport. A huge number of sports groups would like to be able to do something, but there are not sufficient parents with the time to be able to do that—a particular problem for organised sport.

Private finance initiative schools are another challenge: when I was a councillor, the majority of schools in my area were PFI schools. We had a high-density development and a wonderful piece of open space, but a fence and a set of high hire charges blocked children from utilising what was their school until 4 o'clock in the afternoon. Sports clubs came to me on a number of occasions saying that they simply could not afford to use the facilities, which could not be opened because there was not enough flexibility. It was a crying shame that they were left unused.

An issue that I have brought into other debates is the cost of insurance for transporting children. As we push things such as the school Olympics or outdoor active learning, insuring a teacher to take a minibus can cost more than £1,000. I have urged the Government to create a national insurance scheme for teachers and sports clubs using minibuses.

We must not forget the Olympics and the Olympics legacy, about which we had a debate in the main Chamber last week. It is all about the legacy. We will have an enjoyable Olympics, when we are bound to win some medals, but the key will be the lasting legacy. That is why I was so supportive of the principle of school sport partnerships. A big advert for a whole variety of sports that different children will have never thought of trying will be on the television, and the ones we do particularly well in will inspire children to go and re-create them. We must ensure that we do all that we can. Going back to the point about insurance, if we want the school Olympics to work, we need to be able to get children from one school to another in order to compete.

My slightly more radical proposal is to do with how leisure and youth services work in local authorities. In the old days, leisure was very much about competitive sport, with the traditional youth service organising youth activities. The two would never meet in the middle. Times have now changed massively.

I remember that on a Friday night the leisure centre would put on an ice-skating disco for the teenagers—again, not technically a sport, but 600 teenagers building up a head of steam and racing around chasing after the person they thought particularly attractive was a sporting activity. It was absolutely fantastic. Under my radical proposal, the youth service with its mobile buses would have been better off pitching up at that facility, to offer advice, advocacy and support to those who wanted it, and letting leisure be the attraction to bring people in. Likewise with the point made about the Pineapple dance studios and the street dance, often the biggest challenge is to get young girls active, but hundreds of children want to do dance and cheerleading.

Youth and leisure services should sit around the same table, pooling their funds and facilities—the leisure centres often have the better facilities—and working together. They would then be on hand. My hon. Friend mentioned the Get Set programme, and I have written to all the schools in my constituency, encouraging them to do as much as they can.

In conclusion, we need to learn three lessons. First, it is important to have balance in an active and healthy lifestyle. We can sometimes be a bit too zealous in saying, "You should not watch TV. You should not play computer games." When I was growing up, as soon as the sun was shining, I was charging around outside. I would not have dreamed of watching TV or playing computer games. However, in the evening, that is what I did. That is a fine balance to have.

Secondly, we should allow people to make informed decisions through clear labelling and to do things for themselves. To do that, they need the skills, which is why I am such a fan of the cookery lessons.

[Justin Tomlinson]

Finally, everything should be fun. Children like fun things. Give them the open spaces—as I said, it does not matter if the open spaces are vertical, because children are creative and will come up with their own way of dealing with such things. However, let us at least give them the opportunity to have a better lifestyle.

Several hon. Members *rose—*

Mr Roger Gale (in the Chair): Order. I expect the occupant of the Chair will wish to call the Front Benchers at five past 12, at the latest, and three hon. Members are waiting to speak. Hon. Members should bear that in mind when speaking.

11.33 am

Robert Halfon (Harlow) (Con): I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing and opening the debate. She showed an incredible level of expertise and was thoughtful in her remarks. We have had our own discussions about food, and I look forward to having many more in future.

I confess that I was hesitant about speaking in the debate today. It is difficult to talk about obesity, including childhood obesity—and we have a serious problem in Harlow—in a way that does not upset people. When I have spoken about it in the past, I have had many letters and e-mails from anguished individuals and residents. Nevertheless, I decided to go ahead today because the issue is so important and must be dealt with.

Some take the view that the only way to solve obesity is by encouraging people to go on a diet. I do not take that view. Dieting is essential, but obesity problems are very much about parenting, education and health. One of the best books that I have read about food—I read it almost in one sitting—was called "The Hungry Years" by William Leith. The author talks about his addiction to food, describing food almost as a drug. He went on the Atkins diet but, although he addressed that addiction, he went on to another—from memory, drugs. It was only when he dealt with the reasons for his compulsive behaviour that he ultimately managed to lose weight. It is a very important book.

I know how difficult diets are, having had to be on diets as a child because of my walking. As hon. Members understand, diets sometimes feel like walking up a hill with a boulder, like Sisyphus in the Greek myth: as soon as we get to the top, we see the boulder roll down, and we have to start again.

As well as having obesity and childhood obesity problems, Harlow has some important sporting organisations for young people. I want to talk about them; they are very much part of the big society. We have the Harlow athletics club, the Harlow gymnastics club and the football club Kickz, as well as strong candidates for the Olympics and Paralympics such as James Huckle and Anne Strike. We have probably the finest sports Leisurezone in the country, run by a non-profit making trust, which is another example of the big society. However, we still have the problem of obesity.

As my hon. Friend set out, Harlow is not alone in having such problems. Over the past 13 years, the United Kingdom has seen an unprecedented rise in obesity, especially in childhood obesity. The proportion of children aged two to 10 who were overweight or obese increased from 22% in 1995 to 28% in 2003. If the number of obese children continues to rise, such children will have a shorter life expectancy than their parents do.

My constituency of Harlow has significant challenges of its own. Sadly, by the time that Harlow children finish primary school, one in three is overweight; and one in five has the most challenging weight problems and is considered obese. Harlow has the highest such figures for any of the 12 district councils in Essex. I mention that not to criticise anyone—I am proud of my constituency and residents, and I do not want to cause offence—but because such problems cannot be swept under the carpet.

Clearly, some of the obesity problem is down to parenting, but it is also down to the McDonald's culture that we live in. We do not even have to get out of the car these days; stopping off for fast food is so much easier than going to the supermarket and having to cook ingredients from scratch. I have a confession to make: I happen to love McDonald's. As for most people, it is a treat, providing value for money and affordable meals. It has made progress, with the preparation of chicken salads and so on. The problem is when people eat there regularly, as if it were an extension of their kitchen.

The second reason for the obesity problems is the big retailers and food companies. At an all-party group meeting with Kellogg's, I asked why all its cereals have so much sugar—cornflakes, or whatever they might be. The people from Kellogg's said that some of the company's cereals did not have so much sugar, and that it has non-sugar brands. However, we never see those non-sugar brands advertised or displayed prominently. As with everyone else, I go to the supermarket, but I would not have a clue about what a non-sugar cereal from Kellogg's is, and yet I would know about its cornflakes and the rest, because those are the ones advertised.

Schools have made a lot of progress with their meals, following the media campaigns of recent years. Jamie Oliver, who has been mentioned, was successful partly because he was not the man or woman from Whitehall, although there is always the risk of bureaucracy when we deal with such things. I have a short anecdote on that subject. I visited a school in my constituency that wanted to give fresh fruit to its children every day. Instead of being able to buy it from the greengrocer down the road, the school had to order it through a centralised fruit planning system set up by the bureaucracy. A fruit co-ordinator was needed, to count the number of pieces of fruit, and how much was eaten and left. That shows the ludicrousness of what happens when big government gets in the way.

Why does Harlow have a unique problem? There are many reasons for general obesity, but they do not explain the specific problems in my constituency. The truth is that the tale in Harlow is of two towns. In many ways, it is an ambitious and enterprising place, with a culture of hard work. We have more than 2,500 private businesses, which makes us one of the most entrepreneurial towns in Essex, but according to the latest comprehensive study in 2007, Harlow also has housing estates with pockets of some of the worst deprivation and poverty not just in the region, but in England as a whole. That impacts on everything: homelessness, unemployment, literacy and numeracy, family breakdown, crime, and of

course health. Obesity is just one symptom of the broken society, but is that because of poverty, or educational poverty?

When it comes to solutions for obesity, it is fair to say that big or grand Government diet schemes do not work. Television adverts a few years ago urged us to eat fruit and said that it was wrong to have a bottle of wine with dinner. Many parts of the UK are still awash with NHS adverts covering the landscape with the same advice. In 2009, the Food Standards Agency—a quango that survived the bonfire—announced a scheme to encourage restaurants to give calorie counts beside each dish. The Department of Health has told us that we are all eating too much saturated fat, but despite all those worthy initiatives and their cost for taxpayers, obesity has gone up and up.

I am a Conservative because I believe in choice, freedom and the right of individuals to make their own decisions. Big state or "nanny-knows-best" programmes usually cost a lot, and do not achieve what they are intended to achieve, however noble they are. One thing that sticks in my mind about the Jamie Oliver success is that parents came to the school and tried to thrust fried Mars bars through the gate. The reason was partly lack of education, but also resentment at being told what to do by the big state. They were the parents, and they wanted to decide what to do with their own children.

People are not chess pieces to move around a board. We cannot design a Government scheme that will magically repair people's lives, but I accept that we must not abandon people. The solutions must come from the communities and neighbourhoods that we live in. That is an old idea, but it has been given fresh impetus by the big society reforms.

We have some remarkable sporting groups in Harlow, which are very popular. They are run by volunteers and social entrepreneurs, who know how to stretch a few hundred pounds to have the greatest impact with as little bureaucracy as possible. Such big society groups need more support. If we diverted just 1% of the sin taxes on cigarettes—around £209 million a year, based on 2010 figures—and if the same were applied to alcopops, excessively fatty foods and high-sugar products aimed at children, and that money was then funnelled into the big society bank, the Big Lottery Fund or local funds and ring-fenced specifically for smaller grass-roots charities, that would really make a difference. It would transform childhood obesity. That incentive could work in many ways. Supermarket vouchers that are currently used for school equipment could also fund sports charities in the community.

Community support officers on the Berecroft estate in Harlow have a regular Saturday football game with local children, and organise it with the Berecroft residents association. All they need is a few hundred pounds to connect their floodlights to mains electricity. Small amounts of money can make a huge difference, and millions of pounds are not always needed, because small community groups are best at fighting obesity. Another example is Harlow gymnastic club. It has many members, and the cost of joining is very small. It has changed the lives of countless young people and those with significant health problems, but it struggles to access funding because it is not part of any grand Government diet scheme.

I have often said that, if the big society, or even the big-boned society, is to work, we must build the little society. That is why I urge the Minister to focus on sustainable funding for smaller, grass-roots charities, as well as national organisations.

11.45 am

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I join the congratulations to my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on her contribution to the debate, which is important. The problem has reached such a level that we cannot ignore the emerging evidence. I am pleased that we have extended the debate beyond eating to education, diet, labelling and aspiration. I shall dwell a little on my area of interest—physical activity—as other hon. Members have done.

Another issue that has emerged in our debate is the problem of being overweight, in addition to the more technical issue of obesity. Exhibit A is a document from the NHS highlighting the number of overweight children in the four-to-five and 10-to-11 age groups between 2006 and 2009. I shall not go through all the figures, but they show that the problem has risen consistently in the overweight and obese categories. Exhibit B is a helpful response to my parliamentary question to the Minister. It highlights the fact that Government spending on obesity rose from £9 million in 2008-09 to the £36.8 million that is projected for 2010-11. If ever there was an example of the necessity of re-examining the ratio of expenditure to results, that is surely it.

I want to dwell a little on my debate in this Chamber in December 2010 on outdoor learning. It was directed at the Department for Education. Today's debate, thanks to my hon. Friend, highlights the fact that obesity is probably an issue for every Department, not least the Treasury. A point that I tried to make in the earlier debate was that evidence, not just opinion, is emerging of genuine behavioural improvement in children who are exposed to outdoor learning, which is outdoor education as distinct from outdoor entertainment, which I fear is what some people think it is.

There are encouraging signs regarding school exclusions and the behaviour of children in school when they are exposed to outdoor learning, and there are considerable health benefits, as hon. Members have said, particularly in food sourcing and preparation. Underpinning all that is the critical evidence that I suspect is more relevant now than it has ever been that a massive national saving can be made from investing in the project to reduce obesity, instead of seeing it simply as an expense that we cannot currently afford.

I tried to raise a distressing point during the debate back in December. There is enthusiasm for engaging in outdoor learning, and 86% of children and parents want it, but at the same time 76% of teachers are turning down the opportunity to undertake outdoor learning because of concerns about health and safety risks associated with such trips. However, the evidence shows that there are very few health and safety risks; in fact, risk is low, and the return for teacher, pupil and parent is very high.

I listened with great interest to my hon. Friend the Member for Harlow (Robert Halfon). He talked about the balance to be struck between being libertarian and

[Simon Hart]

adopting a hands-off approach to the problem, as well as the seriousness of the situation and what it requires us to do. I want to suggest some scenarios to the Minister, although not necessarily with a view to her coming up with the answers now or requiring her to state on the record what the Government propose. The examples come from my own experience as a parent of two young children aged 11 and nine, very much in the category that is most susceptible to the habits of the 21st century.

If we are serious about this issue, are we content that in April last year alone, 53 million new computer games were launched on to the open market? Are we satisfied by the fact that access to junk food has never been higher than it is this decade? Are we aware how commonplace advertisements for junk food are on children's television? Are we satisfied by the fact that one incentive to go to a fast food outlet is that of receiving free toys with a meal? My children would be appalled if they heard me say that because one of the greatest incentives for them is what comes with the meal that they get through the car window in a drive-through—I am trying hard to not mention any brand names.

[NADINE DORRIES *in the Chair*]

Are we aware of the extent to which children, particularly those under sixth-form age, go to the local chippy for lunch when they are at school, rather than eating something healthier? Do we know what is in the school lunch boxes that are provided with great care and attention by parents who often have considerable financial difficulties or other stresses?

In healthy schools where a lot of the kids will eat meat and two veg as part of their daily diet, those who bring a packed lunch do not have access to that good food. Let me put in a little plug for Pembrokeshire county council. It has a fantastic school dinner service—I think it is so good that it should be compulsory—and it is free. Are we as a nation satisfied with the propensity of supersize options, where one pays an extra 50p and receives 50% more food? Under current circumstances, and given the statistics that underpin the debate, is that a satisfactory situation?

Finally, is it not a little disingenuous that some of our major sporting events are sponsored by crisp makers and chocolate manufacturers? Is that not like having the Silk Cut London marathon? Are we not turning a blind eye to what such sponsorship means and how it legitimises in the eyes of children not particularly healthy foodstuffs, simply because they are attached to a major sporting event? I do not have the answers to those questions although perhaps other hon. Members will. I am not sure, however, that we can continue to turn away completely from the reality of the problem that is emerging.

The great achievement of this debate—I hope hon. Members will continue to raise other points—is that we are eventually recognising the social, cultural and economic cost to the nation of obesity and overweight children. As other hon. Members have said, the issue crosses all Departments. It is not about "curing" children—not the most appropriate expression—but about early intervention and prevention. I suggest to the Minister, just as I suggested to the hon. Member for Brent Central (Sarah Teather) in the debate last December, that it is not about what we as a nation can afford to do, but about whether we can afford not to address the situation. Evidence clearly shows the damage done by obesity, not only to the prospects of our children, but to those of the nation.

11.53 am

David Tredinnick (Bosworth) (Con): I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing this crucial debate, and my other hon. Friends who have spoken.

I was in the Mall on Friday for what everybody agreed was a most wonderful royal wedding. However, my heart sank when I saw a very large, hugely overweight man hanging on to a railing for dear life and panting. He may have had a problem caused by steroids or something else, but it is most likely that he was obese. I thought how unhappy he must be with his life—my hon. Friend the Member for North Swindon (Justin Tomlinson) touched on the issue of happiness. One point we must get across to people who are obese is that they can be much happier if they overcome obesity.

My hon. Friends have made many points, but I want to touch on three issues. First, I want to look at the Change4Life programme and the changes that the Minister proposes to make. Secondly, I would like to say something about the impact of high-energy drinks that contain a lot of sugar and caffeine. Thirdly, I will speak about sizes of portions and clothes.

I will start by referring to the October 2007 Government report, "Tackling Obesities: Future Choices", on what the human body is designed to do. It points out, with classic understatement, that our biological system is,

"not well adapted to a changing world, where the pace of technological progress and lifestyle change has outstripped that of human evolution."

Many years ago in this Chamber—the old Grand Committee Room—I listened to a debate one evening, instigated by the food and health forum, that I have never forgotten. The speaker was a professor of nutrition and he said, "Look, in a nutshell, if you want to stay healthy, remember that we have not really evolved since the stone age; we are essentially stone-age people in the 20th century." He said that if we want to be healthy, we should live like stone-age people. We should walk most of the time and run occasionally, eat berries and vegetables in season, catch fish when possible, and eat meat rarely. I was struck by that speech. Generally, our health problems arrive when we deviate from that simple model.

Last week, *The Daily Telegraph* looked at the problem of obesity as it affects parents. It pointed out that British men are among the fattest in Europe and that according to the World Health Organisation, we do less exercise as a nation than almost every other country in the world. In another article, I read that the World Health Organisation believes that in the regions of Europe, the east Mediterranean and the Americas, over 50% of women are overweight.

We have an enormous problem. All my hon. Friends have drawn on statistics. We tend to follow what happens in America, so we should be aware of what is happening in that country, where the problem is greater—obesity

rates are 36% among women and 32% among men. The number of obese men in England has doubled since 1993, and the number of obese women has risen by half.

My hon. Friend the Member for Harlow (Robert Halfon) referred eloquently to issues in his constituency, but in my constituency we do not have the problems that affect many others. For example, the prevalence of obesity among reception-age children in the east midlands is just under 10%, and for year six children by region it is 18%. In Hinckley and Bosworth, the figures are smaller, at just over 7% and under 16% respectively. Those are still enormous figures, however, and we must put that in the context of my original point about happiness. How many of those children are very unhappy with their lives?

The Minister inherited the Change4Life programme from the previous Government and I hope she will say a few things about the changes that she proposes to make. As I understand it, the funding for that programme is to change and she will be looking for contributions from the food industry. That may be a good thing, but I would like reassurances that the food industry will not be driving the agenda. I know that she has already said that we will not legislate further to bring in a range of new standards, but I think the quid pro quo is that we must know that the food industry will be very supportive of measures that do exactly what has been suggested and ensure that we see a reduction in sugar. There is far too much sugar in cereal, for example. I suggest to my hon. Friends that if they really want a cereal that is sugar-free, they should make it themselves; it is not difficult. I look to the Minister for support on that issue.

My next point relates to high-energy drinks. I have not heard a word about high-energy drinks this morning; I think that that is a forgotten area. Children and adults are consuming drinks that have two or three times the recommended caffeine level and a very high sugar content. If people have far too much caffeine, they get behavioural disorders. It is very bad for them. It increases their heart rate, and there have been instances of children going to hospital in such circumstances. It is extremely dangerous.

I recommend that the Minister look at the research conducted by Johns Hopkins university, which concluded that energy drinks should be labelled with highly visible health warnings aimed at young people. I will not quote from the study extensively, but it based its recommendations on research that discovered that certain drinks contained as much as 14 times more caffeine than the average can of cola. That is the same as drinking seven cups of coffee.

While we are on the subject of coffee, is it not extraordinary that we are now being invited by coffee shops to drink half-pint mugs of coffee? Have we taken leave of our senses? Have we all gone mad? If I stop for a cup of coffee with a friend, I often order the smallest cup of coffee and split it into two mugs because it is too much. In the 19th century, coffee cups were tiny. That is another issue that we must address.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Drinking half a pint of coffee would be one thing. Is not the problem with coffee shops that often people are also drinking coffee with cream, sugar and additives? Sometimes with these half-pint cups of coffee, people would get fewer calories in an ordinary meal.

David Tredinnick: I absolutely agree. What is going on in coffee shops is a debate in itself, but coffee used to be taken in very small quantities. It was not intended that we should have so much caffeine in our system.

My last point is about size—the size of portions and the sizing of clothes. I was very touched when, on the day we came back from the recess last week, one of our colleagues came into the Chamber and my hon. Friend the Member for Harlow and one or two others were saying how slim and how wonderful he looked—he had better be nameless because I did not talk to him about the fact that I might refer to him in this debate. He said, "Yes, I've lost a lot of weight," and I think that it was my hon. Friend who said, "How did you do it?" He said, "I'm eating half as much food as I used to eat." He is eating half as much food—it is not rocket science.

How about suggesting to people that sometimes they do not need to eat as much food? For those who have a faith, may I remind them that gluttony is one of the seven deadly sins? This wonderful stone-age body that we have knows when it has had enough food. The problem is that we override the system too much. We are not taught moderation. Instead of trying to eat smaller portions, we tend to overeat and eat very large meals. We are not helped by the restaurant industry and the food industry, which are constantly trying to pile our plates higher and higher, with triple or quadruple deckers and vast portions. The same applies to children's food. That is a problem.

On the sizes of clothes, I have some reliable research from someone well known to me. In the mid-1970s, a lady weighing 7 stone with a 24-inch waist would buy a skirt in a size 10; in 2011, the same person, whose waist has increased by three quarters of an inch, buys a size 8 or 6 because the size 10 is far too large. The industry has created a completely new range of sizes to accommodate the population. The largest size used to be size 18; it is now 20 to 22. People who are buying a particular size, thinking that they are a certain weight, are actually much larger than they think they are. That is very unsatisfactory.

Some of my hon. Friends touched on sport. Sport is fantastic; it is so important, and we have the Olympics coming to this country next year. Obese children do not play much sport. They cannot because they cannot get on the pitch—they are too big—so they miss on that wonderful opportunity. With the Olympics round the corner, surely this is the best time to take every possible measure and all steps in the Minister's power to reduce obesity among children.

12.5 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): I congratulate the hon. Member for Brentford and Isleworth (Mary Macleod) on calling this very important debate. I also congratulate you, Ms Dorries. I am sure that you have chaired many debates, but this is the first time that I have spoken under your distinguished chairmanship.

When we discuss childhood obesity, we should be clear that we are talking not about how children look but about how they feel, because one of the problems with debates about body size is that they can have an element of judgmentalism, which makes the issue more difficult and emotional for people. I think that we can

[Ms Diane Abbott]

all agree, as a Chamber, that everyone's child is loveable and everyone's child is beautiful. We do not want to get into being judgmental about body size, because the other side of the coin from childhood obesity is childhood eating disorders—particularly among girls, but also, increasingly, among boys.

I want to touch on the introductory remarks made by the hon. Member for Brentford and Isleworth about the origins of childhood obesity. She talked about parenting. I do not disagree with anything that she said, but let us stand back and realise that we live in a world that has changed since the days when Nye Bevan set up the national health service. At that time, fewer than one in 10 households had a television and fewer than a third owned a car. Nowadays, 98% of households have at least one television, if not two or three, and 19.5 million households own a car.

When the NHS was set up, the only form of processed food available was spam. Now, there is an infinite variety of processed food; it is possible to eat it three times a day, with all the problems of trans fats, added sugar and so on that that involves. It is also the case that when the NHS was set up, many more people did manual labour. We are looking at a world that has changed. It is not just that people are making different personal choices; they live in a much less mobile, much less active, much more sedentary world.

When I was a child, I was not as sporty as some of the Government Members present, but in the summer holidays I would have my breakfast and then go out and play all day. Children played out all day. Their parents did not worry about where they were; they just knew that they were playing out. Children played down back alleys and in other people's gardens. We might or might not come home for lunch, but we came home for tea. I am a parent myself—my son is now 19—and I would not have dreamt of letting him play out on the streets of London. Whereas parents 30 or 40 years ago thought nothing of letting their children play out unsupervised, nowadays parents feel much happier if their children are at home watching television or playing a computer game. They think that they are being good parents and they are certainly less fearful parents.

When I was a child, children routinely walked to school. Now, I see children driven to school over much shorter distances than I used to cover when I walked to school. Again, those parents think that they are being good parents. Perhaps my family was not as grand as those of some hon. Members, but when I was a child, we always sat down for a family meal together. We waited for my father to come home from work and we all sat down and ate as a family. There was not the snacking that my son routinely did when he was at home. Our world is very different from Nye Bevan's.

Even over the past 20 or 30 years, however, the world has changed. People's notions of what it means to be a good parent have been attenuated, certainly in big cities, although things may be different in Shropshire and more rural areas. In big cities, people think being a good parent means having their child safely at home. They think it means that their child is never hungry and that there is always food in the fridge to feed them. They think it means that they must feed their child the most heavily advertised and expensive products. The issue is not, therefore, just one of individual choices; we live in a changing society with changing ideas about parenthood.

Altogether, this is a more sedentary and materialistic society. As Members have said, even if children are active at school, that activity will stop when they leave. That is particularly true of girls. There are also the attractions of television. When I was a child, there was no daytime television, so children could not sit at home in the daytime watching television. We were out in the garden, on the swing or up the park; we were chasing people up and down, shouting at our brother and doing all the things that helped us work off the calories bit by bit.

We live in a changed world, which is part of the reason why we have seen a gradual increase in children leading more sedentary lifestyles, eating more processed food and snacking on processed food between meals. When I was a child, the only form of fast food was fish and chips or food from a Wimpy bar. I remember begging my father to take me to a Wimpy bar, which I thought was the height of sophistication and glamour. There was no question of children routinely stopping off at some fast-food shop on the way home from school or having fast food between meals; we lived in a very different world.

What can the Government do in a world that has changed and become commodified—one in which the average British child recognises nearly 400 brand names? We have touched on a number of issues that I am interested to hear the Minister talk about. In particular, there is the issue of what happens in school. As we have heard, one important thing is that children can learn to cook in school and can be taught about good nutrition. There is also the issue of the sort of school meals that are made available. There was some resistance to Jamie Oliver-type school meals, particularly when they were introduced at secondary school level, but introducing children to healthy food at primary school will set up habits that see them through life.

There is also the issue of food labelling. I would be interested to hear what the Minister has to say about traffic-light labelling, which is the easiest for mothers in places such as Hackney to understand. Mothers there are not going to read a label or to try to do the sums to work out how many calories there are in a packet of food if there are 60 calories per 100 grams. However, a traffic-light label in red, yellow and green is easy for them to understand.

I will be interested to hear the Minister explain how the commissioning model of health care in public health will engage with these issues. I am particularly interested to hear what she says about the extent to which Change4Life is working with the food industry. As one Member said, we might as well have the Silk Cut marathon, but I have an open mind and I am waiting to hear what the Minister has to say.

Childhood obesity is about how our children feel, not how they look. If somebody was a little chubby when I was a child, people used to say, "Oh, she'll grow out of it," but 70% of obese children stay obese well into adult life, with all the outcomes we are so familiar with in terms of heart disease, diabetes, stroke and blood pressure.

The striking thing about child obesity in 2011 is the extent to which it is a problem of poverty in the United Kingdom and the United States. Historically, it and the

gout that went with it were problems that rich people had. Increasingly, however, heroes in popular culture in America and elsewhere are strikingly obese, which never used to be the case. Obesity is a problem of poverty; it is about a lack of information and a lack of access to a healthy diet.

We have heard about the increase in the numbers and about the real danger that significant numbers of today's children will live shorter lives than their parents and spend their lives in poor health. We as a political class, and the Government, cannot simply leave childhood obesity as a matter of parental or children's choice. Of course, choice is a big issue, but we have to set out a policy framework, whether it relates to schools, labelling or schemes such as Change4Life.

We have to set out a policy framework that makes things easier for parents, who are under more pressure than ever from commodification and materialism, and who are more frightened than ever about simply letting their children out to play. We have to set out a policy framework that makes it easier for parents, including Members of the House, to make the right decisions and to determine not only how their children look now, but how their health will be in years to come.

12.15 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): May I say what a pleasure it is to serve under your chairmanship, Ms Dorries? I have not had the pleasure before. I congratulate my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) on securing the debate. I thank her and other Members for their contributions. I noticed that the hon. Member for West Ham (Lyn Brown) stayed on from the previous debate because she was so riveted by my hon. Friend's contribution. It is good to see that, because we perhaps do not see it as much as we would like in this Chamber.

My hon. Friend eloquently highlighted not only the scale of the problem and its costs in her constituency, but the individual consequences and the health impact. She was absolutely right, however, to say that this is not just a health issue, and if we need to get one thing across today, it is that. The Prime Minister set up a Cabinet Sub-Committee on Public Health because we need sign-up from all Departments. This is everybody's business; it is about local government, education, transport and the Department for Culture, Media and Sport, and it requires action on every level.

I was not in the country for the royal wedding on Friday, sadly, because I was attending a World Health Organisation conference in Moscow on non-communicable diseases. Along with smoking, alcohol and lack of exercise, obesity is one of the major issues facing the world, and it was interesting to hear some of the interesting ideas that are coming forward.

There is no doubt that tackling the problem of obesity, particularly in children, is key. The hon. Member for Hackney North and Stoke Newington (Ms Abbott) was right to raise the associations between obesity and deprivation. Obesity was, and still is in some developing countries, a problem for wealthier people, but we are now seeing a switch, with obesity now being associated with deprivation.

My hon. Friend and other Members mentioned MEND. She also mentioned the importance of the Olympic legacy and food labelling, and I will deal with those points in my remarks.

As Members are aware, the Government published their public health White Paper last year. It set out the scale of the public health challenge ahead of us and the Government's approach to improving health and well-being.

The hon. Member for Hackney North and Stoke Newington mentioned parenting, which involves some really complex issues. There is the issue of what constitutes a good parent. Am I not a good parent if my fridge is not full? The hon. Lady rightly touched on that. Am I not a good parent if I do not make my children clean their plate at every meal? My generation was brought up on the idea that what children do not eat one day, they have cold in their sandwiches for tea the next day. We need to approach such attitudes.

The White Paper signalled the Government's commitment to addressing the current trend. This is not about just the governmental costs, but the social costs and the burden of disease. The latest figures show that 61% of adults and 28% of children aged between two and 10 in England are overweight or obese. Those figures are enormous. My hon. Friend the Member for Brentford and Isleworth mentioned the publication of a report by the London assembly. We know that in her area nearly a quarter of children in year 6 are obese—one quarter, one out of every four children, is obese. The risks of being overweight include the increase of a range of diseases, such as heart disease and type 2 diabetes.

An analysis by the National Heart Forum has predicted that, by 2050, the number of people getting diabetes because of their weight will nearly double, and that those with heart disease caused by obesity will rise by 44%. Obese and overweight people place a significant burden on the NHS and the direct costs are estimated to be £4.2 billion. However, the indirect costs are massive, such as the impact of early death on families, poverty due to not being able to work, and so on.

The White Paper sets out our vision and general approach. There are three underlying principles. First is individual responsibility: we want to encourage people to take responsibility for their own health. My hon. Friend the Member for Bosworth (David Tredinnick) commented on an anecdote about losing weight by eating less. That is old-fashioned and simple, but a message that we need to get across. It is about individual responsibility.

The second principle is working together, to which I have referred. That is about the problem being everybody's business—every part of society, focusing on developing partnerships across the board, with third sector organisations, social enterprises and business. Everybody has a role to play. The third aspect is the role of local communities, about which we heard a lot from my hon. Friend the Member for North Swindon (Justin Tomlinson), who talked about local initiatives and what can be done at that level.

We will publish before the summer a document on obesity, which will set out how we will tackle the matter in the new public health and NHS systems, and the role of key partners. The Department has recently held two events with key organisations involved in reducing obesity,

[Anne Milton]

to help develop the document. We will also consider comments from the consultation exercise on proposals for a public health outcomes framework, which has just come to an end. That framework includes two possible indicators relating to adults and children, to measure progress relating to obesity.

Experts from the Foresight team described the UK as having an "obesogenic environment". That is probably right in many ways. There are a number of factors that drive people towards overweight and obesity. As I have said, it is clear that too many people eat too much and exercise too little, and are storing up big health problems. We all need to play our part. It is for local and central Government, business and other partners to make it easier for people, and remove the sort of barriers—mentioned by my hon. Friend the Member for North Swindon—which include irritating matters such as insuring minibuses to get people to sporting events.

The Government cannot compel people to eat less food. We can encourage people and make it easier for them to make better choices. There is already a lot of action under way to do that. Many products in the UK voluntarily provide front-of-pack nutrition labelling, which provides more information. The regulations surrounding front-of-pack labelling are an EU competence. The EU is not dragging its feet, but it is incredibly complicated to get all member states to sign.

We would like to see as light a regulatory burden as possible, to allow different member states to have different front-of-pack labels, because, as a number of hon. Members have said, all systems—guideline daily allowances are one example, traffic lights another—have upsides and downsides. Some can be difficult to understand and some can be misleading. We have all seen claims on the front of packets indicating low fat, but the sugar content is another problem staring one in the face. Indicating calories is attractive to some people but is a problem for those with an eating disorder and are underweight. We need maximum flexibility. Discussions are very active in the EU at the moment and we will start to see some suggestions coming forward.

The Change4Life programme is encouraging people to make simple changes: eating more fruit and vegetables, cutting down on fatty and sugary food and being more active. The national child measurement programme, started under the previous Government, provides feedback to parents about the weight status of their children, enabling them to take action where necessary. My hon. Friend the Member for Bosworth mentioned clothes sizing, which indicates that being fatter has become the norm. The child measurement programme is an important part of giving information to parents.

The Department has also been working with the Association of Convenience Stores to increase the availability of fresh fruit and vegetables in convenience stores across the country. That initiative has been expanding incredibly quickly. I recently had the pleasure of visiting a scheme. This development is particularly important for areas of high deprivation; convenience stores are often the first port of call for many to do their shopping. Some participating stores have seen a dramatic 47% increase in sales of fruit and vegetables.

As part of the public health responsibility deal, a number of organisations have made a series of pledges, which will provide better information to consumers about food. Let me make it clear that the Government are the only people to decide Government policy. However, the responsibility deal currently involves 180 organisations and businesses, and there are 19 collective pledges available online, which I urge hon. Members to view. The idea is to capitalise on the reach of many of these organisations—both businesses and voluntary bodies—so that we can tap into the unrealised potential of a wide range of resources that can promote healthier lifestyles and give people information.

Calorie labelling in out-of-home venues is intended to give information and has been quite successful. We have talked about the half-pint latte and a muffin. It is dramatic and astounding to discover that one has probably had the daily allowance just in a snack on the way to work.

We talked about physical activity. We are currently reviewing the chief medical officer's guidelines, and are looking at evidence in relation to the health benefits of physical activity. There is also an important psychological benefit, because it makes one consider how one feels and what one is eating and doing, and to be more conscious of overall general physical and mental health.

While much of the focus is on preventing problems from arising, we are also working to meet the needs of those at most risk of becoming obese, including those who are already overweight. Weight management providers will continue to play a role in tackling obesity. In future, the move of public health into local councils is going to be an important and significant step.

I think it was my hon. Friend the Member for North Swindon who mentioned playing in the street and street parties. Interestingly, when I was in Moscow last week, the Minister of Health for Columbia talked about a scheme they have there. On Sundays they close certain streets so that everybody can play in them. That is an outstanding idea. Before constituents e-mail to complain about their streets closing, I should say that I accept it would not work everywhere. It could, however, work in some places.

We have heard today of the huge opportunity for local action; we cannot work in silos any more. Government cannot tackle obesity alone and we want to work with the widest range of providers. Government can and must do their part, but we rely on the compliance of the public as individuals. We have to facilitate and help more people to want to lose weight and stay at a healthy weight. The truth is that no single solution will make a difference; the issue is about using all the ideas raised in this debate to turn round the supertanker. There is a tendency to refer to an epidemic, to suggest that it is something that happens to us. We are like—

Nadine Dorries (in the Chair): Order. I call Mr Jim Cunningham.

Budget (Coventry)

12.30 pm

Mr Jim Cunningham (Coventry South) (Lab): This is the first time, Ms Dorries, that I have been involved in a debate chaired by you; it is a pleasure to see you in the Chair.

Coventry has had a long and significant economic history, which continues to shape and influence the performance of the local economy and could provide the foundation for its growth. The steady waning of coal mining after the second world war, together with the more rapid decline of our motor industry in the 1970s and 1980s, hit Coventry particularly hard. Coventry's economic output is now 8.5% lower than the national average, and for Nuneaton and Bedworth it is now 35% below the average, yet Warwick performs 17% better than the national average.

Since the millennium, Coventry has benefited from significant redevelopment and regeneration, and the public sector has been crucial in that process. Coventry has a particularly youthful age profile, and scores well above average in measures of economic adaptability. Rates of growth were increasing before the recession, which suggests that the structural change is largely complete. The city holds many competitive advantages for research and development, engineering and niche manufacturing. However, unemployment is a growing worry. The latest figures from the House of Commons Library reveal that Coventry has 10,324 unemployed job seekers, and things are likely to get worse as the year progresses.

Coventry is famous for making cars, but it is public sector workers who drive much of the local economy. As we know, Becta and the Qualifications and Curriculum Development Agency are being abolished. It may have seemed the easy option to get rid of these education quangos, but they employ a combined total of close to 800 people. Many are former teachers. The relocation of the QCDA cost the Government more than £44 million, and it came at a personal cost to many of the staff who relocated from London.

We cannot ignore the strain on the private sector. Friends Life, formerly Friends Provident, recently announced that it plans to close its offices in Coventry by the end of the first half of 2012. There are 428 jobs at stake, and staff will be badly affected. That brings total job losses in Coventry to around 3,000.

I turn to the scale of the grant reductions that Coventry faces. Because of the cuts, the city council is being forced by the Tory-led Government to cut as many as 500 posts over the next 18 months. The amount of money that the council spends in the local economy will also be dramatically reduced. That, too, will have an impact on council staff. The front-loading of cuts means that staff losses will be required in the early stages of the spending cuts. That will affect families throughout Coventry. The overall impact is that Coventry city council is expected to lose about £45 million over the next few years.

The cuts will have an impact on the economy of the west midlands. They will have a significant knock-on impact on local businesses and employment in the region. We can see what is happening in other sectors as the cuts and reforms begin to bite. For example, cuts of more than 20% to the West Midlands police equate to 2,500 jobs.

There are two parts to the Department for Communities and Local Government cuts for Coventry council. It will lose formula grant of more than £19 million, and specific grants in excess of £17 million. The city council will not be able to continue providing services at the same level. Because of the latter cuts, there will be far fewer grants and they will have a lower overall value. It is a matter of great concern that many grant streams will end.

The vulnerable people of Coventry will be hit a number of times by the Government's deficit reduction plan. Pensioners were dealt a blow by Government when the winter fuel payment was slashed by up to £100. How can those who are disabled or who live in care homes take part in the Government's big society once the mobility component of the disability living allowance has been removed? Has the Minister considered the effects of reduced local government budgets on the cost per placement of patients on independent care providers such as Southern Cross? Notwithstanding the burden on the NHS, local hospitals will be expected to deliver far-reaching reforms to patient care as their budget decreases and demand increases. How can the Minister justify removing the provision of face-to-face legal advice for the poorer residents of Coventry in favour of a cheaper phone line?

I am deeply concerned about local provisions for our young people. Building Schools for the Future is to be abolished. That will result in a loss of £300 million to the local economy in construction, which can be added to the cuts in the council's budget We await the James review—it has been a long time coming—but that is of no comfort to schools that are in desperate need of repair. From this year, the Connexions careers service will operate on a budget that is more than 70% smaller than in April 2010. The service gives young people the skills and confidence to get into the workplace. Its downsizing will doubtless contribute to the high youth unemployment that the region has experienced.

The coalition Government admit that Sure Start will suffer real-terms cuts. Ministers refuse to deny that this will result in the closure of Sure Start centres. However, Sure Start centres in Coventry will lose nearly £600,000, which will be a great blow to young families. Services for young people face other financial pressures. Coventry's children, learning and young people's department has announced a further £1.2 million loss because of the ending of the 5% standards fund.

Crucial retention funds that the council had relied upon will not be continued in the next financial year. The largest proportion of JSA claimants in Coventry are aged between 18 and 24. Given what I said about the Coventry's youthful profile, there is no reason why our young people should not be given the opportunities that they need as it will strengthen Coventry's regeneration.

All these changes will have an irreversible effect on the economic growth of the region. The leader of Coventry city council estimates that up to £25 million will be taken out of the local economy. The public and private sectors will not be able to invest in the regeneration of the region and its infrastructure.

There is an urgent need to address infrastructure issues. We need an increase in train travel between Coventry and Nuneaton, and Coventry and Leamington. The go-ahead for a new station at the Ricoh arena is vital to Coventry's economy. Equally, we are waiting for

[Mr Jim Cunningham]

the Friargate development to go ahead; again, it could have a big impact in revitalising the city centre. Revitalising the city will obviously create jobs.

Mr Bob Ainsworth (Coventry North East) (Lab): I raise the question of what I fear is the impending sale of the strategically important land at Ansty. If a developer gets hold of that land, the possibility is that it will sit on it, waiting for the maximum return. That will probably be through housing rather than what it was meant for, which was job creation in the high-tech manufacturing sector.

Mr Cunningham: My right hon. Friend anticipates me, as I was just coming on to that.

The abolition of RDA funding means that there is little to lever in private sector investment for large-scale redevelopment projects. Although the prospect of 10,000 jobs in the enterprise zone is welcome, questions arise on the implications for other employment sites such as those at Ansty and Browns lane. In answer to my right hon. Friend, I am sure that he will remember, as will my hon. Friend the Member for Coventry North West (Mr Robinson), that we lobbied hard to get the Ansty site as a technological centre, and the city and the west midlands invested a lot of money in it—if my memory serves me correctly, the investment for the infrastructure was somewhere in the region of £5.9 million. It is vital that the Minister clears up the future of that site. A lot of taxpayers' money has been invested in it and some companies are operating from it at the moment. How does the development of that site square up with the proposal to create 10,000 jobs at Coventry airport? Although my hon. Friends and I do not deny that such jobs are needed, we need the issue to be sorted out one way or another. The public in Coventry want to know why some of those jobs cannot be located on the Ansty site. My right hon. Friend, therefore, raises a vital point, which is of interest to a lot of people, particularly those in Coventry.

My next point relates to the impact of the Localism Bill. Local people seek assurances from Government that there will be no fire sale of employment sites in need of overhaul, such as the Ansty and Browns lane sites, to help address the deficit. I have dealt with the Ansty site, but of equal importance is the Browns lane site, which was once a manufacturing site for Jaguar in Coventry—let me just say in passing that my hon. Friends and I are glad to see that Jaguar is reinvesting in the west midlands and in Coventry.

The Localism Bill also applies to the Coventry airport site, which is a proposed enterprise zone. Some major environmental issues will arise from the development of that site and the Severn Trent site. People will be testing the Localism Bill to see whether the public will have a major say in any development initiatives. Many people in Coventry are worried about the use of greenbelt land for example. We will soon find out whether the Government mean what they say about localism.

The Government need to address the balance of housing and employment. The highest rates of unemployment are generally found in the neighbourhoods that were based around the mining and manufacturing industries of the past. That highlights the key role that places can play in creating and sustaining unemployment. Areas housing large numbers of unemployed, low-skilled and vulnerable residents cannot generally attract business investment.

I will finish here because I know that my hon. Friend the Member for Coventry North West wants to speak and we obviously want to give the Minister time to answer our points.

12.42 pm

Mr Geoffrey Robinson (Coventry North West) (Lab): We are very grateful to you, Ms Dorries, for your chairmanship of this important debate on the present economic situation in Coventry. I congratulate my hon. Friend the Member for Coventry South (Mr Cunningham) on securing this debate and I thank Mr Speaker for granting it.

I should like to develop a few of the points made by my hon. Friend. I want to draw the Government's attention to them as they contribute to the highly unsatisfactory situation regarding jobs and the prospects for jobs in Coventry at the moment.

My first point relates to the review of the schools building programme. The situation in Coventry is particularly bad. All building was stopped and none was allowed to go forward. Even two schemes in my own constituency—Woodlands school and President Kennedy school—that were on the point of signature were refused. The Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) is aware that at present the main building of Woodlands school is propped up by scaffolding, and has been for the past two years. What family is likely to want their child to go to a school that is propped up by scaffolding and might collapse at any minute? That scheme should have been given the go-ahead because the school is not fit for present-day purposes. I know that such buildings are the subject of the current capital review that is going on. We are approaching the end of the first year of this coalition Government and the situation is no longer satisfactory.

Similarly, development at the President Kennedy school, which was on the brink of getting the go-ahead, was suddenly stopped. Again, it is a totally unsatisfactory situation. There are a number of other such schools. My hon. Friend mentioned others in his own constituency and in Coventry North East. The matter must be brought to head in the near future.

My hon. Friend mentioned the regional fund, which has been slashed by 70% in Coventry. Such a cut will have a major impact on the level of activity and on the number of schemes that can be carried out with Government support. Many projects could go ahead if we had quicker and easier funding for them.

Let me draw the Minister's attention to transport. Not so long ago, we had a debate in this Chamber with the Minister of State, Department for Transport, the right hon. Member for Chipping Barnet (Mrs Villiers) in which we tried to thrash out alternatives to the massive High Speed 2 programme. Some £18 billion would need to be spent on the London to Birmingham route. What needs to be done urgently and would hugely contribute to employment activity in the Birmingham and Coventry area is simple four-tracking, which has to be done on the London to Birmingham

route. Such a scheme is supported by Centro and local experts who say that it could make a huge contribution not just to employment but to the development of the region by bringing in activity and easing transport between Coventry and Birmingham, which is a very congested area of the west midlands. That scheme is not going ahead now because it has been earmarked to be done in five years' time—if we are lucky—as part of an £18 billion build. It could be done under a rail package 2 proposal, which has been put up by the same consultants who are doing the HS2 work for the Government, at a fraction of the cost. With many areas under blight, many Conservative MPs in the south-east share our view that we should invest in the areas through which the rail already travels.

Similarly, there is the issue of the Knuckle project, which is the rail link between Coventry and the Ricoh stadium. It goes further north to Nuneaton and further south from Coventry. Again, it is local and regional and could get the go-ahead. We know that it has not been killed by the present Government; it is still there and is still a possibility. The project is estimated at about £18 million, which is chickenfeed compared with the scale of the investments that we are considering in other areas.

The schools schemes and the rail programme could be given the go-ahead and they would make a tremendous difference to the blight that we otherwise face in Coventry.

The last time we went through a similarly bad period was in the early 1980s. The car industry and the machine tool industry collapsed. Virtually all the mechanical engineering sectors that were located in Coventry collapsed. There was nothing much left at the end of that period and we still have not recovered. Although investment and development continued to take place in the country, much of it bypassed Coventry. We face the same problem again and it will affect those sectors that came in to replace manufacturing, notably the public sector. Becta and the QCDA have been closed. The council is announcing huge cuts. The whole public sector that came in to replace manufacturing—not much else came in apart from transport and delivery—is now facing the same sort of cuts at a time of severe recession and once again, Coventry will be pushed down.

I realise that time is limited and I will not go on any more. I have listed a number of specific projects that could be undertaken in the context of what the Government have available now for regional development. I urge the Minister, who has no direct responsibility for any of the projects, to push her colleagues who are responsible at least to consider them.

12.49 pm

The Economic Secretary to the Treasury (Justine Greening): It is a pleasure to serve under your chairmanship for what must be the first time Mr Dorries.

I congratulate the hon. Member for Coventry South (Mr Cunningham) on tabling and securing an important debate. It is important not only for Coventry itself but more broadly. I also pay tribute to the hon. Member for Coventry North West (Mr Robinson) who spoke, as did the hon. Member for Coventry South, with great passion about the challenges facing Coventry. In the time available to me, I will try to address a number of wide-ranging points that the hon. Members made.

The hon. Member for Coventry South is right to make the points that he did, in the sense that there is not going to be one thing that helps to regenerate and grow the Coventry economy, and create jobs. We need a broader strategy in place to ensure that we are successful in helping Coventry. As the hon. Gentleman will be aware, the main backdrop to the policies that the Government are pursuing is the huge budget deficit that we inherited, which we must tackle. In his speech, he talked about young people; the worst thing that we could do for young people is to pass on to them that debt of the money that our generation has spent, so that they can pay it off. We have an obligation to get our finances back in order so that young people do not face that additional challenge as they enter the economy.

We need to tackle the deficit. However, as the hon. Gentleman pointed out, we have also got to increase economic growth and rebalance the economy across all regions of the UK. I think that he would recognise, as many of us do, that too much of the last economic boom, which took place roughly between 2000 and 2007, was enjoyed by London and the south-east, and not enough of it was enjoyed by cities and regions outside the south-east. We must ensure that, as we generate and create the right ingredients for the next period of growth in our economy, that growth is enjoyed by precisely those communities that can benefit most from it, in terms of jobs, skills and opportunities.

The key aspect at the last Budget was not only economic growth itself but ensuring that we had some plans to stimulate that growth. The hon. Gentleman will be aware that we made a series of proposals at the last Budget to create a model for more sustainable and more balanced growth, including in Coventry and more broadly in the west midlands.

As hon. Members have made clear, Coventry faces some difficult challenges, but it remains a significant contributor to the regional economy in the west midlands. As has also been mentioned, during the last 20 years Coventry has rebalanced its economy somewhat by moving towards more high-tech manufacturing and business services. The reforms set out in the plan for growth, and indeed in the broader Budget, will give businesses and individuals in the region, including in Coventry, a real boost. Those reforms include cutting corporation tax from this month, so that it will be 23% by 2014; increasing the personal allowance by £630 next year, following the increase of £1,000 last month, which will take 25,000 people in the west midlands out of tax altogether; and, of course, building on the success of the manufacturing technology centre in Coventry and in other cities, by creating high-value manufacturing technology innovation centres. They will be the first of an elite network of centres that will enable businesses to access state-of-the-art equipment and technical skills.

The hon. Gentleman will be aware that a further opportunity for Coventry—one that I am sure is already being investigated in the city—is the enterprise zones policy. The west midlands already has two of the enterprise zones that were announced at the Budget. He will be aware of the zone in Birmingham and Solihull, created by the local enterprise partnership, and of the zone in the black country. During the coming months, I hope that Coventry itself will submit a proposal to become part of an enterprise zone.

Mr Jim Cunningham: Can the Minister talk to her colleagues in other Departments about one issue that I do not think her Department—the Treasury—actually handles? That issue is the future of Ansty. A list of sites has been published. In particular, we are talking about Advantage West Midlands, which is the regional development agency. On that list of sites, Ansty is not mentioned, so we do not know what is happening with it. That is one of the points that I made in my speech. A lot of taxpayers' money has been invested in the site and a lot of effort has been put in by myself and my colleagues to get it developed. We and the public want to know what exactly will happen to it. I do not expect the Minister to answer me directly today, but perhaps she could go away and consider that matter.

Justine Greening: One of the things that the hon. Gentleman has been able to do very effectively in his speech is to raise a number of issues—such as transport and infrastructure, which I will come on to shortly—that are not necessarily a concern of the Treasury, but that doubtless have been recognised by the Departments concerned. I will ensure that I pass back his specific comments about the Ansty site to my colleagues in the Department for Business, Innovation and Skills and I will write to him in more detail about that specific site.

As I was saying, enterprise zones are another opportunity to bring some genuine benefits to the hon. Gentleman's area. In his speech on the Budget debate and again today, he has expressed the hope that Coventry will benefit from inclusion in an enterprise zone in the future. I welcome his enthusiasm for the enterprise zone policy. Of course, the Coventry and Warwickshire local enterprise partnership is welcome to bid to be part of the second tranche of 10 enterprise zones. Regarding timelines, I have no doubt that his local LEP will be working on its proposal already. We expect to take some decisions within Government in the summer about where the next tranche of enterprise zones will be. We do not intend to spend a long time making those decisions. We are aware of the urgent need to get on with this policy, because we believe that it can make a real difference.

The Government have also established the regional growth fund, which is worth £1.4 billion overall, to help to grow a private sector-led economy in England. Of course, Coventry will benefit directly from the first round of awards from that fund, with Jaguar Land Rover having won support for a project to undertake design engineering for a new small common vehicle platform that will be developed in part in its Whitley centre.

There have been other signals that the private sector sees Coventry as being "open for business" and that it has real confidence in the future of the city. Only last week, it was announced that the overhaul of Coventry airport will go ahead, creating new infrastructure and business opportunities in a £250 million development.

The second round of the regional growth fund, in which we are aiming to allocate the remaining £950 million of funding available, is now open for bidding. The second round closes on 1 July and I look forward to seeing many more exciting proposals, including from businesses in Coventry.

Hon. Members have raised concerns about local government funding. As I have already made clear, the last Government left an appalling financial mess behind them and we have a moral obligation to ensure that we pay down our debts as quickly as possible. Tough decisions have been necessary across all areas of public spending. Local government, which makes up a quarter of all public expenditure, has its part to play in that process.

The Government have delivered a challenging but fair settlement for local government to ensure that the most vulnerable communities are protected. Although financial settlements have been tight, local authorities will still receive £29 billion in grant next year. It is also worth noting that formula grant in Coventry will be nearly £500 in 2011-12, which is more than twice what it will be in west Oxfordshire, precisely reflecting the higher levels of need in Coventry. I know that Coventry council is getting on with calculating how it will make the savings that it needs to make. In fact, its deputy leader, Councillor George Duggins, has said that the council was in a "good position" compared with other councils, because it has taken early action.

There is no doubt that these are difficult decisions to make and of course they should be made at the local level by local authorities, to ensure that the priorities of local people, including those of people in Coventry, are reflected in those decisions. Ultimately, however, there is no doubt that the worst thing that we could do is to ignore the huge deficit that our country faces and the need to tackle it.

The hon. Gentleman rightly mentioned the issue of infrastructure in his speech and I want to refer to it briefly. During the spending review period, the Government will actually spend slightly more on infrastructure than the last Government had planned to spend. Of course, investment across the board has already been announced by my right hon. Friend the Secretary of State for Transport, but I have no doubt that the points that have been made today about the regional transport infrastructure in the west midlands, including rail, will also be taken on board by him. Hon. Members are right to point out that high-speed rail is a strategic project that can bring benefits not only to the west midlands but nationally. However, there is still the need to ensure that we get investment in the existing track. Of course, that existing track has a clear role to play in the coming months and years, by helping Coventry and other areas to regenerate their economy.

Finally, I will mention the Building Schools for the Future programme. I recognise the concerns that the hon. Gentleman set out about that programme—they are concerns that I face in my own constituency. It says everything about the BSF programme that a Government who were in power for 13 years could come to the end of their term and still have existing schools in the sort of state that the hon. Gentleman and his colleague, the hon. Member for Coventry North West, described.

However, I have no doubt that such considerations are being taken into account by the James review and I assure both hon. Gentlemen that, as we go through the coming years, we want to ensure that parts of the country outside the south-east, such as Coventry, benefit to the maximum from the next period of economic growth.

Larch Disease

1 pm

Neil Parish (Tiverton and Honiton) (Con): It is very nice to have this debate under your chairmanship, Ms Dorries, and it is nice to see the Minister with responsibility for agriculture here.

There is an insidious disease hitting the south-west that, if swept under the carpet, could decimate some of our most treasured ancient woodland, and cost many of the green jobs in the forestry sector that are vital to the rural economy and to the maintenance of our environment. Phytophthora ramorum is a fungus-like pathogen that is causing extensive damage and mortality to plants and trees. In particular, it has infected commercial softwoods such as Japanese larch in the south-west of England and south Wales. It was unknowingly spread by plant movements of ornamental rhododendrons to gardens across the UK.

In 2000, Forestry Commission scientists found similarities between a pathogen that had been causing leaf blotch and dieback in rhododendrons in nurseries in Germany since the early 1990s, and a pathogen in California—and subsequently in Oregon—that had caused the death of more than 1 million oak trees since its symptoms were identified in the US in 1994, gaining it the name, "sudden oak death." In Japanese larch, the symptoms are that shoots and foliage can be affected and are visible as wilted, withered shoot tips with blackened needles, with the infected shoots shedding their needles prematurely. Trees with branch dieback may have numerous cankers on their branches and upper trunk that can bleed resin.

It is now known that Japanese larch, when actively growing in spring and summer, can produce very high quantities of disease-carrying spores, at much higher levels than those produced by rhododendrons, and they can be spread across significant distances in moist air. In August 2009, the pathogen was found to have infected Japanese larch trees at sites in Somerset, Devon and Cornwall, which was an unexpected change in its behaviour. More recently, in March 2011, the disease was found in the European larch in woodlands near Lostwithiel in Cornwall. The fact that this lethal pathogen has now proved capable of infecting yet another species is a worrying development and a setback in tackling the disease, but given the similarities between the two species, experts were not surprised.

Regarding the threat to the industry, as of January 2011 some 138 statutory plant notices had been issued in the UK requiring trees to be felled due to infections on some 2,200 hectares. An estimated 1,745 hectares in the south-west are affected by the disease. That is a grave threat to our woodlands and to the 2,220 people who are employed in primary production and processing. The 15,000 green jobs in the south-west supported by the forestry sector are under threat.

Japanese and European larch, the primary victims of the disease in the south-west, are extensively used in the manufacture of garden furniture, fencing and pallets, and their value to the south-west's economy has been estimated at £47 million. Wood prices have been hit, with landowners estimating that the disease outbreak has seen larch prices fall by 35%. Over-supply, the cost of bio-security measures and the need for the diseased timber to be handled carefully only at licensed mills has also affected profitability.

Current actions by the Food and Environment Research Agency include a strategy to control and contain the disease, reducing levels of the infective spores in the environment by felling infected plantings of the principal host—Japanese larch—as rapidly as possible. FERA is also continuing its programme of clearing infected rhododendrons from woodland and other sites. There is also an aerial survey programme in the south-west, Wales and western Britain, where the climate favours the disease, to identify possible sites of infected larch, which is then followed by contact with owners, site visits to check symptoms and laboratory testing to confirm the presence or otherwise of the disease. When the disease is confirmed, there is a programme of clearance on both private and publicly owned sites and the development of a package of short-term help for private woodland owners affected by the disease, which includes a licence system to enable the movement and processing of timber from affected larch.

Other actions include continued scientific research better to understand the disease and the overall risks to our trees, woods and forests, including the potential impacts on the UK forestry sector and its associated industries; a further survey of rhododendrons by FERA, followed up with funded rhododendron clearance agreements when appropriate; and, very importantly, encouraging owners to check their woodland, especially larch plantings, for signs of the disease and to report suspicious symptoms promptly. Owners have a legal obligation under plant health legislation to notify the authorities if they suspect that the disease is present.

Regarding the effect on the forestry industry and the Confederation of Forest Industries, felling diseased larch has accelerated the loss of productive softwood forest, and the area of such forestry is already in decline, with new planting falling to match ongoing losses. A report by South West Woodland Renaissance, a coalition of 35 sawmillers and woodland owners, warned:

> "The forecast total softwood availability from the current potential productive growing stock is forecast to decrease"

by up to 50%. The loss of larch trees has caused the acceleration of lost softwood forestry, undermining local green jobs and damaging efforts to reduce carbon emissions and develop a low-carbon economy.

I turn to the felling of diseased larch and replanting. Many landowners are concerned about the considerable cost of clearing woodland of infected trees, and also that the lack of support for woodland creation is inadequate and the resource is diminishing, especially with the value of larch trees going down due to so many of the trees having to be cut down because of the disease. There is a huge disparity in the current grant system, with the grant rates providing a higher contribution to the cost per hectare of planting broadleaves than softwood, and providing no grant at all for replanting softwood in protected ancient woodlands.

Dr Sarah Wollaston (Totnes) (Con): May I back that up by talking about the experience of my constituent, Mr Rob White, who has lost 20 hectares of his Japanese larch under a compulsory felling notice? He is on a planted ancient woodland site and only 50% to 70% of his replanting costs would be covered—even if he planted

[Dr Sarah Wollaston]

wholly broadleaf species—and he is seriously considering the extent to which he will replant. He would, of course, like to use his common sense and replant a range of species; he has talked to me about replanting Sitka spruce and Douglas fir, which are relatively disease-resistant, and he would also like to mix in some broadleaf species. Does my hon. Friend feel that we should trust our constituents to use their common sense in that regard?

Neil Parish: My hon. Friend is absolutely right. We have to use our common sense and bring a mixture of trees back into these ancient woodlands, which have suffered from the destructive larch disease. From my farming background, I know that the greater the spread of varieties of tree, the lower the chance of spreading the larch disease that might still be there. I am sure that the Minister heard exactly what my hon. Friend said, and it will be interesting to see whether the Department for Environment, Food and Rural Affairs can come up with a solution whereby we can get the forests replanted, especially the very valuable ancient woodland.

Jim Shannon (Strangford) (DUP): I thank the hon. Member for Tiverton and Honiton (Neil Parish) for bringing this matter to Westminster Hall; his concerns are shared by many of us. In Northern Ireland, for example, some 200 hectares of trees are under the same threat. Does he agree that trees are perceived as the lungs of the earth and that if they die, it will affect the environment as well? They are important. Does he agree that we need a co-ordinated plan that takes in not only parts of southern England but other regions such as Northern Ireland, where there has been a severe outbreak? It is clear from the evidence that the disease has jumped species.

Neil Parish: I thank the hon. Gentleman for his intervention. He is right. It is said that such diseases often breed better in the south-west of England due to the climate, but it is amazing how, over the years, they gradually move north. Is the disease present in Northern Ireland at the moment?

Jim Shannon: The evidence from the Department of Agriculture and Rural Development is clear. The disease is present in 200 hectares across nine woodlands and 4 hectares of private woodland. It is a disaster for the woodland in Northern Ireland, and it is prevalent in the Republic of Ireland as well.

Neil Parish: There are a lot of larch trees in Scotland as well. We must be concerned about the disease, which is why I am glad to have the opportunity to debate it with the Minister so that we can put the case to him. The case has been made for Northern Ireland and the south-west of England, and I will carry on. I thank the hon. Gentleman for his intervention.

The industry believes that a flat-rate supplement will maintain the present imbalance of incentives, exacerbate the softwood differential and push up the cost of dealing with the disease. The Confederation of Forest Industries believes that the proposed grant system will increase the cost to the taxpayer by £1,500 a hectare. To retain a successful forestry sector in the south-west, urgent action is needed to create a more balanced grant system to allow forest owners more choice in replanting; my hon. Friend the Member for Totnes (Dr Wollaston) made that point. We must also listen closely to people who own and manage forests.

The Clinton Devon Estates are close to my constituency, and they have assessed what is happening with the disease. Before the involvement of His Royal Highness Prince Charles in February 2011—I understand that the Secretary of State was present at a meeting with the Clinton Devon Estates—the growing belief in the industry was that the plant health threat was poorly understood within the Department for Environment, Food and Rural Affairs and that the issue was under-resourced and at significant risk of being compounded by a lack of timely action and resource.

The Clinton Devon Estates now believe that the situation is being turned around. Experts and practitioners across the field are pulling together an action plan that highlights the following: understanding and minimising plant disease threats and mitigating their risks; managing pests and diseases and mitigating their impact; a robust review of the UK's plant import controls to learn how we inflicted the disease on ourselves, which we hope will delay future disease threats; continued resourcing of relevant Forestry Commission activities, specifically aerial monitoring and diagnostic and research work undertaken at the FC research station at Alice Holt, to provide rapid diagnostic support to field teams and resource to engage proactively with woodland owners; and adequate resourcing of rhododendron removal from the wider environment.

As I am sure the Minister is aware, many parts of the south-west have a huge number of rhododendrons. Natural England leads on the issue within DEFRA and has requested additional resources. To date, there has been no response, although I understand that the Minister is probably not entirely flush with money.

The disease needs to be treated like foot and mouth, and the equivalent of a national war room should be set up to give focus and momentum to efforts to address the threat. Unlike foot and mouth, larch disease does not represent an obvious issue to society. Therefore, it is important to keep the pressure on so that proper resources are allocated to addressing it. The proposed support measures for replanting infected woodland should be equitable to commercial softwood species and native broad-leaf planting. Significant productive areas within the south-west risk being lost, which would have a direct negative impact on the wood processing sector.

Some 11.5% of Devon, or some 77,000 acres of land, is woodland, enjoyed by all who visit it. However, a Forestry Commission survey found that 60% of Devon's woodlands are under-managed. That is a key issue that should be addressed. I am happy that the Minister could be here for this debate, and I ask him to take these matters forward. As I said, not everybody realises what is happening to our forests as a result of larch disease, and we need to tackle it quickly. We have many rhododendrons in the west country that could spread the disease. I will be interested to hear what solutions he has.

1.15 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I congratulate my hon. Friend the Member for Tiverton and Honiton (Neil Parish) on bringing this important issue to the

attention of the House. I am happy to confirm that when I took responsibility as the forestry Minister almost a year ago and was apprised of the issue, I quickly realised its importance and the potential severity of its impact on the UK's forests. It is right that a year on, we should be having a debate, albeit a short one, about Phytophthora ramorum, particularly in the south-west.

As my hon. Friend said, the disease was first identified in rhododendrons in this country in about 2002. It was not until 2009 that it appeared to jump species into the Japanese larch. It has appeared in other species—in Ireland it has been found in Sitka spruce—but apparently, in all such instances, the individual tree has been surrounded by highly infected rhododendron, which shows the impact of the spores. Touch wood—perhaps that is an unfortunate phrase—there is no sign that the disease is openly jumping to other species, but that is clearly the big worry.

As my hon. Friend rightly said, the matter does not affect only state forests. The vast majority of England's forests, 80%, are not state-owned, so private forests have a serious role to play. I am sure that he will pass on my thanks to those in his constituency for how private landowners have joined the Forestry Commission and the Food and Environment Research Agency to combat the threat of Phytophthora ramorum.

My hon. Friend asked what we are doing in the widest context. I will try to address that first. DEFRA's chief scientific adviser, Professor Bob Watson, is advising us on the issues, opportunities and priorities for new research, working with others to ensure that outputs have maximum impact on what we can do and working with the Forestry Commission, FERA and the wider scientific community to develop further our strategic approach to existing and emerging plant pests and diseases, which are not unique to this country. There is an international perspective as well.

That work is setting out an agenda wider than Phytophthora ramorum to minimise the risk of new threats entering the UK, to enable us to understand more about the threats that we face, to work with society to make it more aware of threats, pathways and the risks of bringing in infection and to identify positive actions that those who manage our trees, woodlands and forests can take to improve their resilience. In addition, Forest Research, the research agency of the Forestry Commission, is, like every other public body, going through its own spending review. It has decided, rightly, to reprioritise its research work. As part of that, programmes such as biosecurity will be increased and the budget maintained.

As my hon. Friend has said, Phytophthora ramorum is not unique to this country. We do not know exactly how it came in, but it is believed to have probably come from some infected plant importation. It exists in 15 European Union member states and, as he has pointed out, the United States. In the UK, it was initially in rhododendron and the whole of that species, and it then jumped into Japanese larch. It is not so much that this is a disease of the south-west, but it appears to be a disease of larch, which is a particularly common species in the south-west—particularly Japanese larch—for the commercial reasons to which my hon. Friend has referred. Larch is an important forestry species in the south-west and in parts of Wales and the rest of England. The disease has, as my hon. Friend has said, also been found in European larch in Cornwall. I have asked whether that indicates that European larch is any more resistant, but we just do not know. It is probably because there are far more Japanese larch than European larch in the south-west.

On the Government's strategy, whether it relates to the Department for Environment, Food and Rural Affairs or the Forestry Commission, to deal with Phytophthora ramorum, our overall strategy on the fungal pathogen, which is the disease under discussion, is to reduce the pathogen inoculum—in other words, the spores that are produced—to an epidemiologically insignificant level by removing sporulating host plants from high-risk areas. The aim is to reduce the risk of significant tree death and other impacts. In plain English, our policy is to cut them down as quickly as possible. The point is that, while the tree is alive and standing in the wind, the fungus is sporulating and the spores spread considerably. The sooner the tree is cut down and dies, the less risk. Although the tree being on the ground and dead does not remove all risk, it dramatically reduces it. That is the fundamental objective—cut them down as soon as possible.

I should say that the timber from such trees is perfectly okay. The timber itself does not carry any disease. The bark and any foliage, however, are more risky. Bark can be burnt and used for incineration for power generation and heat and so on, but it cannot be used for mulch purposes, because of the risk that it contains disease. Small trees and useless stuff are left on the ground, because it is not cost-effective to remove them for the small risk. Once they are on the ground, the risk is much lower. That is the layman's approach to what is happening, which is important.

Jim Shannon: Biosecurity precautions are important. Have their been any discussions with other regions in the United Kingdom and Great Britain—in other words, Northern Ireland, Scotland and Wales—where there have also been outbreaks, so that there is a co-ordinated plan to address the issue across the whole of the United Kingdom?

Mr Paice: I am happy to confirm to the hon. Gentleman that we are talking to bodies not only throughout the United Kingdom, but beyond. As I have said, 15 EU member states have Phytophthora ramorum. Clearly, it would be pointless for everybody to enter into their own, unique research programmes, so we are working closely with all of them on research into the disease and, as he has indicated, on biosecurity.

I have responded to my hon. Friend about our practical solutions to reduce the incidence of sporulation of the fungus, to reduce the risk of further infection. It is a massive challenge and he is right to identify the need to find out more. The Forestry Commission and FERA, together with other organisations, such as the National Trust, the Royal Horticultural Society and Natural England, are delivering a five-year, £25 million programme in England and Wales against Phytophthora ramorum. This partnership is working together to implement the measures necessary to achieve the programme's objectives. Some of those measures are obvious and my hon. Friend has referred to them. They include the use of aerial surveillance of more than 50,000 sq km to detect

[Mr Paice]

symptomatic trees and to monitor progress with felling. That aerial surveillance started again a couple of weeks ago, because larch, unlike most conifers, is deciduous and we do not know when it will come into leaf until it does.

The measures also include additional funding for woodland owners to use the services of qualified agents to arrange the felling and removal of infected timber, and there has been a moratorium on felling asymptomatic larch in winter. The Forestry Commission also has statutory powers to deal with the disease, and they require the felling of infected trees on up to 2,000 hectares of private land and the public forest estate. We are also issuing licences that allow the timber processing industry to transport infected timber and utilise it in an approved manner. My hon. Friend has rightly referred to the sad fact that that has led to a reduction in the value of larch timber. I gather that it has picked up again to about 75% of its price before the disease's outbreak, but I recognise fully that it is an issue.

That brings me to our assistance with the restocking of infected sites, which includes enhanced rates of grant aid and advice on alternative species to larch. This relates to the point that both my hon. Friend and my hon. Friend the Member for Totnes (Dr Wollaston) made about planting on ancient woodland sites, a number of which have been infected. We will announce shortly the new rates of grants, so I cannot use this as an opportunity to speculate on what they may be, but I can say to both my hon. Friends that we are aware of the challenges of dealing with planted ancient woodland sites. On the one hand, there is the desire for an economic return, which is why larch was there in the first place, but, on the other hand, there is considerable pressure to return them to their ancient woodland origins by using, primarily, broadleaf trees. We are trying to work out a grant system that recognises that challenge.

The Forestry Commission and FERA have regular meetings with industry associations to alert them to the various threats of the pathogens. There have been a number of reports in the media about the disease, which is helpful, and the commission maintains a series of web pages. We have talked about the problem of a number of diseases, pathogens and pests that have found their way into the UK in recent years. There is little doubt that, with increased trade, transport and, possibly, climate change, we face a higher level of challenge from those various, newly arrived organisms. We recognise that many of them may have been introduced through the international trade in plants, and we are committed to finding ways of preventing entry through that route, which brings us back to biosecurity.

A review of the European Union's plant health regime is well under way and a number of recommendations have been made and are being considered by both the Government and industry stakeholders. A number of improvements are likely to be implemented in 2013-14. However, our import controls can be targeted only at plants and plant products that are known to pose a risk. Owing to international law, we cannot put a blanket control on all plants and trees.

It is worth mentioning that the level of infection of Phytophthora ramorum in nurseries and garden centres has been reduced significantly. Last year, only 0.16% of inspections resulted in any positive findings, which is a reduction of more than 3% since 2003. It is clearly going in the right direction. However, we may—I hate to say this, but I think it is the reality—have to learn to live with some pests and diseases, which means that we have to learn to manage them and keep them under control rather than eliminate them entirely. It will require a co-ordinated approach from our forest owners and managers, as well as our scientists, forestry experts and policy makers. It may require any of a range of different approaches, but we have to put biosecurity at the centre.

I assure my hon. Friend the Member for Tiverton and Honiton that the Government and I take this disease extremely seriously. I am pleased that he has used the opportunity of a short debate to talk about it, describe it and challenge the Government about it. We appreciate its importance. If he or anybody he knows feels that the Government are not taking it sufficiently seriously, or has any other suggestions, I would be interested to hear from them. I am grateful to him and hope that I have been able to reassure him about the seriousness that we attach to the issue.

Medical Students

1.29 pm

Mr Andrew Smith (Oxford East) (Lab): It is a pleasure to have this debate under your chairmanship, Ms Dorries. I am very pleased to have the opportunity to raise some key issues about the funding of medical students. Aspects of the upheaval in higher education funding are, of course, important both for the recruitment of doctors and the availability of opportunities to study for the medical profession. They are of particular concern in my constituency, which is home to 1,000 undergraduates and 1,300 postgraduates in medical sciences. I am grateful for the briefing that I have received on the matter from the British Medical Association and the Oxford university medical sciences division, as well as for the concerns that constituents have raised with me on these issues.

At a time when higher education as a whole faces the challenges and dangers of the 80% cut in university teaching support and the trebling of fees, concerns about the costs of and access to medical education are all the greater. The length and intensity of medical courses both add to the cost to students and limit their opportunity to supplement their income through paid work.

The BMA estimates that, under the present system, medical students graduate with some £37,000 of student debt. With all universities charging or set to charge £9,000 for medical studies under the new regime, the BMA estimates that that figure will go up to around £70,000. That does not count overdrafts, credit cards, professional loans or family borrowing. We do not need to exaggerate the impact of prospective debt on students' choices to be concerned that debts of £70,000 or more might be a barrier to able people from poor—or, indeed, middling—backgrounds who are considering entering the medical profession.

My concern is about the funding position facing all medical students. However, on the challenge facing us on widening participation, there is likely to be a triple impact on entry to medical studies. The A-level admission grades are understandably particularly demanding and poorer students from schools serving poorer areas are less likely to achieve them, which clearly demands further action within the school system. The requirement of medical work experience is also likely to be harder to fulfil for school students from financially hard-pressed families or, indeed, from families with no connections to the medical profession. At the same time, the prospective length and costs of study are considerably higher and it seems plausible that those are also having an impact on the relatively low rates of admission to medical studies from poorer socio-economic groups.

Statistics on admissions show that the wider challenge of opening up access to higher education is certainly compounded in the case of medical studies. The BMA equal opportunities committee report published in October 2009 includes a review of UCAS data. It states:

> "The proportion of acceptances to medical school coming from socio-economic class I (31%) was almost twice that of acceptances to all other degrees from class I (16 %). Just 15% of students accepted into medical school came from the four poorer socio-economic classes (grades IV to VII) compared with 24% of students accepted to all degrees."

The BMA has also said:

> "The percentage of students from lower income families is slowly improving across the higher education sector but the rate remains stagnant in medicine."

In the light of all that and the Government's stated commitment to widen access to higher education, I would like to ask the Minister what the Government's specific proposals are to widen the pool of talent entering medicine and whether the Government, in bringing forward the higher education White Paper, will look at the likely special factors at work in relation to medicine? I have listed some of those.

Will the Government also consider the advice and support given to able students in school, the necessity and operation of the work experience requirement and the £75 cost of the UK clinical aptitude test used as part of the selection process? That test gives an early signal to students from poor backgrounds that studying medicine is an expensive undertaking.

An important part of overall support for medical students is the provision of bursaries. As the Minister will be aware, the future shape of those has been uncertain for some time. The previous Government consulted on options for change in 2009, and last month the present Government set out new options for reforming the system.

Nicola Blackwood (Oxford West and Abingdon) (Con): As I represent the other half of the Oxford university seat, the right hon. Gentleman will know that I share many of his concerns. In the light of his valid concerns about equal representation among medical students, does he agree that now is the crucial time to decide about the NHS bursary scheme, given that many students are deciding which courses to apply for?

Mr Smith: I am grateful to have the support of my colleague. I might describe her constituency as covering the other third of Oxford university. Her support on that point is very welcome. I was about to say that people are already asking what the situation will be, and obviously the sooner they can have certainty, the better.

The BMA has joined other bodies in consulting on the issue, and I understand there is some expectation that agreement will be reached. However, one big outstanding question is whether the new proposed bursary arrangements will cover tuition fees in the same way as they are covered now, with the Department of Health paying the fees for years 5 and 6 of an undergraduate course. If the bursary does not cover fees—it seems extraordinary that Ministers have not yet made the Government's position on that clear—medical students would obviously face still higher costs and debt.

As my colleague and friend the hon. Member for Oxford West and Abingdon (Nicola Blackwood), whose constituency represents the other third of Oxford university, says, mounting urgency on that matter arises because would-be applicants worry about how the arrangements will work for 2012-13. I press the Minister to give an undertaking that tuition fees for medical students will be covered at least as well as they are now.

Dr Sarah Wollaston (Totnes) (Con): The other point that needs to be made is that many of these courses are for six years, not just five. We need to take into account

[Dr Sarah Wollaston]

the cost of living expenses and the fact that many medical students have to take out commercial loans in addition to student loans, which makes the matter especially significant. I declare an interest as the mother of a medical student on a six-year course.

Mr Smith: The hon. Lady will know all about the matter. That was a very well made point. I will come to the subject of commercial loans later.

I also want to press the Minister on the position of graduate-entry medical students. That is an even more important route of entry than the 10% of total numbers that they represent suggests. The BMA has pointed out to me that its 2009-10 medical student finance survey shows that a higher proportion of students from poorer socio-economic groups enter medicine through graduate-entry courses than do so through undergraduate courses. Oxford university medical sciences division has pointed out to me that the best graduate-entry students are extremely strong and do exceptionally well. That route into medicine is important both for excellence and widening access.

Jim Shannon (Strangford) (DUP): The pharmaceutical and medical sectors of industry have clearly made many financial commitments to a number of universities across the whole of the United Kingdom, including at Queen's university, Belfast. Does the right hon. Gentleman think that the pharmaceutical and medical industry could do more to help poorer students with tuition fees?

Mr Smith: A number already do, and of course we are grateful to those who give support directly, or through foundations and trusts. If more could be given, that would be very welcome. As the hon. Gentleman says, whether in Northern Ireland or elsewhere in the UK, the contribution that spin-offs make to our economy, as well as the direct benefits of investment in medicine, is enormous. Those who benefit from that in profit should put extra back.

The point that I was making about graduate-entry medical students is that they are not eligible for loans to cover tuition fees and have to find first year fee costs out of their own pocket or from other sources of help, some from specific university bursaries. If graduate-entry students had to raise £9,000 for their first, and maybe subsequent, year fees, on top of the debts that they would have already accumulated as undergraduate students, that might be prohibitively expensive and inflict real damage on the quality and social range of graduate-entry medical students. What assurances can the Minister give on graduate-entry student funding? Will there be additional help for first year fees in light of the increase? Will tuition fees for subsequent years be supported by the Department of Health at the new, higher rate?

Another concern, which relates to the point made by the hon. Member for Oxford West and Abingdon, regards graduate-entry students who may no longer have access to some of the loans for professional development that have been made available by commercial lenders. The BMA has cited the recent decision by banks such as NatWest to withdraw those loans, which were obviously hugely important for graduate students who were ineligible for tuition fee support. Will the Minister make representations directly to the banks and to the Chancellor of the Exchequer, who might usefully underline that this is an especially important area for us all to be in it together in doing what we can for graduate medical entry?

All in all, there are big challenges facing prospective medical students. Yes, demand for the courses is high, and it is good for patients, science and the economy that so many of the brightest want to study medicine, but we cannot be complacent. It is vital that people from all backgrounds are encouraged and helped to fulfil their potential in medicine when they have something good to offer.

I would like to thank and praise the work of access officers, at Oxford university and elsewhere, who are working hard to reach out to schools and students who have not in the past thought of Oxford, and to raise aspirations and challenge prejudice. A very good example is the university of Oxford's UNIQ summer school—it is unique, I think, but it is called UNIQ too—which is a programme of free residential courses in July and August for year 12 students from UK state schools and colleges.

The summer schools are targeted at academically talented students whose school or college has little or no history of making successful applications to Oxford. Participants follow a week-long academic course designed and taught by Oxford lecturers and tutors, as well as taking part in social activities and meeting up with alumni of the university and current students.

In its first year, 69% of UNIQ summer school students went on to apply to Oxford and 27% were given conditional offers by the university. I understand that the medical strand of that initiative has attracted a lot of state school applicants, and that the conversion rate to application and the offer of an undergraduate place in medicine is very good. That shows what can be done. Let us, through the funding arrangements for medical students, make the job of those promoting access arrangements easier, not harder.

This country can be very proud of the quality of education, training and research in medicine, and the scale of achievement in my constituency is awesome. We all want to see the most able people, regardless of background, working in the profession. Criteria for admission and the judgment of would-be students' potential must, as with the assessment of their progress and qualifications, be matters for the medical schools and universities, not the Government. The Government have a clear responsibility to act and open up opportunities to ensure that there is the right advice and support, to raise school standards and aspirations, to remove barriers and to fund medical students fairly. I look forward to hearing from the Minister on whether and how the Government intend to set about that.

1.44 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I congratulate the right hon. Member for Oxford East (Mr Smith) on securing this debate on what I know is an area of great importance. He is right to say that it is about recruitment, skills and the development of the profession. I would also like to thank him for his praise of access officers at Oxford, and for highlighting the summer school. It is important to see universities doing what they can to ensure that participation is

widened, and that people who might not have felt able to apply to such universities as Oxford, or who might not have felt that they had the necessary skills, are given the greatest opportunity to do so. It is good to hear the right hon. Gentleman raise the point that this is something that schools have to take on board. We often discuss the issue of universities widening participation, but we also want to ensure that our schools prepare young people, and have the skills to prepare young people, to apply to all universities. Young people should not feel as though they are excluded from any opportunity.

There is no doubt that training for medical students in this country is some of the best in the world, and we want to keep it that way. That means that funding must be at a level that allows for the best training. The consultation paper "Liberating the NHS: developing the healthcare workforce" sets out our proposals for a new framework for education and training, and the right hon. Gentleman raised particular issues that I will come back to in more detail. The proposals would see health care providers take the lead. They would plan and develop their own work force, and take on many of the responsibilities that were previously held by the strategic health authorities. A new statutory body, health education England, would provide national leadership for education and training, with a strong clinical focus from top to bottom. The proposals for health education England have been widely applauded—it is very important to have that leadership in education and in that strong clinical focus. We now have an opportunity to review and reshape our work force and what it is designed to do, so that it can respond to the challenges of the future while still providing excellent care. We sometimes lag behind, trying to solve the problems of tomorrow with the solutions of yesterday.

For patients, of course, but also for staff and students, there must be a secure, diverse work force that has full access to education, training and opportunities to progress. That must be transparent, so that we can see how it is working and help ensure that we all get value for money, students included. The Government have consulted to see how that can happen. We have involved a wide range of people, because the new framework is about giving some of the power to those people. The central pillar is the transfer of greater responsibility to health care providers, escaping the one-size-fits-all approach that has been too prevalent in the past. Those providers will need to work together to co-ordinate the development of their local work force, so that it is tailor-made for the individual pressures of individual areas, which vary widely. That means building strong partnerships with universities and colleges to put the skills of educators to the best possible use and strengthening those relationships, which I do not think have been strong enough. There has been a general recognition among health care providers that those relationships have not been strong enough in the past.

I know that those involved with both the medical profession, including the BMA, and the education sector, want to ensure that medical education is protected and improved. They also want to know that the role of the postgraduate medical and dental deaneries, which currently form part of the strategic health authorities, will continue, so that medical students and trainees continue to be well-supported. Medicine, like many other professions, does not end at the end of training—continuing professional development is an important part of it.

Mr Smith: Will the Minister come on to the specific questions that I asked about bursaries, both for undergraduates and those on postgraduate entry?

Anne Milton: I am happy to—so that the right hon. Gentleman does not feel I am ducking his questions, I will deal with them once I have finished with the deaneries.

We want to retain and build on the important functions of deaneries as we build the new framework for education and training. We know how important that is, because any transition not only makes the participants feel nervous but is a significant operation for any Government. The transition is when we can let the baby slip out with the bath water.

The right hon. Gentleman raised the issue of bursaries in particular, but I have to disappoint him, in that I cannot make an announcement today. We are acutely aware how long awaited it is. No one could be more frustrated than me with the slowness of government at times, but it is important that we get it right. I thank my hon. Friends the Members for Oxford West and Abingdon (Nicola Blackwood) and for Totnes (Dr Wollaston) for their contributions. My hon. Friend the Member for Totnes also raised the issue of some of the indirect costs of training, to do with the length of the course. We will be making announcements soon but, as I said, it is important that we get it right and that we involve other Departments.

The right hon. Gentleman also asked if I would make representations via the Treasury to other organisations about supporting training schemes. It is important that we continue to do that—perhaps we do not see enough of that in this country. At this point, I should mention that Julie Moore, the chief executive of University Hospitals Birmingham NHS Foundation Trust, is leading some of the work we are doing with the NHS Future Forum, as part of the ongoing listening exercise on the health reforms. Julie will continue the debate started in the consultation, so there will be further opportunity for input. I urge him and the other Members present to get involved, to ensure that their views and the particular issues faced by medical students are taken on board.

Our responsibility is held jointly with the Department for Business, Innovation and Skills, so the right hon. Gentleman should ensure that any comments made today also go as directly to it. The two Departments are working closely together, so that the specifics of medical education can be recognised.

Mr Smith: I wanted the assurance that, as part of the Department of Health's collaborative work with the Department for Business, Innovation and Skills, the long-awaited higher education White Paper, which it would have been better to have had before the fees increase rather than after, will address the specific position, challenges and opportunities of medical students.

Anne Milton: Very much so. To some extent, the health of the nation rests on the skills of the professions that deal with the consequences of poor health. Medical students and doctors are part of that, so it is important that we get the system right. We need to maintain a competitive edge if we are to continue to produce medical graduates of the highest calibre. We shall not fail in our duty to make representations to other Departments, although working together is not always

[Anne Milton]

as easy for government as it sounds. However, we have made significant progress, and I think our words are being heard loud and clear.

As the right hon. Gentleman knows, universities will be able to charge a basic threshold of £6,000 a year for courses, and up to £9,000 a year for some, but subject to much tougher conditions on widening participation and fair access, which he mentioned in particular. There are still many such challenges, not only for universities but for our education system and at a wider societal level, if we are truly to get participation as wide as it can be. We need to look at all sorts of other drivers in the system directing young people to their choices.

We are shifting the balance of contributions from taxpayers to graduates, who benefit most from higher earnings over the course of their working lives. It is important to recognise that, after medical students have gone through the system and become consultants, they are probably among the top few percent of wage earners in this country. Contribution from them, therefore, is important. For poorer students, who might feel that the burden is too high, there is a balance or tipping point at which active participation in a fees scheme becomes a barrier. We have done a lot of work to ensure that that is not the case, and we continue to do so.

Many of the subjects associated with medicine cost more to teach, and we want a system in which anyone with the ability can access university and study such courses without being put off by the cost. That is why we will continue to provide additional funding for science, technology, engineering and medical courses.

The NHS bursary, which is in recognition of the length of time it takes to study medicine, will continue, helping students with their tuition fees and supporting those from low to middle-income families—sometimes, the middle-income families get squeezed in the middle. We have undertaken a review of the bursary, and will make some announcements shortly. In the review, we considered the views of the British Medical Association, which played an active part, ensuring that the perspective of medical students was considered.

In addition to the NHS bursary, last year an additional £890 million were invested by the NHS to provide clinical placements to medical students, ensuring that NHS providers continue to deliver high-quality clinical placements, which are an important part of such training.

The central investment in 2011-12 is £4.9 billion, a 2% increase on 2012-13. It is important that the funding mechanisms provide the right incentives and allow funding to be transparent, to drive quality and to be value for money, supporting a level playing field between providers. Any bursary schemes included should be easy to use and to access—sometimes, the mechanisms by which one can get support are only available to those at the top end of the IQ scale, because they are so complicated. Such complexity can be another significant barrier.

Current funding for clinical education and training is based on local agreements between strategic health authorities and providers. It can result in inequities in the funding of similar placements in different parts of the country. To resolve that, we have been working with others to develop proposals for a tariff-based approach to clinical education and training funding. Such tariffs would enable a national approach to funding all undergraduate clinical placements, including placements for medical students, as well as postgraduate medical training programmes. That will support a much more level playing field between providers. The variation in current funding arrangements means that the introduction of tariffs would have a bigger impact on some providers than others.

Mr Smith: Will the proposed tariff take account of the extra cost of living in certain places—obviously London but also places such as Oxford?

Anne Milton: We are looking at that issue at the moment. We have received about 500 consultation responses, so I am sure that it will be highlighted—it is something we need to look at. The other important thing we are looking at is proposed levies on private health care providers. Certainly, when I trained as a nurse—many years ago—that was an issue, and it remains so today.

The tariff ought to mean a more even and equitable system throughout the country. We will continue to work with SHAs and providers, and we will consider all the views expressed, to build understanding of what the tariffs will do and of how to manage the transition.

I assure the right hon. Gentleman that the Government recognise the importance of medical education and of continuing medical education. The new arrangements will take on board many of the issues he has raised, to ensure that we have a health care work force fit for the future.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 4 May 2011

[MR ALAN MEALE *in the Chair*]

Family Policy

Motion made, and Question proposed, That the sitting be now adjourned.—(*Mr Dunne.*)

9.30 am

Jessica Lee (Erewash) (Con): It is a pleasure to serve under your chairmanship this morning, Mr Meale, and I am delighted to have secured this important and wide-reaching debate on family policy.

I will begin by reflecting on the royal wedding last Friday. There are, of course, many joyful moments on which to reflect, but I want to focus on the prayer that their Royal Highnesses the Duke and Duchess of Cambridge prepared in advance of their special day. It is telling that before going on to give thanks for their marriage and expressing their wish to serve others, in the first sentence of the prayer they thanked God for their respective families.

The value of the first relationships that we develop, and the care afforded to us by our first carers and family unit, plays a key role in the formation of the years ahead. For the avoidance of doubt, I am not suggesting that one needs to marry into royalty or luxury to value the importance of family and stability—far from it. That prayer reflects the wishes and aspirations of thousands of newlyweds up and down the country, and it was a valuable statement to make.

Since the coalition Government were formed nearly a year ago, there has been a focus on commissioning reports to examine how to tackle child poverty and how to best assist children and families in the important early years development. Most notable are the reports by the right hon. Member for Birkenhead (Mr Field), which looks at the foundation years, and that of the hon. Member for Nottingham North (Mr Allen) on early intervention. The report by Dame Clare Tickell presents her results on the evidence regarding the foundation years. Professor Eileen Munro has examined child protection procedures, and David Norgrove has published an interim report on the Family Justice Review. Most of those reports are at the interim stage, but they have already provided a detailed and highly informative overview for how to approach the complex issue of assisting families, particularly in the early years.

It is important to mention the valuable role played by the voluntary sector in supporting and caring for families. That role varies from national charities and organisations, such as Action for Children or Barnardo's, to small local organisations that provide niche help and assistance. That work is underpinned by the vision and aspirations of, among others, my right hon. Friend the Secretary of State for Work and Pensions. He has sought to get to grips with the reasons behind the cycles of poverty in the UK, and he has looked at how best to improve the lives of the most disadvantaged people.

Such an aspiration cannot be achieved by central Government alone, and I believe that we need to empower the most disadvantaged people to make sustained changes and to aspire for their children. The complexities of family breakdown, drug and alcohol misuse, personal debt and educational failure have created long-standing problems for many families. The benefit reforms proposed and implemented by the coalition Government will make work pay, so that providing and taking responsibility for children, and the creation of a work ethic, will hopefully move some families away from those generations of people who did not feel equipped to work. Such people should be equipped with the skills and self-esteem that they require to move into work. I hope that this debate will pull together some of the strands that run through those different reports, and give hon. Members the opportunity to contribute their own views and experiences.

The contribution of the report into foundation years by the right hon. Member for Birkenhead is an excellent place to start such a debate. The report confirms the importance of the early years, and presents evidence to show how critical those years can be in determining the likely outcomes for children as they move into adulthood. Essentially, it proposes to place equal emphasis on the first five years—the foundation years—of a child's life, as on the primary and secondary sections of a child's education and development. It is a plan for long-term investment—not only financial investment but investment in services and skills—so as to achieve long-term results and improvements.

The proposal to set life chance indicators to support work undertaken during the foundation years is a bold step, and such indicators would help the Government to understand how investment in the early years is bearing fruit. The right hon. Gentleman seeks ring-fencing for some services, but the report makes it clear that that is not simply a request for funds. Trying to help the most disadvantaged children is not a new approach taken by the coalition Government, because previous Governments have also aspired to tackle that complex issue. The previous Labour Government set a target of abolishing child poverty by 2020, but in my view their approach ignored the long-term complexities behind cycles of poverty. The policy of child tax credits was never going to be a sufficient step towards resolving the social and economic problems for the next generation.

We need a structure where help for the foundation years can be accessed by those most in need. The proposals in the report for Sure Start centres to be refocused make great sense. In my constituency, Erewash, we are blessed with excellent Sure Start centres, and the staff and volunteers work with families and provide a great service to everyone who comes through the doors. Commissioning children's centres and making them places where child benefit forms can be collected or parenting classes accessed are just some of the proposals aimed at making such centres attractive. In other countries, parenting classes are often a given, and it is part of the culture to undertake them when a new baby arrives. I want to see a shift in culture in the UK to make parenting classes fun and become the norm.

My friends who have had children often describe the sudden sense of responsibility that they felt when they first held their newborn child. As godparent to three young children, I have only to take care of the enjoyable stuff such as presents and day trips and so on, which is great fun. We know, however, that babies do not arrive with an instruction manual, and the shock of suddenly providing for another human being can be overwhelming.

[Jessica Lee]

Indeed, that shock can be overwhelming for well-supported, financially secure and well-educated parents, so it is easy to see how a parent who, for example, is struggling with their finances, has an unreliable partner, lacks a good family support network or has no knowledge of where to access help could suddenly fall apart. We must reach out and help those parents. We need more health visitors and easily accessible support for parents. If we can provide the right support from the outset, the prospects for children in the future will be much improved.

The report by the hon. Member for Nottingham North sits neatly with the work on foundation years. He has been an advocate of the theory and practice of early intervention work for many years, and we are all grateful for his first report on that subject. The forward to the report reiterates a point that I have made from the outset: the call for early intervention is about not only asking for money but the impact of social disruption, the effect of fractured lives and the sadness of broken families.

The introduction to the hon. Gentleman's report contains the startling fact that a child's development score at 22 months is an accurate indicator of educational outcomes at the age of 26. Other indicators in the report show how depression in adult women can often be traced back to their childhood experiences, and how adult criminal activity in men can be a reflection of their formative years. In my view, such facts only increase the need to look at long-term strategies for how we support families with young children, and how we structure support for those vital early years. The use of early intervention work to nip in the bud any struggles or problems faced by families has to be a goal for the future.

The work of Dame Clare Tickell includes data collated from various providers, schools and voluntary organisations. She has considered how best to implement measures to support the foundation years. It is one thing to identify the early years as an area that we need to assist. What we really need to do is to ensure that the work that is undertaken is correct. A question was asked about the most important skills that young children—pre-school children—should learn. Of the 1,184 responses, 81% listed helping to build good personal, social and emotional skills as the highest priority, with developing communication, speaking and listening skills coming a close second. Those are notable responses, as they are just the skills that could be monitored through early intervention work and assessed as part of a foundation years programme.

Another conclusion in the report was about the enthusiasm among professionals to speak, with permission of course, to other professionals involved with families, such as health visitors and support workers, which would very much assist work with families. It, too, is a significant theme and threads through to the steps that we take, but need to improve, in working with the most vulnerable children in society and those at risk of harm.

I come now to the important topic of child protection and support for the most vulnerable families. There is a need to tackle delays in the system and to ensure that the important work that social workers undertake is valued and respected. That is long overdue. My mother was a children's nurse for about 40 years—probably longer than that—and her role would be considered a front-line role. That would also be the case for nursing staff in accident and emergency departments in particular. Similarly, the role of a child protection social worker, stepping into the unknown in people's homes, is front-line work and needs to be recognised as such. I am a family lawyer, and most if not all of the social workers with whom I have worked over the years have been subject to verbal abuse and physical assaults. They have to walk into homes where there are alcoholic parents or drug misuse with not a clue about what will happen on the other side of the door. That is not a role to be taken lightly. The reason for dwelling on those experiences is that we need to structure children's services correctly, so that they can best support the vulnerable children for whose care and well-being they are responsible, which is no small responsibility. Professor Munro set out in the conclusions to her report the need to reduce bureaucracy for social work teams and how we can better structure working practices in children's services.

I want to champion the role of the voluntary sector in supporting local children's services. In my constituency of Erewash in Derbyshire, we have an excellent Home-Start organisation, with which I have been honoured and delighted to be closely involved. It provides valuable support for mums, who are often young, who need advice and guidance—it is a supporter. It usually involves an older figure to whom they can turn for advice without fear of judgment or criticism. Such volunteers do not step on the toes of children's services when they perform their statutory duties. I would object to any suggestion that by supporting the voluntary sector, we are trying to take statutory roles away from government. We are not trying to do that; we are trying to embrace the voluntary sector, support it and give it the voice that it needs. Such volunteers add to the much-needed fabric of a support network for inexperienced parents. I support Home-Start in Erewash and throughout the country, and I support the many other similar organisations.

In Derbyshire, we also have an excellent scheme, which has been rolled out through the county council, for a volunteering passport. After training, volunteers can be awarded the passport as a sign of their commitment and experience, and they can then go forward to assist families. Again, it is often young mothers who need a friendly face and some guidance on parenting skills. The scheme is a success, and it reduces bureaucracy. It could easily be incorporated in new and different projects across the county—indeed, I would like to see it rolled out across the country.

For too long, patterns of abuse and neglect have been passed down the generations in families involved with social services. To link back to the earlier reports, it is often the lack of early intervention work that leaves a vulnerable family without support in the home, which can escalate to emergency situations and then to the statutory involvement of social services. That is not how social workers wish to work with families and, most importantly, it is very damaging for children. Sadly, by that stage, the level of harm to children can be so great that their attachment to their parents and siblings is irreparably damaged and beyond repair, despite attempts to weave the family back together.

An additional factor in this rather depressing scenario is the structure of the family justice system. The family justice system is served by hard-working people who have often worked in it for many years and who have a

passion for, and a commitment to, supporting vulnerable families. However, there are long delays in cases being heard and problems with the availability of experts and court time. David Norgrove has been commissioned to tackle those problems head-on, and he has provided a detailed interim report. The proposal to create a free-standing family justice system is well argued and evidenced in the report. It is important, because the current delays impact on planning for a child. If a baby of, say, six months is taken into foster care, it can be a further nine months or so before decisions are made about their future. The baby will therefore have lived more than half their life with an uncertain future. That matters, because it is at that stage that babies and young children are forming important attachments to their carers. Any disruption to their placement and delay in forming those attachments impact on the long-term prospects for young children. That takes us back to the concerns raised in the report by the right hon. Member for Birkenhead on the foundation years. To help the most vulnerable and damaged children in our society, we simply must speed up the decision making and court processes for them.

Finally, I come to the outcomes for looked-after children, which have also, sadly, remained poor. That has been the situation for many years. It was my privilege the other week to meet some young people from Cardiff who had travelled to Westminster. They were all children in foster care. One teenager told me that she had been through nine foster care placements in the past two years and that she did not think that that was fair. I did not hesitate in agreeing with her and saying that if I had been through so many placement changes in such a short time, I would be angry and upset with the system. Fortunately, that young person has now hit it off with an excellent support worker and has a focus and ambitions for the future. She knows where she wants to go. But what about the thousands of other young people who are—rightly—angry and upset? I applaud the Government's steps to improve the adoption numbers in the UK and the wish to cut out political correctness and delays in approving matches for adoption. We must do that, because a whole generation of children on care orders depend on it.

My reason for initiating the debate is so that the Minister can, I hope, assist us all by responding to it and bringing together the threads of all these different and important reports. For any reforming Government who have recently come to power, there are many issues to tackle. We have all seen what the new Government have had to deal with in relation to the financial situation, reforming welfare benefits, foreign policy and so on, but to me, there is nothing more important than how we deal with young people and families. That takes me back to my opening comments. The Duke and Duchess of Cambridge recognised the point in their thoughtful prayer, which they set out before they were married. For any person who wants to get on in life, the love and support of a family is the most important foundation. Our duty as parliamentarians is to help as many young people as possible to have a stable and supportive start in life.

9.48 am

Andrew Selous (South West Bedfordshire) (Con): It is a pleasure to speak under your chairmanship, Mr Meale. I congratulate most warmly my hon. Friend the Member for Erewash (Jessica Lee) on securing the debate and on her excellent introduction to this very important subject. I am pleased that so many hon. Members have come along this morning to take part.

We know that the country faces a very severe financial crisis and we are reminded almost daily of the huge challenges that we face internationally in the middle east and elsewhere. However, the crisis facing family life is the most serious of all the issues facing this country. I do not say that lightly, because the data on family breakdown are extremely alarming. The most recent analysis from the Office for National Statistics in the millennium cohort study shows that 48% of all children born today will not grow up with both parents. It is alarming that nearly one in two children born today will experience some form of family breakdown, because although single parents do heroic and fantastic work on many occasions, and I give them all the credit they deserve for performing a tough role, the data show that outcomes for children overall across the country—obviously, there are exceptions—are much less good than when two parents stay together.

There has been a view across academics, policy makers and journalists that Governments cannot really go near this issue and that although they can build schools, run a health service, maintain decent roads and try to promote economic growth, they cannot or should not get involved in the issue of family life, even though that is the most important to many of our constituents, as my hon. Friend said. I want to challenge that contention because if we go about this in the right way, we can make a significant contribution to preventing family breakdown and strengthening family life.

Mr Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman is elaborating on the severe problems that family breakdowns cause society. Does he share my concern that the financial cost of such breakdowns is in excess of £40 billion, according to statistics from last year? Whatever investment the Government put in is worth while if it can address that fundamental problem, which will otherwise be with society for generations to come.

Andrew Selous: I am most grateful to the hon. Gentleman for raising that point, and he is absolutely right. The recent study by the Relationships Foundation put the cost of family breakdown at £42 billion. In a recent speech, the Secretary of State for Work and Pensions put it at between £20 billion and £40 billion per annum. Whatever the figure, we can all agree that it is massive, and if we can reduce it, there will be many better uses to which the money could be put in our constituencies; indeed, we could also reduce taxes. I am grateful to the hon. Gentleman for putting that point so firmly on the record.

As I said, success or failure in marriage and relationships is not merely a matter of luck. Nor do people in a troubled marriage or relationship have just two options—to stay together and be miserable or to split up. That is absolutely and emphatically not the case, and I want to spend the rest of my time explaining why. I also want to praise the Government for some of the things they have done recently and to commend the Minister for some of the excellent initiatives she has introduced. I will perhaps

[Andrew Selous]

also outline some of the areas where we can go a little faster and a little further to match the scale of the problem.

I praise the recent funding from the Department for Education for a range of relationship support initiatives, from Relate to Care for the Family and its Let's Stick Together project, which I am particularly keen on. I commend the Minister for that excellent start, which is an early down-payment on the coalition's promise to take this issue seriously. I also commend the Secretary of State for Work and Pensions, who has committed his Department to recognising marriage in its data and analysis. Under the previous Government, the issue was just wiped off the piece, and we could not look at the data on it. I am not talking about tax, which the Minister and I will disagree on as far as marriage is concerned, but about having an honest analysis of the data. Such an analysis is a good thing, and we should just see what the data say. That is a significant issue.

I want to comment a little on the funding that the Minister has given Care for the Family to roll out the Let's Stick Together course. People ask what we can do about family breakdown, and this course is really practical. It is run by health visitors up and down the country for new parents, whatever type of relationship they are in. It takes an hour or so. Often, it is run by new parents who have recently done the course. It gives some of the basics about how to have a healthy, strong and happy relationship or marriage that will last. The early feedback is very positive and suggests that the course is well received. Surely, it is better to give people the tools, support and skills to make a success of their relationships than to come round and sort things out afterwards, when everything has gone wrong. In Bristol, where the course has been trialled, it now reaches nearly 30% of new mothers, and there has been very positive feedback. I commend Harry Benson of the Bristol community family trust, in particular, for the pioneering work that the trust has done. I also commend Bristol health visitors for the enthusiasm with which they have picked up the course. If that can be done in Bristol, why can it not be done in every other great city, and in every market town, village and rural area, in our country, because this really matters?

I hope that we will see a little more support from registrars for marriage preparation. Two thirds of all weddings take place in registry offices, but registrars do not offer good enough signposting towards the marriage preparation that is available from local and community groups. That is an obvious thing we could do, it would not cost any money and it would lead to better outcomes. What do we have to fear? What is there to prevent us from doing that? I hope that we can go further and faster on that.

At the moment, all our local authorities are preparing local child poverty strategies. I welcome that exciting development, which is taking place alongside the Government's excellent work nationally to reduce child poverty. We can see different and pioneering initiatives at the local level, and I hope that strengthening families will be a key part of what local authorities look at. From the early evidence I have seen of some child poverty strategies, however, I am not convinced that that is yet the case. I know that we are all localists now, and that we are not really in the business of telling our local authorities what to do, but an emphasis on strengthening families would be enormously helpful and useful, given that a child who grows up with one parent rather than two is twice as likely to grow up in poverty as one whose parents stay together. I therefore hope that strengthening families will be an aspect of local child poverty strategies and that authorities will work with the community and voluntary sector. There is a community family trust in my constituency, which could do this work very well with my local authority, and that would be helpful.

My hon. Friend talked about the importance of parenting courses, and I completely agree with her. The additional point I would make is that internationally peer-reviewed academic work, particularly from Professors Cowan and Cowan at the university of Berkeley in California, shows that parenting work is even more successful if the relationship between the two parents can be enhanced at the same time. Where parenting work is being done and there are two parents, let us also strengthen the couple's relationship. We could usefully do that, and it would not cost us any more money where parenting work was already being done. That would lead to better results.

We can also do more in our schools. I recognise that our school curriculum is completely packed, and whenever anyone tells me that they want to add something to it, I ask them what they want to take out. However we do have assemblies in our schools, and teachers and head teachers are often looking for material to present. There is very good material around. Care for the Family has its evaluation material. There is also an excellent charity called Explore, which is based in Hampshire. I have met both, and they have really excellent material, which is welcomed by students in schools. It speaks to children in a language they understand and tries to give them some of the skills and support they need to make a success of adult relationships when they leave school. We could do more work on that.

My final suggestion to the Minister before I sit down, as many colleagues want to speak, is not to ignore what we can do in prisons. That might seem an odd area to mention; however, strengthening the relationships of prisoners is important. It is not a fuzzy thing to do, akin to giving prisoners televisions in their cells. The academic evidence tells us that prisoners who have a strong relationship to return to after they leave prison are 35% less likely to reoffend when they come out. If their relationship breaks down while they are in prison, they are 40% more likely to reoffend. Why does that matter? Because you and I, Mr Meale, are less likely to have our back door kicked in on a Saturday night, or our car radio stolen, if we can support the relationships of prisoners. We might not immediately think of that when we discuss family policy, but it is important.

Once again, I congratulate my hon. Friend. I look forward to hearing the Minister's response; I commend her for the excellent start her Department has made. However, I would say it is a massive challenge. If we are to make Britain the country we all want to see, we need to go a little further and faster in this area.

10.1 am

Jim Shannon (Strangford) (DUP): I, too, congratulate the hon. Member for Erewash (Jessica Lee) on raising the subject. All of us believe that family values are

important; I certainly do as an elected representative. They are the core of society, and it is important that they are in place. That is the thrust of what was said by the hon. Lady and the hon. Member for South West Bedfordshire (Andrew Selous). I missed the beginning of the hon. Lady's contribution, but I understand that she mentioned Kate and William's marriage as an important example. That was also important for me: it was not just the pageant, the grandness of the occasion and that 2 billion people around the world watched; it was that it was about two young people in love. That is the core of the marriage relationship. They are two ordinary people, if one takes away all the grandness of last Friday.

I have a couple of points to make about marriage. In correspondence that we all received as elected representatives, the Secretary of State for Work and Pensions and the Prime Minister clearly stated that family values are important to them. They intended to take action to help, which I would welcome. I will return to that later, but I am conscious that others want to speak, so I will not deliberate for too long.

I have one of those long-suffering wives who from the beginning realised that the guy was going to be away most of the time, and that she would have to look after the family, which is what happened. The role of the lady is important in any marriage. Ultimately, they run the household and look after the children. That bond between mother and child is stronger—perhaps more than it should be—than the one between the father and child. Statistics indicate that 90% of those in a married relationship are happy, and a similar percentage of those cohabiting are also happy. That is an indication that lots of people are committed to the married or cohabiting relationship.

It is not just about the relationship between the mother and father; it is also about the families and the time they spend with their children. The only mealtime I spend with my children is on a Sunday. There is an indication that families should eat together on a more regular basis. A family eating together three times a week provides that strong bond for a marital relationship.

My comments focus on the marriage relationship and the need to build upon it, and the need for Government to play a role. Words are all very well, but actions are needed to back them up, and I want to see that happen. If my wife is watching, she would probably say that that man is talking about love and romance, and wondering whether that is the man she married. I hope it is, but maybe we do not always show our emotions in the way that we should.

Will the Minister indicate the progress of the Conservative promise of a tax break for married couples? I do not think that we should base marriage on finance alone. People do not get married because of a house, car or good job; I hope people always marry for love. The Conservatives and the coalition have clearly stated that they wish to bring in a tax break for married couples, so I want to hear from the Minister where that features in the process. We heard the suggestion discussed a lot in June and July last year but not much since. In Hungary, it has been proposed that families should be allowed an extra vote on behalf of their children. I am not saying that we should do that here, but I am interested to see what we are doing to assist families with a tax break.

My final point is about breaking up. The hon. Member for South West Bedfordshire hit on the fact that not every marital relationship works out. We all have friends who tried hard but the relationship fell down. That happens. We must have a process in place to ensure that those who experience marital break-up can survive and get by. I hope the Minster will state whether there should be a mediation process. I believe that there should be. Should both parties be committed to that mediation process? Yes, they should. That has perhaps been overlooked. It is all too easy, when a relationship falls down, to walk away and leave it. It is almost a part of the disposable society: the car breaks down, get a new car; household appliances break down, get a new one; the marriage breaks down, move on.

Jessica Lee: Does the hon. Gentleman agree that although families sometimes break down, it is at that point that the parents need to put the interests of their children first and foremost, and set aside their own differences, for the well-being and the future of those children? To emphasise that, the Government have taken various steps in welfare benefit reforms, as well as through the Department for Education.

Jim Shannon: A lot of things are being done. I am not saying that things are not being done; they are. I suggest that there are some things we can do but have not been. There is an indication that, with the removal of legal aid, people contemplating divorce or separation might decide to do a quickie and get it over. That means that they would not go through the process. As the hon. Lady has said, children who are clearly part of the relationship are pushed aside and forgotten. Will the Minister indicate where mediation should be in the process?

Mrs Helen Grant (Maidstone and The Weald) (Con): Does the hon. Gentleman agree that, in the unhappy circumstance of a breakdown, the emphasis should be on relationship repair, keeping people out of courts and moving on in a much more civilised, less expensive way?

Jim Shannon: I agree wholeheartedly with the hon. Lady. Sometimes, when relationships have fallen down, anger comes to the fore. I feel mediation provides a method for focus, strategy and drive in the direction that she has mentioned. That would be good. It is much better in every case to have mediation rather than battles in court—or out of court, and battles everywhere else. I would like to see mediation from that point of view as well.

Mr Justice Coleridge of the Family Division has said that

"almost all of society's…ills can be traced directly to the collapse of the family life".

The judge deals with such problems each and every day, and he has knowledge and experience of family breakdowns. He also referred to a

"never ending carnival of human misery."

We have to move on from that.

We need more commitment from people outside the marriage to make the marital relationship work. We need a commitment to young families, to children and to doing the things that are important. We all have to work at it. We cannot say, "It's great to do that." We have to work at it and try to make it happen. We need tax breaks from the coalition Government and an indication of how they might work. We also need mediation. If we

[Jim Shannon]

have that, there is a chance of people holding on to their relationships, which will ensure that families and children are helped.

Again, I congratulate the hon. Member for Erewash on introducing the debate. It is a good and timely debate, especially as the whole nation is thinking about that special marriage last Friday.

10.11 am

Mrs Helen Grant (Maidstone and The Weald) (Con): I congratulate my hon. Friend the Member for Erewash (Jessica Lee) on securing this important debate.

The family is a fundamental and vital tool in holding society together. It can provide security, stability and commitment. In the family we learn how to give, how to share, we learn how to be kind and how to care, and we learn how to build relationships. However, the family has been and continues to be badly neglected as an institution, notwithstanding the fact that it is a key element in dealing with issues such as gun crime, knife crime, teenage pregnancy, truancy and antisocial behaviour. The Government need to do everything they can to support and protect the family.

Mr David Burrowes (Enfield, Southgate) (Con): My hon. Friend puts the matter in its proper context, referring to issues such as antisocial behaviour and gun crime. Would she commend the work of Barry and Margaret Mizen following the tragic murder of their son Jimmy? They helped to set up Families United because they wanted to channel their grief into the positive energy of trying to support such families, that being the best way of dealing with those very deep issues.

Mrs Grant: I am happy to commend that special initiative, and the bravery of the individuals affected.

Since the general election, some good and positive family policies have been announced; they include underpinning Sure Start, more health visitors, flexible working and parental leave. However, much more is needed.

I was a legal aid family lawyer for 23 years—I am giving away my age—prior to becoming a Member of Parliament. I declare an interest, in that during those years I saw a relentless rise in family breakdowns. As the hon. Member for Strangford (Jim Shannon) said, Mr Justice Coleridge described family breakdown as a

"never ending carnival of human misery—a ceaseless river of human distress".

The judge went on to say:

"We are experiencing a period of family meltdown whose effects will be as catastrophic as the meltdown of the ice caps".

From practice, I know that the situation is indeed dire. Our family courts are overstretched and under-resourced, and there are many delays. The situation will be made even worse with the demise of legal aid and the increasing number of litigants in person. This comes at a time when ever more people need family lawyers, and families are marching through the family courts at an ever-increasing rate and with no sign of decline. Sir David Norgrove, in his interim family justice review, acknowledges the capability and dedication of those who work in the family justice system, but he also says that the family justice system is no system at all. He identifies fundamental failures and faults, and he concludes that our children are badly let down.

Successive Governments seem to have been oblivious to the realities of family life for many—and oblivious, too, to the profiles and personalities, psychological and otherwise, of those who rely on the family justice system and use the family courts to resolve their problems. If those Governments had appreciated the situation they would not have hesitated in comprehensively reforming the family justice system, including the substantive law of divorce, and questions of money and cohabitation; they would also have adequately funded the system, including giving legal aid for family cases.

My firm looked after about 14,000 clients in south London, Surrey and west Kent. The family profile that I shall describe to the House is, sadly, not unusual.

Mother presents with some learning difficulties, a history of violence and a history of drug abuse, but says that she is now clean. She has three children, all girls, with three different fathers. Mother seeks a non-molestation injunction order against X, the youngest daughter's father, mum having been hit over the head with a pickaxe. There are numerous other incidents of violence. The two older children, too, need injunctions to protect them from X. There are also allegations by the eldest girl that X had touched her in an inappropriate manner. All the girls are having problems at school. The middle girl has been diagnosed with ADHD—attention deficit hyperactivity disorder. The school has threatened suspension because of disruptive behaviour. Mother is on income support and feeling suicidal. All the children are on the child protection register. When I took instructions from this lady, her physical appearance and her demeanour when she came into the room led me to think that she was about 50; only when I asked for her date of birth did I realise that she was only 25 years old. That is a true story.

Tragically, the children growing up in these families are watching and learning from bad behaviour and absent boundaries, and they will breed future generations of victims and perpetrators. It is an absolute vicious circle.

Jessica Lee: I am grateful to my hon. Friend for giving way at this important point in her speech. Does she agree that after taking instruction from such clients, a further question is often posed? We might be dealing with a young mother whose baby may be taken into foster care, and the question is, "Who is there for you? Who can help you and support you?" Sadly, the answer is often no one. The client will have lost the family support network. They may have managed to extricate themselves from an abusive relationship, but they will be on their own and that is such a difficulty.

Mrs Grant: My hon. Friend makes an excellent point, and I could not agree with her more. I know that in her practice she has also come across the very situation I described. The answer to her question is that often, there is nobody, which neatly brings me on to my next point in this sad scenario.

It is worth noting that under the Government's proposals for legal aid, this highly vulnerable woman, with nobody there to help her, would not be entitled to help with her

residency and contact issues, with her debt problems or with the educational difficulties that she had with her children.

Mr Andrew Turner (Isle of Wight) (Con): Will my hon. Friend help me by saying how many of the 14,000 clients whom she referred to fall below the lady whose story she has spelt out for us? I ask that not because there is a disagreement that there is a problem, but because we must say how much money would be needed to put it right.

Mrs Grant: It is very difficult to give an exact figure, but probably 80% of clients in my family law legal aid practice in south London have a profile very similar to that of the family I described.

When Mr Justice Coleridge made his remarks about family meltdown, he was criticised for sounding off by some in the media and others, whom I think should have known better. That learned judge, of some 20 years' experience at the sharp end, was absolutely right. There have been at least seven reviews of the family justice system since 1989, and yet precious little has changed or improved. We cannot allow this to continue. We ignore the family at our peril. I urge the Government not to avoid the issue but to be brave and robust in dealing with it.

10.22 am

Mr David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in a debate on such an important subject, and I congratulate my hon. Friend the Member for Erewash (Jessica Lee) on securing it. It should be noted that it is only six hours since we were in the main Chamber, and you will forgive me, Mr Meale, for saying that today we have shown our capacity to be full-time MPs without a change in the electoral system.

As all speakers have noted, family policy is not shaped around living in an ivory tower. As my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) said, we are dealing with a policy that affects intractable problems in society—the poverty-stricken estates and the areas in all our constituencies where we see the need to support and strengthen the family, which at its core would provide a stronger community, as the hon. Member for Strangford (Jim Shannon) mentioned, and by its essence would support the weakest and most vulnerable.

When we debate family policy, we are talking not about the washing powder advert, sanitised version of the family, but about families affected by the deepest problems. I draw attention to the 250,000 to 350,000 children living in households where a parent is misusing drugs; barely four in 10 fathers in such families are in any contact with those children. At least 2.6 million children live in households where a parent is a hazardous drinker, and 750,000 live in a household with an alcohol-dependent parent. Those are deep problems, which are affected by our family policy.

Moving away from those statistics, one can drive down into the individual stories. A number of years ago, when taking part in the Centre for Social Justice's study of addiction issues, I came across Ruth, who told me that, once, when politicians and others talked about family values she did not have a clue what they were talking about. She was a victim of drug and alcohol abuse, and went through the experiences of children's homes and further abuse, which previous speakers have described. In words that have long stayed with me, she said that at the age of eight,

> "I longed for someone to cuddle me and tell me they loved me, as I just didn't belong. I cried and I cried but no one heard. My tender heart was breaking."

Thankfully, Ruth managed to get through the system, going through numerous social workers, homes and allocated workers. The great value of voluntary sector organisations has been mentioned today: Ruth eventually found herself and landed on the help and care of one of those organisations, Victory Outreach UK, run by a Christian couple acting on their own family values of reaching out to others and to the most vulnerable, not just keeping to themselves. They supported Ruth and enabled her to understand what family values were about. She ended up saying that she did understand families and that they were about belonging. She wanted me to ensure that we take account of that as a matter of policy.

Mark was one of my regular clients as a criminal solicitor. No doubt he gave my firm good trade, but he blighted his life and the lives of those around him by being one of the most prolific criminals in Enfield. He was the subject of intergenerational drugs misuse, knowing only what he saw: he saw his mother taking drugs and he continued to take drugs, and from what he saw around him, he knew that the way to get more drugs was to commit more crime. His life was full of potential—he had the potential to train for the Olympics next year in weight-lifting, rather than watch the hatch lifting on cell doors in Pentonville and other prisons around London, which is what he spent his time doing. What made a difference to him and made the lights flicker on, just for a while, was the involvement of family.

I remember a time when Mark had gone through a spate of criminality and ended up in the cells of Enfield magistrates court. The bravura of being a high-profile criminal left him, and he did not demand a cigarette as he usually would, but said, tears running down his face, "Where's my father? I want to speak to my father." That was the big issue for him and what he had missed through his life. The lights flickered on again when Mark himself became a father—he suddenly realised that life was not just about himself and feeding his addiction habits and the criminality around him, but about his responsibility to others and his profound responsibility to the most vulnerable person in his vicinity: his child. That was when he realised that he had a responsibility beyond himself to his child and to the community. Sadly, that opportunity was not grasped the first time round and was taken from him, but it was grasped for the second child. There were people and community organisations around him who helped him to engage with the child. Mark is now, thankfully, turning the corner, being a great dad to his child and trying to break that intergenerational cycle of crime and drug misuse.

Anna Soubry (Broxtowe) (Con): In many ways, what my hon. Friend describes, drawn from his experience as a solicitor, is very similar what our hon. Friend the Member for Maidstone and The Weald (Mrs Grant) said. She too was speaking from the heart as well as from her experience, as was our hon. Friend the Member

[Anna Soubry]

for Erewash (Jessica Lee). Does he agree that it is imperative that the Government understand and appreciate that lawyers, be they solicitors or barristers, play an invaluable role in bringing families together? We are much more than just lawyers: we bring together other services through our work when we represent people.

Mr Burrowes: I am grateful to my hon. Friend for that intervention. I do not want the debate to be too much of a mutual admiration society. The reality is that lawyers are not top of the bill in terms of our promoting them. What they are about is providing a service, especially to the most vulnerable, and we need to ensure that they are part of the picture—it is quite right that they should be part of it—of supporting and strengthening families.

My point is that we do not need a family policy for just one Government Department. I say that with respect to the Minister, and it is excellent to see her here today. She recognises, as we all do, that family policy affects all Departments. When we look at individual cases, we see that support and welfare structures have tended to treat people as one-dimensional clients rather than as the complex and unique individuals they are, who are part of complex and unique families. We need to look at the whole person and beyond them at their whole family, however dysfunctional it might be. We need to look at the mum, the dad—if he is around—the brothers and sisters and the grandparents. The Government need to assess at all times and in all policies the impact on whole families.

As my hon. Friend the Member for Erewash mentioned, family policy is not simply about having a centrally directed policy. Let us take the example of early years child care. High-quality nursery care provision is important, but it is not just about the Government directing that provision; it is about nurturing children in their early years—indeed, in their early days and weeks. That is why we can all welcome the increase in the number of health visitors and the empowerment that that provides. If the parents are dealing with drugs or alcohol misuse, early intervention could indeed mean intervening as soon as pregnancy has been confirmed and creating the opportunity to prevent more children from entering the intergenerational cycle of abuse.

Supporting early years provision also means recognising the value of parents in their nurturing role. More often than not, it is the mother who is involved in full-time care of children in their early years. I want to see a time when that practice is not the preserve of the few who can afford it but a choice that is available to many.

Family policy is not just about money—and more money. Yes, resources help to provide the opportunity for children to have a good start in life, but the most important element in any family is good relationships, which most likely involve having both a mother and father around and, the evidence shows us, the parents being married. That is where Government can play a role. We are having the debate about the proper incentives and support that can help that family structure.

Finally, family policy is not only about mothers. As I said when I talked about Mark, it is about fathers too. It is worth saying that the time that my hon. Friend the Member for Erewash spoke for this morning—15 to 20 minutes—is roughly the time in the average working day that that a father 30 years ago would spend with his child. That that has improved is positive: indeed, a father today typically spends about the entire length of this debate—an hour and a half—and perhaps even a bit more time with their child in the average working day.

We must all recognise that the absence of a father has a profound effect, whether that be seen in problems for the children at school or in their future mental health, employment, and involvement with crime or misuse of drugs. That is why we welcome the approach right across Government of encouraging payment by results, giving incentives and measuring outcomes in all those policy areas that have at their heart the health and well-being of children. In particular, that approach will help to support and incentivise relationships that can become so frayed, but that are so fundamental to improving the outcomes for children.

We have spoken about strong family attachment, the supervision of children, establishing boundaries, affection and emotional warmth, all of which are crucial not only to protect children but to enhance their health and well-being. I believe that this Government will be judged by results and should be judged most profoundly on whether we are protecting and doing our best for the most vulnerable and fighting poverty. The way that we will do all that is by strengthening the family.

10.34 am

Fiona Bruce (Congleton) (Con): It is a pleasure to serve under your chairmanship, Mr Meale. I congratulate my hon. Friend the Member for Erewash (Jessica Lee) on securing this important debate. I thank her and my other hon. Friends in Westminster Hall today for all the excellent contributions that they have made.

This debate on family policy comes at a particularly auspicious time following the royal wedding, which I mention because I believe the most important relationship is marriage. I believe that Government should support marriage, particularly for the sake of children—many of which I wish upon the happy royal couple, in the fullness of time.

Like many of my hon. Friends in Westminster Hall today, I have practised in the field of law. I did so for well over 20 years—actually, nearly 30 years, but I was reluctant to say that—as the head of a high street law firm. As a result, I do not have a completely doe-eyed view of marriage. In my time practising law, I witnessed the incalculable cost of relationship breakdown, not least the financial price and the personal price paid by children. However, even after taking that cost into account, I still believe that it can be argued persuasively that marriage is good for the stability of family life and that stable families are good for society.

That being the case, if a key question in policy making is about fairness, why do many parents who choose to marry feel penalised for doing so by our tax system? Fiscal policy that was intended to help single mothers, which is a wholly worthy cause, has created the odd situation whereby some couples who want to live together actually live in separate homes because the tax system rewards them for doing so. On a national scale, that is terribly wasteful, not only because shared housing is more efficient but because, as we have already heard today, cohesive family life brings immeasurable benefits to both individuals and society as a whole.

In a research paper produced by the Christian charity CARE in January 2011, "The taxation of families 2009/10", Phillip Blond, the director of ResPublica, wrote:

"The family is the most fundamental, basic and rooted unit of society...The centre of the family, the thing that holds it together...is the relationship between parents... There is an increased unwillingness for parents to commit to each other which has given rise to a significant increase in cohabitation which in turn has major implications, not only for adults but also for children... A child born to cohabiting parents has a nearly one in two chance of living in a single parent family by the time they reach their fifth birthday, whilst a child born to a married parent has only a one in twelve chance of finding themselves in this situation. The consequences are far reaching. Children from lone parent families—who today constitute nearly one quarter of all children—are 75 per cent more likely to fail at school, 70 per cent more likely to become drug addicts and 50 per cent more likely to become alcohol dependant. Girls from fatherless homes are an over-represented demographic in teen pregnancy statistics, while boys from fatherless families are typically over-represented in criminal gangs."

Even if one's ideals do not include marriage as a public act of commitment, there is evidence that marriage as an institution is mutually beneficial, both to the partners in the relationship and to society as a whole. It is also the most important factor in predicting a child's well-being. Some see supporting marriage through the tax system as regressive, but I see it as progressive.

In the UK, we support single parents financially—directly or indirectly—because it is right to recognise that bringing up children is a hard job at the best of times, particularly if one is more or less alone in doing so. Many single parents are courageous, self-sacrificial and deserve commendation. Sadly, it is also true that many children who grow up in a single-parent household live in poverty. That is not right, but it is also true that almost half of children who live under the poverty line come from two-parent households. It seems wrong that we should incentivise single parents through the tax system to remain single, simply because of the financial benefits that that status affords.

Other research shows that it is harder for couples with children to lift their children out of poverty than it is for single parents. Again, I quote from the CARE paper:

"Although designed to deal with child poverty, tax credits are now locking children into poverty in working households, especially couple households. The latest poverty statistics are those for 2008/2009 which show that of the 2.8 million children living in households with incomes below the official poverty line (60 per cent of median equivalised income), 1.5 million were in households with one or both parents in paid work, 1.3 million (a number that is increasing) were in couple households... The problem arises because tax credits do not take account of the way income is measured for calculating the number of children in poverty. The DWP say that a lone parent with two children would have required net income of £293 per week to be on the poverty line, whereas a couple with two children would have needed £374 per week. However, a couple family's entitlement to tax credits is the same as that for a comparable lone parent family. Couple families therefore have to earn more, but because of the way the means testing formula works they receive fewer credits... However, there is a further problem. As pre-tax income increases, tax credits reduce... In 2008/09, a lone parent would have needed to earn only £95 per week to be out of poverty. By contrast, the couple family would have needed to earn £283 per week."

For a number of years, CARE has been pointing out that many couples would be better off financially living apart than living together. Seventy-eight per cent. of the families in CARE's sample were shown to be better off living apart, even after the additional housing costs were taken into account. Families find themselves better off living apart principally because of the way in which tax credits are structured and means-tested.

Mr Alan Meale (in the Chair): Order. May I ask the hon. Lady to proceed very quickly? I need to call the Front Bench speakers.

Fiona Bruce: Certainly, Mr. Meale. I will conclude my remarks.

Marriage is good for society. It is a public institution as well as a private relationship, and as such society as a whole has a stake in supporting the family unit. If society benefits from the family, as it undoubtedly does, families should benefit from society and its fiscal policies, especially for the sake of our children and their children.

Mr Alan Meale (in the Chair): I thank the hon. Lady for speeding up. It is unfortunate that she was called at the very end, but we have to give the Front Benchers time to speak.

10.42 am

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is a pleasure to serve under your chairmanship this morning, Mr Meale, after just about five hours' sleep.

I congratulate the hon. Member for Erewash (Jessica Lee) on stepping in to lead this debate, which I understand was secured by the hon. Member for Loughborough (Nicky Morgan). I also thank her for providing me with notice of the particular aspects of family policy that she addressed. Yesterday, I learned that in a former life she was a lawyer specialising in family law, and that background certainly came to the fore today in her very well-informed speech. She praised Sure Start centres in her constituency and made the suggestion, which has a lot of merit, that parenting classes should become the norm. She also said that early intervention is not only about the money but about how it is used. I note that my hon. Friend the Member for Nottingham North (Mr Allen) highlighted evidence on specific early interventions that work in his excellent report—I am sure that the Government are paying particular heed to that report. The hon. Lady also spoke about the speed of the safeguarding process, which we all agree takes far too long, especially for babies and toddlers.

I pay tribute to all the other hon. Members who have spoken this morning. There have been many excellent contributions, covering the whole gamut of family policy issues. We have heard some harrowing cases that have been used not to sensationalise but to highlight the worst that can happen when families break down, or when they were never whole or healthy in the first place. There is a cycle of damaged people having children, who are then in the system in one way or another, throughout their lives, from day one. I think that we are all united in an ambition to end the cycles of deprivation that we know exist right across the country, despite decades of initiatives and interventions.

Although the debate has been very well-attended, there are other hon. Members who would have wanted to be here but are no doubt tied up with campaigning around the country. Many of them will be speaking to families at this very moment, about the issues we are discussing here.

[Mrs Sharon Hodgson]

It goes without saying that families are the bedrock of our society, and one of the most important duties of Government is to support the parents of today in providing a stable and loving environment in which the parents of tomorrow can flourish. No two families are the same, however, and the needs of parents and children vary widely, making developing policy in this area as difficult as it is important.

On safeguarding, we are clearly waiting for the outcome of the Munro review, which was commissioned following the tragic case of Peter Connelly, and I would not want to presuppose what any of its final recommendations might be. Needless to say, I welcome Professor Munro's initial findings, and I look forward to the final recommendations and to the Government response. It is welcome that the Government are seeking the advice of the professionals who deal with at-risk children and families every day to find out how we can improve the systems to help those children.

I have not been working on this particular area, but I think that I am safe in saying that we accept the need for a balance between the guidance and processes that adults and professionals working with children are given, and their ability to act on the basis of their judgment and to respond swiftly in co-operation with other agencies when a risk to a child's safety or well-being is identified. There are concerns about whether the cuts to local authority budgets will mean a reduced social worker work force in some areas; many local authorities certainly expect an increased case load, and foresee problems due to cuts to police, mental health and primary care trust budgets. I hope, therefore, that we can implement any sensible changes quickly and seamlessly, to ensure that no children slip through the gaps in the meantime. As the hon. Member for Erewash described in highlighting a particularly concerning case, the unintended consequences of our care system often do not help or improve the life or outcomes of an already damaged child, and we must do all that we can to ensure that the system does not cause harm.

An area in which I have done a lot of work is that of early years and early intervention. This is another very important topic, and although the Government have been making some positive noises, it is actions that count, and their actions, so far, have left a lot to be desired. Again, they have sought wise counsel, and we have seen some very thoughtful, and at times convergent, reports from my right hon. Friend the Member for Birkenhead (Mr Field), my hon. Friend the Member for Nottingham North and Dame Clare Tickell.

One of the programmes that my hon. Friend the Member for Nottingham North praises in his report is that of family nurse partnerships, in which young, first-time parents, possibly from families with multiple problems, are given help and support from the point of identification, past birth and into the early years of their child's life. The intervention does not focus on just the health of the mother and the child—important though that is—but crucially on the aspirations that parents have both for their child and for themselves, and on how to achieve those aspirations. I have heard great things about the results, and look forward to shadowing a family nurse in my constituency later this month to see the work for myself as part of the Royal College of Nursing's campaign for everyone to shadow a nurse. The Government have made a commitment to reach 12,000 families in that way by the end of this Parliament, but I hope that, given the strong recommendation in the Allen review, the Minister and her colleagues will look at rolling that kind of intervention out more widely, particularly as it focuses wholly on families who might not actively engage with other services, such as Sure Start children's centres.

I also welcome the fact that the Minister has assembled an early years working group to advise on further policy development in this area, but I hope that she will listen to the group if it turns around and says that what she and her colleagues have done to early intervention funding—cutting the budget by some 22% this year and removing the ring fence—negates what we ought to be trying to achieve, which we all agree is to improve outcomes for all children. I have been trying to get that message across for a while now, but do not seem to have had much success, with the Opposition day debate on children's centres last Wednesday a case in point. I have to place on record the fact that the Minister was very much missed from that debate, and I sincerely hope it was not through illness. The Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton), might have his eye on her job. He is a very charming man, but I have to admit that I have grown to enjoy my little jousts with the Minister, so I am very pleased to see her in her place today.

On the afternoon of last Wednesday's debate on children's centres, the OECD published a report, "Doing Better for Families", that called on Ministers to rethink their decisions to cut support for families, particularly support for early years services. The Government enjoy quoting OECD reports, so I hope that they will listen to this one. Perhaps the Minister will give us a few comments in a moment.

On wider policies affecting families, one key element that a family needs to thrive is the parents' ability to earn a decent income with which to bring up their children. In the vast majority of cases, that means that they must be able to organise child care in order to go out to work. I do not want to take this collegial and serious debate down too political a route, but it is clear to most people that many of the choices made by the Minister's colleagues over the past year have not been a great help to ordinary working families in that respect.

One decision that keeps coming up relates to working parents' ability to pay for early education and child care. Hon. Members will be aware that Save the Children's report on child well-being, published yesterday, places the UK 23rd out of 43 developed countries on that measure. That might be the subject for a later debate, but Save the Children's chief executive, Justin Forsyth, said that the Government should reverse their cut to support for child care in tax credits, which reinforces what I have heard time and again from the sector.

I wanted to say a few more things, but I will conclude, as I think that everybody here wants to hear the Minister's response to the debate. I am grateful to the hon. Member for Erewash for leading this debate. Given the day and many Members' commitments to the campaign trail—and to catching up on sleep—it has proved to be a useful discussion. I hope that we will have many more opportunities to continue this vital discourse.

10.52 am

The Minister of State, Department for Education (Sarah Teather): It is a great pleasure to serve under your chairmanship, Mr Meale. I congratulate the hon. Member for Erewash (Jessica Lee) on—I was going to say winning this debate, but I am not sure whether "winning" is the right word, considering what time she probably got to bed last night. There is some irony in discussing family policy in the least family-friendly institution in the UK. I congratulate all hon. Members on being here and on an interesting and informative debate. I particularly enjoyed the opening remarks of the hon. Lady, which addressed family policy across the piece. I doubt that I will be able to respond to everything in the time remaining, but I will do my best to pick up on as many of the points raised as I can.

I thank the hon. Member for Washington and Sunderland West (Mrs Hodgson) for her profound affection for my colleague, the Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton). I will of course pass on her remarks to him. I am sure that he will be terrified, but I will draw his attention to her flattery of his great skills.

The hon. Member for Washington and Sunderland West said that this goes without saying, but I think it is worth saying again: strong and stable families are the bedrock of a strong and stable society. They are key to ensuring that children grow up in a loving and nurturing environment and develop into healthy, happy, successful adults. The quality of relationships matters. Adults in good, stable relationships have better life outcomes, and so do their children. Families are also the social capital that builds and sustains neighbourhoods and communities, as the hon. Member for Maidstone and The Weald (Mrs Grant) said eloquently in her introductory remarks. They are the basic unit of society, and they are where we learn the social skills we need to survive and flourish in life. They are where we learn how to form relationships with other people, and the success of those relationships will affect our life outcomes as well as those of our children.

The make-up of the family unit is changing, as several hon. Members said. Families come in many varied shapes and sizes, including single-parent, multi-generational and foster families. Fathers are becoming more involved with their children, which I believe is a positive step forward that the Government should do much to support. Despite the many different changes referred to by the hon. Member for Strangford (Jim Shannon) in his speech, families are, as he also said, happy on the whole with family life. Most families say that they are fairly or very happy; 93% of respondents to a recent BBC poll said that they were happy with their family life.

However, it is vital that we support families as much as we can, and this Government believe that we should do much better. It is our ambition to make this country the most family-friendly in the world. At the heart of all our policy making is the determination to ensure that family services are designed around parents' needs rather than the other way around, and take account of changing work patterns, the evolving roles of parents and the financial pressures families face.

The hon. Member for South West Bedfordshire (Andrew Selous) said that some people believe that families are not the Government's business. Sadly, many politicians who consider themselves progressive believe that the family is not an area in which the Government should be involved. There is sometimes a dichotomy between believers in a small state and in a big state regarding what they believe the role of Government should be. However, I believe that the Government have an important role in supporting families, systematically removing the barriers that prevent them from thriving and creating the right environment through legislative change, financial systems and the design of public services so that families can be the best that they can be. That matters to our children, and to their children as well.

It is also important that we intervene to support vulnerable families when things are difficult. All families go through times when things are harder. We know, for example, that there are pressures on families when they have a first child or when children move into the teenage years. Those with many social networks might manage to get through such times, but if life is stacked against people, as in some of the examples given in several hon. Members' speeches—if they suffer from a mental health problem, have unstable relationships, live in overcrowded housing or have a drug or alcohol problem—it is much more difficult to do so.

That is why the Government are investing in extra health visitors, for example, to support people in the early years. It is why we are doubling the number of family nurse partnerships—to refer to the remarks of the Opposition spokesperson—and why we feel so strongly that Sure Start matters and must be focused particularly on families that need support at that time. It is also why we have begun a new campaign to support families with multiple problems to ensure that they get the support they need, rather than being passed from one service to another.

We will shortly consult on new proposals for family parental leave, an issue about which I feel strongly. Several hon. Members discussed fathers and the need to involve them more. Involving fathers at an early stage makes a difference to children's outcomes. If the worst happens—if all the other things we are doing to support relationships do not work and the relationship breaks down—fathers who are engaged at an early stage are much more likely to remain engaged later.

I am running out of time, so I will not be able to speak about all the things that I wanted to address, but I will refer a little to our work on relationship support, which I believe is important to sustaining families who might go through difficult times, as any family will. As the hon. Member for South West Bedfordshire said, the Prime Minister recently announced that my Department will fund relationship support to the tune of £30 million, a substantial increase. As part of that, we are also providing funding through a series of voluntary sector organisations—at the moment, telephone and internet services are going out to tender—to ensure that all sorts of relationship support mechanisms are available to families.

The hon. Member for South West Bedfordshire will be pleased to know that we already support prisoners' families with £1.3 million through about six voluntary sector organisations. I agree that it can have a dramatic impact on reducing reoffending. I have long been interested in the ideas that he mentioned involving greater availability of guidance and support before marriage. Having the

[Sarah Teather]

skills to negotiate difficult times and knowing where to go for support can make a difference when couples hit rocky periods.

The work we are doing—

Mr Alan Meale (in the Chair): Order. We now move on to our second debate. Can Members who are not going to participate in it please leave quickly and quietly?

NHS Prescribed Medicines

11 am

Margot James (Stourbridge) (Con): It is a pleasure to serve under your chairmanship, Mr Meale. I am grateful for the opportunity to open this debate on the crucial matter of securing the supply of medicines in the interests of the patients for whom they are prescribed.

Ever since the pound gained against the euro a few years ago, the UK has experienced shortages of medicines, because some stakeholders find it more profitable to sell medicines intended for use by patients in the UK abroad, where higher prices, aided by the exchange rate, will prevail. Ministers are making efforts to resolve the problem, and I will return to the action that is being taken when I discuss some of the potential solutions.

First, I want to focus on the nature and scale of the problem and its effects on patients and pharmacists. It used to be the case that, if someone was prescribed a medicine by a GP, they went to their local pharmacy, handed over the prescription, waited for a few minutes and then went home with the pills. Occasionally the pharmacist would apologise, because they did not have the item in stock, and the patient would return the next day to collect their medicine.

Some years ago, I was responsible for the various medicines prescribed to my elderly parents. I was annoyed to find that, sometimes, the medicine that I collected from the pharmacy was Greek or Spanish, with inadequate English language directions. The pharmacist had dispensed a parallel imported drug, on which extra profit had been made by the wholesaler and, possibly, the pharmacist. Back in 2005, parallel imported medicines accounted for 18% of the value of branded medicines dispensed by UK pharmacies.

The tables have now been turned and our continental partners are being prescribed medicines intended for the British market that have been subject to parallel export. This has led to patients in Britain being prescribed a medicine, taking the prescription to their local pharmacy and being told that the product is not in stock and that it might be a few days before it will be. Patients are advised that they can shop around but, if it is a particular type of drug that is routinely demanded at a higher price on the continent, the chances are that neighbouring pharmacies are experiencing the same problem in accessing supply.

The effect of that shortage can range from minor inconvenience to potentially serious health risks. The BBC programme "You and Yours" featured the problem at the beginning of April. It interviewed an organ transplant patient who needed continuous treatment with the drug Rapamune to ensure that their body did not reject the new organ. The very idea that such a drug should be hard to obtain is absolutely scandalous, which is also true of that person's experience.

How widespread is the problem? *Chemist and Druggist*, the pharmacy trade publication, conducted a survey of pharmacists last September that highlighted the difficulties caused to pharmacists, 90% of whom are not profiting from the shortages caused by selling medicines abroad. The survey found that pharmacists have had to turn patients away, because they had not been able to source the medicine prescribed. Moreover, 93% of pharmacists had at some stage had to ask the doctor to change a

prescription in order to secure the supply of something similar. More than two thirds of pharmacists are spending between one and five hours a week chasing around, trying to get hold of out-of-stock medicines. That is a complete waste of pharmacy time and, now that the Department of Health has agreed to pay for that time, it is also a waste of NHS money.

Research conducted at the end of last year by the Devon local pharmaceutical committee supports the findings of the *Chemist and Druggist* survey and provides additional insights. Seventy pharmacists monitored medicine supply issues for a two-week period and identified 537 such issues, which was up from the 379 issues reported in a similar study by the same group a year previously. The problem has, therefore, been getting worse.

The Devon audit found that the average delay caused by one of those instances to the medicine being available was four and a half days, which is pretty much a whole working week. It was found that those delays caused minimal harm in 13% of cases, but in just over 5% of cases the harm was defined as moderate. For example, a missed dose of an anti-epilepsy medicine caused a patient to fit. In nearly 20% of those cases, the pharmacist had ultimately to go directly to the manufacturer to order the medicine via the emergency procurement procedures.

I have mentioned that the principal cause of the problem is the export of medicines intended for UK patients to other European markets. I should point out that it is not possible to prevent the export of UK medicines per se, because that would be contrary to the free movement of goods guaranteed by European trade laws. We might, therefore, expect the same problems to be experienced by other countries when the exchange rate boot is on the other foot. There is no doubt that, during the years when extra profit was obtained by importing medicines into the UK, there were similar shortages of medicines in some countries, such as Greece and Spain. There was, however, no such shortage in other markets such as Germany, so we cannot lay the blame for this problem on the liberal trading laws of the EU, which are something that I think we all support.

The cause of our problem goes beyond the trade in medicines across national boundaries. The law governing the supply of medicines derives, in part, from article 81 of European Union directive 2001/83. The directive simply requires the maintenance of appropriate and continued supply of medicinal products by marketing authorisation holders and distributors. It was introduced into UK law via statutory instruments in 2005. At that time, the UK Government did what I would applaud in all normal commercial situations. They incorporated the directive into UK law with minimal—well, zero—gold-plating. It was, in fact, a textbook example of how we would want our Government to deal with European regulations under normal commercial circumstances. Medicines, however, are different from other products, especially medicines that treat serious conditions such as cancer, Parkinson's disease, which is another area in which there have been significant supply problems, and organ transplant patients. Sometimes, medicines can make the difference between life and death, which is why the research, manufacture and promotion of medical products are such highly regulated activities. That is not true, however, of distribution. The reason for the difference between the UK and continental markets, such as Germany, Belgium and France, is that those and other markets that signed up to the EU directive incorporated their own more stringent conditions in respect of securing a continuous supply of medicines.

Before I conclude by giving the Minister some recommendations on action to resolve the problem, I want to acknowledge the efforts that the Minister and his team have made thus far to improve the safety and supply of medicines to the public. Efforts have also been made by manufacturers, wholesalers and pharmacists. The Department of Health hosts a supply chain forum, which has recently published best practice guidance and will meet again in a few weeks' time. I welcome the steps being taken by the forum to address the problem. Participants represent all stakeholders in the complex system of medicine supply. However, I want to ask the Minister whether patients are represented, because I have not seen any reference to patient organisations in the notes that I have seen from the meetings thus far.

All stakeholders involved in the group have committed to the principle of enabling a minimum standard of 24 hours to supply any prescribed medicine to a pharmacy, and manufacturers and wholesalers will risk prosecution if they breach the code of ethics in relation to that supply standard. The Government have promised to raise the standards for wholesaler dealers' licences, which I very much welcome.

I wish all those actions well, but I am concerned on two fronts: first, that those actions do not go far enough and, secondly, that the MHRA, which is charged with policing the system, is not adequately resourced to monitor and enforce the recommendations. Given the financial incentives to sell certain products abroad and the number of traders with wholesale licences in the UK, my concern is that the difficulties of policing all the organisations, combined with the lack of prosecutions to date—I think that there have been nil prosecutions—for breaching existing duties to supply medicines do not bode well and make me think we need to strengthen those existing duties.

I want to express my appreciation to the British Association of Pharmaceutical Wholesalers and the Association of the British Pharmaceutical Industry for the help they have given to me during my research for the debate. The ABPI and the BAPW have called on the Government to strengthen the existing duty of wholesalers, and indeed all stakeholders, to supply medicines within 24 hours in the way other European markets have done. The introduction of what has become known as a patient service obligation, which obliges wholesalers to guarantee permanently an adequate range of medicines, is required to enable patients to receive an NHS prescribed medicine in the necessary time scale and to allow pharmacists and dispensing doctors to receive a medicine following its order and dispense it within 24 hours of a patient presenting the prescription.

Manufacturers and wholesalers should be obliged to hold buffer supplies, as those who operate to a high standard currently do, to help pharmacists to manage spikes in demand. That is really no different from obliging banks to hold capital reserves. Banks have recently been required to hold a higher proportion of capital on reserve, and I am calling for the same principle

[Margot James]

to be applied to the essential supply of medicines. Public health is as important as the supply of money, so why should similar precautions not be applied?

Finally, the patient service obligation needs to be backed up by the more stringent regulation of wholesalers. Germany and other countries place much stricter obligations on wholesalers than those that are required in this country. They are required to have appropriate facilities to hold a full range of products and a reserve supply of those products. Indeed, I am not sure why we need so many wholesalers in the UK. Another aspect to the problem the MHRA has in policing the system is that we have 1,800 licensed wholesalers. That number leapt up mysteriously over the past two years in response, I suspect, to the exchange rate. There are just 39 wholesalers in France, 90 in Belgium and six in Denmark. Across the EU, only Germany has more wholesalers than the UK.

I trust that I have given the Minister food for thought, and I urge the Government to consider more rigorous regulation in this essential area of the provision of medicines to the general public. I hope that the Minister will share with us some of his forward thinking about how the steps he has taken so far will be policed, monitored and might pan out over the coming months.

11.15 am

The Minister of State, Department of Health (Paul Burstow): I congratulate my hon. Friend the Member for Stourbridge (Margot James) on securing the debate and on setting out so clearly the issues that affect many of our constituents. Ensuring that NHS patients have access to the medicines they need when they need them is absolutely vital. My hon. Friend is right to have described the situation in such terms herself. I can assure her that the Department takes the supply issues she has raised very seriously indeed.

It might be helpful if I start by giving a sense of the scale that we are talking about. There are about 16,000 licensed presentations of medicines. That covers different formulations such as tablets, capsules and injections, and different dosages. The most recent figures record that there were more than 10,600 community pharmacies in England and nearly 900 million prescription items are dispensed each year. The production of medicines is truly a global business, with ingredients supplied from all over the world. In such a large and complex system, there will from time to time be problems with the supply of medicines. However, where there is evidence of systemic or real issues, the Government need to act and intervene appropriately.

Such problems are not new, and nor are they confined to the UK. They can occur for a number of reasons; for example, there might be manufacturing problems or difficulties in obtaining raw materials. They can also occur as a result of distribution problems, or through the parallel exporting of medicines when exchange rates or prices make that a lucrative trade. The increasing trend towards the concentration of manufacture within global pharmaceutical companies has exacerbated the situation. That means there is little flexibility if problems are experienced at particular manufacturing sites. Production schedules have to be planned months in advance, and if one company is unable to supply a product, others may be unable to make up the shortfall at short notice. Therefore, there is a need for the regulatory framework that my hon. Friend talked about.

Supply issues can also arise as a result of the parallel trade. The strong euro means that parallel imports into the UK have declined and the incentives for UK medicines to be exported to other European countries have increased. I stress that, as my hon. Friend said, parallel exporting is legal and that it can be carried out legally by anyone who holds the necessary licences under the medicines legislation. She has rehearsed some of the statistics on the number of companies that have such licences, and as has rightly been said, prevention of the export of UK medicines would be contrary to EU trade laws.

However, there are legal duties on marketing authorisation holders and manufacturers and distributors within the limits of their responsibilities to ensure appropriate and continued supplies to pharmacies, so that the needs of patients are met. The Government work closely with pharmaceutical companies, wholesalers, pharmacists and the NHS to ensure that the system delivers medicines to patients quickly. They also monitor individual supply problems and work closely with individual manufacturers to prevent shortages, and manage consequences when there are shortages.

As has been said, the Department has published joint best practice guidelines with the Association of the British Pharmaceutical Industry and the British Generic Manufacturers Association in order to help manage shortages as and when they arise. Those give guidance to companies on what to do in the event of a shortage, and recommend that companies communicate with the Department as soon as possible about impending shortages that are likely to impact on patient care. The Department, the Medicines and Healthcare Products Regulatory Agency and pharmaceutical supply chain stakeholders—the manufacturers, wholesalers and pharmacy representatives—continue to work collaboratively, better to understand and mitigate the impact of supply difficulties associated with parallel exports, so that patients receive the medicines they need.

We have also established, as was said, the medicine Supply Chain Group as a forum for organisations to meet and exchange information, understand the causes of the supply problems, including those due to parallel trade, and seek possible solutions. The Supply Chain Group continues to meet with individual companies in order better to understand the issues, and to explore ways of mitigating them and to take forward the action points agreed at the ministerial summit last year.

My hon. Friend asked about lay and patient representation on that body. As I understand it, the British Medical Association plays a part in acting as a conduit for that voice. There is a good case for looking at whether that should be changed, so that such representation is not simply through the BMA and that patients have their own voice in those deliberations—not least given the Government's commitment to the introduction of Health Watch England and the desire to see a greater place for patient interests across the system.

The summit made a number of recommendations. The first, as we have discussed, was the publication of "Best practice for ensuring the efficient supply and distribution of medicines to patients" in February 2011.

That also offers practical guidance on the use of quotas by manufacturers. Also published was the joint guidance on the legal and ethical obligations on the supply chain, "Trading Medicines for Human Use: Shortages and Supply Chain Obligations", in November 2009. That was updated and republished in December 2010. We also developed and are maintaining a list of products in short supply. That is published on the Pharmaceutical Services Negotiating Committee's website, so that no one—I repeat: no one—trading in those products has the excuse that they are not aware of supply difficulties. The MHRA is conducting a series of targeted inspections aimed at those who jeopardise patients, in order to ensure that they comply with their supply duties and that those who breach existing duties face the consequences.

My hon. Friend said that there have been no prosecutions. The intention is to change behaviour and ensure compliance, rather than undertake regulatory intervention, which would result ultimately in suspending licences or in criminal proceedings, although in many other cases licences are suspended for other reasons. As a result of those arrangements, medicines are getting through to patients. I am concerned, however, to hear the examples given by my hon. Friend today. As she documented, there are in some cases completely unacceptable periods of delay. However, the latest evidence from the pharmacies at the end of the supply chain is that in England there are supply problems with approximately 50 products.

My hon. Friend raised a point about standards and the work being done by the MHRA to ensure that packages are consulted on to improve quality standards across the system. The approach to inspection is a risk-based one involving targeted inspections, and there has been an increase in the number of staff to support the resulting increased work load. I stress that the 50 products currently identified as being in short supply have to be seen in the context of the 16,000 licensed presentations of medicines. The affected medicines are used to treat a wide range of conditions. They include treatments such as Femara for breast cancer, Cipralex for depression and CoApprovel for hypertension. For that reason, the guidance we issued in February recommends that pharmacy and general practice staff should advise patients to request their prescriptions in good time. Most companies have put contingency arrangements in place, so that pharmacies can obtain supplies of medicines directly from them if they are unable to obtain them from their usual wholesaler. The time taken for supplies to be obtained in that way varies from company to company, depending on the nature of the arrangements, but we have been assured by the companies concerned that they endeavour to supply their products as soon as possible. However, I will draw the attention of officials and others to the evidence that my hon. Friend has drawn my attention to today.

I would like to take this opportunity to pay tribute to the efforts made by pharmacy staff, who have worked tirelessly to ensure that patients have not gone without their medicines—it is key to stress that. Patients and prescribers also have an important part to play. Prescribers should, where appropriate, consider a change in medication for patients, and advise patients to request prescriptions in good time where there are supply difficulties.

My hon. Friend referred to article 81 of directive 2001/83 as a textbook example of the UK Government's not gold-plating such a regulation, but said that in this case, that was possibly not the thing to do. I hope that I have outlined a series of measures that this Government are taking to secure the supply chain and to ensure that everyone in the supply chain understands their obligations to patients. I stress, however, that we have not ruled out taking any of the further steps she has suggested. We want to be sure that we have proper evidence of resulting harm to the patient interest before we act. That is why we are keeping matters under review, and targeted inspections will play their part in gathering further evidence. If there is other evidence from other parts of the supply chain, we would certainly want to look at that carefully. The London School of Economics is doing some comparative work, looking at other jurisdictions where such public service obligations have been introduced, and that will also inform our thinking.

I am grateful to my hon. Friend for raising these important matters. I assure her that the Government are committed to patients getting their medicines quickly. If all parties in the supply chain adopted the best practice guidance issued in February, the problems caused to patients by parallel trade would reduce. The guidance sets out the aim that, under normal circumstances, pharmacies should receive medicines within 24 hours, although there may be circumstances where that is not always the case. We do not believe that increasing the regulatory burden at this point is the right answer, but we will keep that under review. The Government will continue to work closely with all those involved in the supply chain to ensure that NHS patients get the medicines they need when they need them. That is our enduring commitment.

11.26 am

Margot James: Thank you, Mr Meale, for your chairmanship. I thank the Minister for his generous and comprehensive response. I remain concerned that the measures do not yet go far enough, but I am reassured that measures have been put in place and that the 60 or so medicines affected will be monitored closely. I hope that I am wrong and that it will not be necessary to introduce more stringent regulations, because I am a great campaigner against increasing the regulatory burden on industry. Patient safety, however, has to be paramount. I am not yet convinced that the measures will have the desired effect, but I am willing to keep an open mind, monitor the situation and bring any further evidence of problems to the Minister.

11.27 am

Sitting suspended.

Private Finance Initiative Hospitals

2.30 pm

Mr Dave Watts (St Helens North) (Lab): It is a pleasure to have the opportunity to debate this subject under your chairmanship, Mr Meale.

Before I set out my concerns, I put on record my appreciation and that of my colleagues for the work of the excellent St Helens and Knowsley Teaching Hospitals NHS Trust. I pay tribute to its doctors, nurses, technicians, cleaners and all its support workers, who provide an excellent service to my community and to the communities of my colleagues.

I am pleased to have the opportunity to debate this important subject. St Helens and Knowsley is a five-star hospital trust, benefiting from excellent staff and management and delivering well run hospital services that are clean and safe. The trust now provides state-of-the-art treatment to the people of our communities. I asked for the debate in an attempt to discover the details of the secret discussions currently taking place between the trust, the strategic health authority and the Department of Health.

The trust provides services mainly for St Helens, Halton and Knowsley, but for the wider north-west community as well. Its burns and plastic surgery department provides treatments for patients over a wide area, including the Isle of Man, Cheshire and north Wales, altogether serving a total population of more than 4 million. The trust operates on two sites, St Helens and Whiston. The new hospital opened in 2010 and, as is the norm for the trust, did so on time and on budget. There was new hospital investment of £350 million, so the trust now boasts world-class services at the St Helens site as well as the newer Whiston site.

The trust has a strong performance record: three stars, a "double excellent" rating and performing above average in all key indicators. It is one of the few trusts to have achieved the maximum overall score in the auditor's local evaluation. The hospital trust is well run and well managed, and the financial problems it faces are not of its making. It has managed to achieve high standards over the past five years despite having a low level of funding and extremely high levels of demand—its accident and emergency units have some of the highest levels of use in the whole country—and serving a community with poor health indicators. The trust used to operate from two run-down main buildings, one of which was a workhouse before being turned into a hospital, and from 40 separate sites in total. Imagine the difficulty of providing health care to a community when operating from so many different sites, with the related management problems.

The trust's current problems stem from it having to become a foundation trust hospital by 2014; that is something the Government are insisting on, not something the trust is attempting. To achieve that aim, the trust must make efficiency savings. Every hospital, as we know, is having to struggle to make the efficiency savings expected by the Government. On top of the efficiency savings to meet the Government's financial requirements for FT status, the trust must save a further £20 million a year to pay for the PFI estate. That is impossible and will not happen.

The trust commissioned its own report, I think by Coopers & Lybrand, on the feasibility of those savings. Coopers & Lybrand came back and made it absolutely clear that such levels of efficiency savings are not possible. Efficiency savings are already being made, but the requirement to save a further £20 million a year is impossible to meet. At the same time, the trust must run a state-of-the-art hospital on virtually the same budget as when it had three worn-out hospital buildings in St Helens.

The Government need to act, and to do so transparently, but the discussions so far have been held behind closed doors. The local MPs believe that such important discussions taking place in private is totally unacceptable. The community, health professionals, local MPs, councillors and the House need to have the information in the public domain, so that we know exactly what is going on behind closed doors and what options the Government are considering. Despite written questions, letters to the Minister and an oral question last week, that information has still not been put into the public domain. That is not acceptable. We wonder what is happening not only in our trust but in others. Are the same sort of secret discussions taking place throughout the country? If so, why are they taking place behind closed doors, instead of openly and transparently?

In case some people wonder whether a new hospital was required, as I said earlier, the trust was previously working out of 40 buildings, including two old hospitals, one a former workhouse. Clearly, new hospital buildings were needed. Furthermore, the health problems of St Helens, Knowsley and Halton are extremely well known: we have poor health indicators, high levels of deprivation and had poor medical services for many years. Before the new hospitals were built, we had poor health services provided in poor buildings.

One of the health indicators is that St Helens, Knowsley and Halton males are likely to live 10 years less than the national average, and women seven years less. The poor health indicators are partly owed to the poor lifestyles of many of our constituents: smoking, obesity and drinking levels are all higher than the national average. The local partnership is addressing some of the issues successfully, but not all our problems are related to lifestyle; we also have an industrial past to deal with and high levels of poverty. In my constituency of St Helens, the traditional industries of coal, chemicals and glass left a legacy of poor health. My colleagues in Knowsley and Halton would say the same.

Not everyone is in favour of PFI schemes; they have their critics. Frankly, I would welcome a change in the rules, which are controlled by the Treasury, because they are inefficient and ineffective. I want my hon. Friend the Member for Halton (Derek Twigg) and his Front-Bench colleagues to consider whether there is a better way than PFI to provide the capital required for public services. At present, however, no political party—not the Liberal Democrats, nor the Conservatives, nor the Labour Opposition—is proposing to change the Treasury rules. I understand that the Conservatives are looking at a new vehicle, resembling PFI mark 2, which the Government claim would cost the Treasury and the public purse less and provide better value for money, but all Governments say that when introducing new schemes, and few succeed in achieving those aims. I wish them well with delivery, but I suspect that they will have similar problems to those the Labour Government had when introducing our PFI schemes.

The private finance initiative has achieved a great deal. It has created Britain's biggest hospital building. The previous Labour Government delivered 118 new hospitals—88 PFI schemes and 30 with public capital, amounting to a £10 billion investment in our hospitals. In its last report in 2003-08, the National Audit Office confirmed that PFI schemes provided guaranteed price certainty. Much hospital building before the PFIs—under the old Health Department schemes—came in well over budget, and delivery was delayed. Even before PFI schemes, hospital building programmes often came in at a much higher budget than expected when they were first approved.

The second issue, which was often raised by the then Opposition, is that health investment was simply unaffordable. That is not true. Most of the investment in our health and public services was made at a time when the national debt was lower than in most European countries. On top of that, under the Labour Administration we had long-term economic growth, unlike what we are seeing now under the new coalition Government. However, when the world financial crisis came, it hit countries such as the UK, which had large financial sector industries: the USA, Britain, Ireland and Iceland all had large financial institutions and were hit harder when the financial crisis came. It is worth remembering that in 1997, 50% of our hospitals had been built before 1948. Now, only 20% of hospitals remain to be modernised. It was a substantial achievement by a Labour Government to turn around the hospital-building programme as we did.

I do not accept the point, which I am sure that the Minister will make, that in the past the coalition and its friends called for greater regulation of the banking industry—I am moving a little away from PFI schemes—and one reason given was that it was unaffordable. Banking regulation rules were weak, and I accept that they needed to be changed, but I will take no lessons from the Conservatives, who claimed for many years that we had too much regulation and that we needed to loosen our grip on the financial institutions.

Why was such major investment required? The Government would have us believe that before 1997, Britain was a success story. That is simply not true. It had run up massive public debt not to invest in Britain's public services and future, but to pay for mass unemployment and economic failure. It had failed to invest in our schools, hospitals, roads and railways. Many of my colleagues have been involved in local government and we remember the state of our public buildings before 1997. I remember schools and hospitals with holes in the roof; I remember the shortage of nurses and doctors; I remember people waiting six or seven years for operations. The investment the Labour Government need to put in to deal with the problems caused by the preceding Tory Government was clear for anyone to see.

Returning to the main point of the debate, I want the Minister to be open and transparent. I want him to set out his own views on the options open to the hospital trust in my constituency. I want him to agree today to publish all the documents on discussions between the Department and the trust, which he has failed to do so far. I have one here, but we have not seen the other documents. There is only one option. The Government should invest in and reflect the cost of running the PFI scheme at St Helens and Whiston hospitals by increasing the budget in proportion to the increased PFI cost.

On 26 April, during Health questions, the Minister stated that the Government are not and will not seek to privatise my trust or any other trust. Will he explain why his Department produced a document containing three options, of which the first is a national solution; the second is a merger with another trust, although no one knows where that would take place, and the Minister and the Department seem unwilling to discuss it; and the third option, which requires a proper explanation, is a joint venture with a private provider? I am not sure what that means, but most people I have spoken to in the health industry in St Helens, and my political colleagues believe that that is an element of privatisation. I would welcome the Minister setting out what the comment in the document about a joint venture with a private provider means. I have here a copy of that document, and the Minister should explain why it was produced and what the implications are, and provide the assurances that we seek today.

The Minister of State, Department of Health (Mr Simon Burns): I am somewhat confused. At the beginning of his speech, the hon. Gentleman made an important comment: that one problem is that no documents are available for people, including MPs, to see. As he is now quoting one of those documents, surely it must be in the public domain. He has produced it at this debate, and I know that it has been written about in the *Liverpool Echo*. Is there not a contradiction in what he is saying?

Mr Watts: It seems that the Minister is the only person who has had difficulty getting hold of a copy. Mine is a leaked copy, but it is clear that it is from the Department of Health. When I raised the matter with him, he seemed to have great difficulty in finding it. He should get a grip on his Department, and find out what documents are being produced and why he is unable to obtain a copy when he needs one.

Mr Burns: I do not want to sour the hon. Gentleman's speech, but during our private conversations to identify the leaked document when he first mentioned it, he did not seem to be 100% aware of exactly what it was, so I had to look for a needle in a haystack.

Mr Watts: I understand why the Minister asked for more detail, because another document was also produced. I do not have a copy of that, but I hope that when he returns to his Department he will publish the second document. I understand—the Minister will clarify whether this is the case—that when the document was produced, and the option for private sector involvement partnership was suggested, my local trust refused to endorse that option. I am told that it endorsed it only on the back of the fact that a sentence would be included stating that it was at the direction of the Department of Health—not only was the Department involved in the discussions, but it was driving them. I understand that when the document went back to the Department, it refused to accept the amendment to the original document. That leads me to believe that the Government are trying to influence the trust to go down a path that it does not want to go down, but that they are unwilling to do so publicly.

[Mr Watts]

The only way to clarify the matter is for the Minister to guarantee that he will produce the original document, a copy of which I have, and the second draft, so that we can see what is going on between the Department and the trust. Discussions are being held behind closed doors for obvious political reasons, and my colleagues and I suspect that they are being kept quiet until the outcome of the local elections. Frankly, I think the Minister knows that my constituents and voters who support his party in St Helens, Halton and Knowsley would not support the proposal that is being pushed forward by the Department.

Mr Burns: I advise the hon. Gentleman, who is usually eminently reasonable, that he should not believe in conspiracy theories. It may help him to know that American astronauts did land on the moon in 1969, and that Kennedy was shot in Dallas in 1963.

Mr Watts: I do not normally believe in conspiracy theories, but I have seen a document that everyone claims does not exist. I passed that document to the national media, and an article was written for *The Sunday Mirror* by an excellent journalist, Vincent Moss. Apparently, when he contacted the Department of Health the officials asked whether the document existed and whether he had a copy and he replied that he did. They asked to see the document but he said that they could not. The Department then refused to comment on the matter.

The reason behind the conspiracy theories is clear: the Department is acting in an underhand way. Those discussions should take place not behind closed doors but in an open and transparent way so that the community, local health care providers, MPs and the House can understand what is driving Government policy and where it is going. My view is that the Government intend to try to privatise hospitals. Unless the Minister publishes the documents in question and clarifies some of the points raised, people will be left to come to their own conclusions.

I do not believe this is an isolated case. My hon. Friend the Member for Blackley and Broughton (Graham Stringer) and other hon. Friends with new PFI hospitals in their constituencies will experience similar problems to those faced by the trust in my constituency. Unless the Minister can clarify how the costs of running those estates will be paid for in the future, the uncertainty will remain and many people will believe that he intends to do exactly what he claims not to be doing.

I hope the Minister will provide some reassurance today. I am looking for one particular assurance. The only way to resolve the outstanding problem is if the Minister gets to his feet and says that he will provide the £20 million a year extra funding required to run state-of-the-art hospitals at Whiston and Knowsley, rather than the old workhouses we had before. If the Minister can do that, I will gladly congratulate him. Most of my constituents and the trust itself would welcome such a decision.

2.52 pm

Mr George Howarth (Knowsley) (Lab): May I repeat what my hon. Friend the Member for St Helens North (Mr Watts) said about it being a pleasure to serve under your chairmanship, Mr Meale? I congratulate him on being fortunate enough to secure this debate on a matter that is of great concern to our constituents, and on the manner in which he presented his case.

It is right and proper to begin by repeating something mentioned by my hon. Friend, which is that the hospital staff, whether medical, support or care staff, are highly regarded by the local community. The St Helens and Knowsley primary care trust is highly thought of, and has been prominent in ensuring that we get the health service we deserve. The new hospital facilities at Whiston and St Helens are considered to be at the cutting edge in technology, the use of space and the way that services are conducted, and we appreciate the service that we currently receive. I know from recent personal and family experiences that those who make use of the hospital facilities on both sites have every reason to be grateful that they are available.

The communities served by the two sites have particular, and in some ways difficult, health needs. Some of those health needs are related to former and current occupations, and some to the prevalence of poverty and consequent lifestyle choices. In parts of my constituency, for example, we have abnormally high rates of cancer. That is partly a result of high levels of smoking, but in some cases it is the result of former occupations. My hon. Friend mentioned the mining industry and the legacy left by that in St Helens. Some of the chemical processes that have taken place over the years in and around that area have also taken their toll on people's health, and we therefore need a very good hospital service. We also need a good primary care trust that can provide a lot of the treatment people need, but hospital services are an important part of that mix.

As my hon. Friend rightly said, the difficulties we seem to have arrived at are due to the deficit carried by the hospital. We could have a long discussion about how that deficit was created, but that would not necessarily be fruitful. The deficit appears to stand in the way of the hospital achieving foundation trust status, and that seems to have been the impetus behind the three options referred to by my hon. Friend and mentioned in the tripartite document of which he has a copy.

I do not for one minute underestimate the seriousness of the deficit. Any responsible Administration or Government should take a deficit of that size seriously, and I understand that is the case. The difficulty arises, however, because the three options under discussion leave people concerned about what might be going on. I will talk about what has and has not been published, because the Minister tried to cast some doubt on that a few moments ago.

Mr Simon Burns: On what?

Mr Howarth: Had the Minister been listening, he would know that I said that a little later in my speech. I will try to cast some light on what has and has not been published. He cast some doubt on whether there is in fact material that we should have seen but have not, and I will return to that issue in a moment.

My hon. Friend referred to the three options that have been suggested. The document refers to a national solution, and even if it is not spelled out in clear terms, I take that to mean that it is intended—presumably by Department officials—for some means of closing the

deficit to be found nationally, in order to get rid of the £20 million deficit that is creating the problem. I am not in a position to say whether that is a likely solution; hopefully, the Minister will be better able to explain that. To me, however, that solution is the most preferable of the three options.

The second option would involve some kind of amalgamation or merger with other existing NHS facilities, although that seems fraught with inevitable difficulties. If an existing facility already carries some sort of deficit, presumably it will not be keen to add to that by amalgamating or merging with another institution that might bring even more of a deficit to the table. Furthermore, I do not see any of the synergy that would need to exist between the St Helens and Knowsley trust and other nearby hospital trusts for such a move to be thought of as a likely solution.

We are therefore left with the third option, which is some kind of merger or joint venture with the private sector. I was interested to see that when my hon. Friend the Member for St Helens North referred to that option, the Minister, from a sedentary position, seemed to indicate that it was not an option. *[Interruption.]* Well, I am glad that he clarified that. When my hon. Friend mentioned that option—I think that he used the word "privatisation"—the Minister said no.

Mr Burns: Absolutely.

Mr Howarth: But presumably the Minister is not ruling out now the possibility that something could happen that would involve the private sector in the long-term future of these hospital sites. No doubt he will enlighten us on that when he replies to the debate.

Mr Burns indicated assent.

Mr Howarth: I have to warn the Minister that I am not someone who believes that everything should be owned by the state. There are occasions when I can understand that some co-operation with the private sector is required. In fact, the PFI in itself is in many ways an exemplar of that. On occasion, such an approach is appropriate, but any wholesale transfer of these hospital facilities would meet strong opposition from the public in St Helens, Knowsley and Halton, and it would certainly include my hon. Friends and me, because we do not see that as a viable way forward for these hospital sites. The body language coming from the Minister is encouraging. I just hope that the words that follow are equally encouraging.

Before I conclude, I want to clear up one point, which is what we know and do not know and what we hope the Minister can enlighten us on. I am sure that he is aware that my right hon. Friend the Member for St Helens South and Whiston (Mr Woodward) wrote to the Secretary of State about this matter several weeks ago, seeking clarification; my hon. Friend the Member for St Helens North tabled written parliamentary questions about the subject; and I wrote under the terms of the Freedom of Information Act to the regional health body, the Department and the hospital trust, asking not only for the tripartite document that my hon. Friend has a copy of, but for any advice and other, associated documentation that would throw any light on it. It is because we do not have all the information that there is a great deal of suspicion on the part of local people.

The Minister is a reasonable man whom I know will want to be as open and frank as possible in the debate. I hope he will be able to dispel those fears and leave people with the belief that no conspiracy is going on, that the Government are not trying to manoeuvre our hospitals into some kind of private sector solution and that a solution will be found that is within the NHS and is acceptable to all concerned. If he can do that, the debate that my hon. Friend the Member for St Helens North has promoted today will have been a worthwhile exercise.

3.3 pm

Derek Twigg (Halton) (Lab): It is a pleasure to speak under your chairmanship, Mr Meale. I congratulate my hon. Friend the Member for St Helens North (Mr Watts) on securing this very important debate and my right hon. Friend the Member for Knowsley (Mr Howarth) on the contribution that he made. As you will have picked up, we are constituency next-door neighbours, but there are wider issues that we need to discuss and that I intend to raise with the Minister.

3.4 pm

Sitting suspended for a Division in the House.

3.14 pm

On resuming—

Derek Twigg: I will say more about the St Helens and Knowsley Teaching Hospitals NHS Trust a little later, but I have a lifelong relationship with the Whiston hospital, which is used by many thousands of my constituents. As I said, my right hon. Friend the Member for Knowsley, my hon. Friend the Member for St Helens North and I work very closely on issues relating to it, as neighbouring MPs.

I congratulate the hospital on delivering the PFI six months ahead of time and to an excellent standard. The chief executive, the board and the staff have done an outstanding job. The many medical staff, support staff and ancillary staff do an amazing job, and the hospital has the highest reputation, but I will talk specifically about the hospital in more detail later.

It is important to understand the use of PFIs, what was required and what was achieved. In 1997, after 18 years of Conservative disinvestment in the NHS, the service was in crisis: 1 million people were on waiting lists, hospitals were in disrepair, staff felt undervalued and buildings had been neglected. As my hon. Friends will confirm, people regularly complained to us in 1997 and thereafter—my right hon. Friend will say that they were complaining before then—about waiting more than two years to have an operation or even to be seen by a specialist in some instances. It is important to make that point.

The Labour Government made a firm commitment to improve, support and protect the NHS. In government, we did what was necessary to turn it from an organisation that was struggling for survival into the world-class and world-leading service it is today. It is important to make that point about the improvements made under the previous Labour Government, which included achieving the lowest waiting times, the highest public satisfaction, a two-week turnaround to see a specialist, a massive

[Derek Twigg]

decrease in the number of those dying early from heart disease and cancer, and improved facilities. In the context of PFI, investment in the NHS is important.

As my hon. Friend said, 114 new hospitals were built over Labour's 13 years in government to replace the existing ageing and neglected infrastructure. In 1997, half the NHS estate dated from before 1948; in 2010, that figure was down to about 20%. That rapid modernisation was unprecedented, but vital to the regeneration of the NHS, and PFIs played an important part in making that possible. They made possible the move from the previous workhouse-style provision of health care to a modern, technically advanced health care system for the 21st century. *[Interruption.]* The Minister tuts, but an old workhouse building was still being used on the Whiston site at the time. In fact, back in the 19th century, one of my distant relatives died in that building when it was still a workhouse, so it was a workhouse and it was used for health care. Now, we have a modern hospital to replace it. It is important to make that contrast, as my hon. Friend did.

Graham Stringer (Blackley and Broughton) (Lab): Even with the massive investment and improvement under the previous Labour Government, my local hospital is still 60% a Victorian workhouse, and we need more. *[Laughter.]* The Minister laughs, but I mean that we need more investment, not more workhouses. Does the shadow Minister agree that although PFI was incredibly valuable in bringing that expansion about, it had two fundamental flaws? In a pragmatic way, it relied on the private sector being more efficient than the public sector to recover the higher borrowing costs, but that has not happened in many cases, because of the strict configuration of the contracts. Secondly, when the private sector is involved—I am not totally against that—we have the secrecy that my hon. Friend the Member for St Helens North (Mr Watts) mentioned. There are commercial interests, which is bad when public money is being used for the public good, because we cannot find out what is going on.

Derek Twigg: I totally understand my hon. Friend's concerns. As regards his local hospital, he will realise that I never said that every hospital was modernised and improved. The issue now is how they will be modernised and improved under this Government, and I will return to that because we need to know from the Minister today what the Secretary of State's and the Prime Minister's plans are for modernising our NHS estate. The massive improvement under the previous Labour Government was unprecedented, but my hon. Friend is right that there were concerns. Not everybody supported PFIs, and there were issues, which I will come to later. My hon. Friend raises an important point.

It should be remembered that PFIs were also used under the previous Conservative Government. As noted in the Public Accounts Committee report entitled "PFI in Housing and Hospitals", which was published on 18 January,

"PFI has delivered many new hospitals and homes which might otherwise not have been delivered".

It is also important to note that the report's summary says that hospitals are mostly

"receiving the services expected at the point contracts were signed and are generally being well managed."

Again, I accept there were some problems, but the Public Accounts Committee recognised that they were generally well managed. Labour not only invested in the NHS, we invested in protecting its future. The contracted maintenance of buildings under the PFI agreements will ensure that the standard of NHS buildings will be as high in 30 years as it is today. The present generation is only the custodian of the NHS. Future generations are its owners, and PFI agreements will ensure that they are served by the same exceptional standard of facilities as today. That is an important point.

The system is not perfect, but at least it guarantees the maintenance of the buildings over a 30 to 35 year contract period. We all know that, with financial pressures, funding was cut for maintenance. Rather than being a one-off, that became a regular occurrence. That is why we found hospitals in the state they were in 1997—for which we, too, had some responsibility, as we had been in government for various periods before then. The fact was that there was massive under-investment, which was exacerbated by the Thatcher Government.

Under Labour, PFIs gave private sector partners responsibility for the completion of large infrastructure projects. A crucial point—of importance to my hon. Friend the Member for Blackley and Broughton (Graham Stringer)—is that accountability for services and the satisfactory completion of such projects remained in the public sector. That meant that the Government were still accountable to the people and Parliament for improving services to patients.

The PFI arrangement is a tool; it is a method that can be used badly or well. It would be disingenuous, as I said to my hon. Friend, to suggest that we were all in favour of PFIs when we were in government. It is important to be frank and honest and acknowledge that. There are strong views opposed to PFIs—it would be wrong to suggest otherwise with regard to some schemes. What we can be sure of is that, under Labour, the PFIs formed part of a carefully managed NHS in which the private sector could play a limited role. Sadly, under the Government's current reforms, that will no longer be the case. The Government continue to rush through their NHS reorganisation; despite the so-called pause, work is still going on, without sufficient evidence or consultation on its true effect. Pressure has been relentlessly piled on to the NHS and foundation trusts, with insufficient consideration for the future. Through these costly, unwise and unwarranted reforms, spending cuts and efficiency savings, the Government are showing once again that they cannot be trusted on the NHS.

My hon. Friend the Member for St Helens North and my right hon. Friend the Member for Knowsley highlighted the issues surrounding the St Helens and Knowsley Teaching Hospitals NHS Trust, with which they have had a long association. However, it is important to repeat some of the things they said. This trust has a strong track record of high performance, achieving three stars and consecutive double excellent ratings from the Care Quality Commission. That high standard of care has been maintained: in 2010, it was the only acute trust in the country to perform above the national average in every indicator of quality of services and care in the CQC assessment. Therefore, I believe it could be described as the nation's top-performing hospital.

In addition, the trust achieved the maximum overall score in the auditors' local evaluation for the use of its resources, for the fourth year running, acknowledging the trust's excellent financial management.

Therefore, the trust performs to an excellent standard, not only in services and hygiene, but in financial management. The benefits of the PFI scheme for the hospital have been tremendous—more than 80% of the accommodation is new build on two sites, to which my right hon. and hon. Friends have referred; there has been capital investment of £350 million, with a 35-year concessionary period; radiology imaging equipment through a managed equipment services has been provided by GE Medical Systems; and hard and soft facilities management services, including catering, domestic estates, grounds, gardens and so on, have been provided. An important point for the Minister is that there is also 50% single room provision, with en suite facilities, as per Department of Health guidance. That is important in meeting both what we wanted and what the Government have said in respect of single-sex wards.

In 2009, the Secretary of State for Health, who was then the shadow Secretary of State, said this in an interview on Mumsnet about the pledge regarding single-sex rooms:

"This pledge will be delivered as part of our plans to provide 45,000 more single rooms in the NHS."

Funnily enough, that pledge was dropped, and we have heard no more about it. I am interested to know, in the context of any PFI plans or hospital building programmes that the Minister has to comment on, whether there are plans to increase the number of single rooms, which is an important part of improvements in the NHS. I look forward to hearing any details that the Minister might give us.

My hon. Friend the Member for St Helens North, backed up by my right hon. Friend the Member for Knowsley, made some important points about secret documents. One has now been put into the public domain, though not officially, but we have not been able to see the other one. The Minister must answer who suggested as an option that a private sector provider could be brought in to manage this specific trust, and perhaps other trusts. Who suggested that that was the case? I understand that the trust board rejected that option and would only deal with it if directed to do so by the NHS, whether that involved the strategic health authority or the Department. I understand that that was the case. Will the Minister clarify that important point? I understand that one reason why the trust board would not accept the option of voluntarily considering a private sector provider coming to run it was a concern for patient safety. The cuts it was being asked to make to get to foundation trust status were too great and, in its opinion, were threatening patient safety. Will the Minister tell us whether that was the case?

What part of the NHS would suggest that option for a hospital that has achieved a double excellent rating, that has excellent financial management, that has been well run for years, that has a brilliant chief executive and management board, that has a committed staff and that has the support of the community? What person in their right mind would suggest a private sector provider? How could a private sector provider run it better than a double excellent rating?

Mr Simon Burns: I want to deal with this in detail when I come to my contribution. The hon. Gentleman said, "What man in his right mind would consider the private sector being used in the NHS for the management of an NHS hospital?"

Derek Twigg: This particular one.

Mr Burns: I am talking about the generality. I can answer the generality and will come to the specifics in my speech. The gentleman concerned, who accepted the principle in a generality, was the right hon. Member for Leigh (Andy Burnham), who was Secretary of State for Health before the election.

Derek Twigg: I am not sure that that is worthy of a reply. I am being specific. The Minister may remember—and the hon. Member for Broxtowe (Anna Soubry) sitting behind him will—that when the Health and Social Care Public Bill Committee discussed foundation trusts and insolvency, I made the point that it does not always follow that a hospital that gets into financial difficulties is badly run. That is the issue that the proposals in the Bill do not take into account. What was the logic behind the proposal for this specific hospital to have a private provider brought in to help manage it? That is a different point from the one that the Minister took.

I also want to make the point that the Government are placing NHS trusts under intense pressure through the policy of forcing foundation status within three years, coupled with the costs of reorganisation and the efficiency savings that trusts have been asked to find. That is leaving many NHS trusts in peril as they struggle to meet foundation trust status, or become foundation trusts with financial difficulties from day one. The Minister knows a number of hospitals are in financial difficulty. I do not know whether he has yet decided to put that list in the public domain.

The dangers are clear. St George's hospital in Tooting, London, recently decided that it was too risky to push ahead with the Government's preferred timetable for NHS trusts to become foundation trusts. Speaking after announcing a two-year delay to the plan to become a foundation trust, the board of the hospital said:

"The board recognises that if we put the organisation under pressure to become an FT during 2011-12 then this could impact on the quality and safety of the patient care that we provide."

I wonder whether parallels can be drawn with the St Helens and Knowsley trust, as the board is not prepared to take the risk. Put simply, existing pressures on NHS trusts are too great to risk a massive reorganisation. Hospitals realise that, and so should the Government. It is important to understand that the pressures are great, and what is being asked behind the scenes at particular foundation trusts is important.

Now more than ever, the dangers of an FT or NHS trust experiencing financial difficulties are growing. Under the Tory-led Government's plans for the NHS, a struggling FT will be faced with two options. One is insolvency in line with commercial insolvency procedures, and the other is the sort of takeover dictated by clause 113 of the Health and Social Care Bill, which the Committee discussed in some detail, or a takeover on unknown terms. The Minister refused to be drawn on giving an example of what hospitals might be in difficulty and what sort of takeover might be considered. I do not

[Derek Twigg]

know whether he has changed his mind since then, because an example would help us with the detail of our deliberations.

Although the debate on PFIs and their appropriate use will continue, it is important to be clear on one issue. During our time in government, we supported the NHS. We undertook no step that would have endangered its position as a world class public health care system. In comparison, this Government's policy on health care has been in turmoil from the very beginning. It is hated by the public and despised by the professionals, and we believe that that is dangerous for the NHS.

We need to know what plans the Government, the Secretary of State and the Prime Minister have for capital investment in the NHS. What will hospitals and NHS facilities have to do if they require large capital investment? Is it the case, as reported in the *Financial Times* last year, that the Secretary of State has ruled that they should no longer have access to public sector cash for big capital projects? Is that the Government's current policy? Alternatively, will the Minister confirm that future investment in NHS capital projects will be determined solely by the market, as part of the Government's plans to place the market at the centre of the NHS?

The Minister will expect me to remind him that he was forthright—it is not what the Secretary of State would have wished—in identifying the extent to which EU competition law will increasingly apply to the NHS. Just as importantly, we need to understand where the Government are going on PFI. Much has been said about what they are considering, but when will they publish their plans?

I remind the Minister that he is now in government. Whatever matters he raises this afternoon, he must realise that he needs to supply the answers to these difficult questions. There is great uncertainty within the NHS, which is not helped by the lack of policy detail on which course the Government intend to pursue. It is a crucial question for NHS services, and the answers need to be heard.

The Government should make no mistake about it that their massive reorganisation proposals are putting the future of the NHS as we know it in peril. They are causing massive uncertainty and distracting the professionals, and, as the Health and Social Care Bill impact assessment shows, it could have an impact on the safety and care of patients. The fact remains that opposition to the Health and Social Care Bill, which has been led by the Labour party, and the increasing rejection of the Government's plans by medical professionals, health experts and patients groups alike have forced the Government to take this humiliating pause. If it is to be more than a simple political ruse to get through the local elections tomorrow, real and significant changes will need to be made to the Bill, including the crucial deletion of part 3, which has severe implications on the issues that we have been discussing today.

Labour left the NHS with record levels of public satisfaction, record low waiting lists and world class hospitals such as those at St Helens and Whiston. It is becoming increasingly clear that the NHS is moving backwards because of this Government's cuts and broken promises. I have no doubt that that will inform the choice that people will make tomorrow at the ballot box.

Mr Alan Meale (in the Chair): I call the Minister to reply. As an ex-Whip, you will be aware that you have extra time—11 minutes will be added to our debate because of the Division.

3.33 pm

The Minister of State, Department of Health (Mr Simon Burns): Thank you for that, Mr Meale. It is a pleasure to serve under your chairmanship.

I congratulate the hon. Member for St Helens North (Mr Watts) on securing this important debate. I take the opportunity to pay tribute to the many who work so hard to deliver high-quality NHS services and health care for the benefit of his constituents and the constituents of the right hon. Member for Knowsley (Mr Howarth) and the hon. Member for Blackley and Broughton (Graham Stringer). I pay particular tribute to the St Helens and Knowsley Teaching Hospitals NHS Trust's approximately 4,500 staff and its many trainee specialty doctors, who bring a consistently high level of care to patients throughout Merseyside and Cheshire.

The trust has a track record of first-rate clinical performance. As we heard, it achieved three stars and consecutive double excellent ratings from the Care Quality Commission, a feat that was maintained in 2010. It also achieved the highest score nationally for cleanliness in the recent national in-patient survey. The people of St Helens and Knowlsey can be very proud of what has been achieved. The hospital's staff do a tremendous job, and the Government will support and empower them and all front-line staff in continuing to improve services free from the interference of meddling politicians in Westminster—and free at the point of use for all who are entitled to use the national health service.

The fact has been underlined that in 2010-11 we increased PCT allocations for the area to just under £600 million, a cash increase of £17.2 million or 3%. I know that the House will share with me the pleasure of knowing that, in the last two years for which figures are available, there was an increase in the number of nurses, consultants and doctors who serve the local community.

The hon. Member for St Helens North raised the important issue of PFI contracts. I shall deal with this topic in two parts. First, I shall outline the coalition Government's approach to the private finance initiative generally. Secondly, I shall examine the situation at St Helens and Knowlsey.

The Government confirmed at the end of last year that we remain committed to public-private partnerships, including those delivered via PFI, if they can be clearly shown to represent good value for money. Such arrangements will continue to play an important role in delivering NHS infrastructure. However, we believe not only that too many PFI schemes have been undertaken but that some were too ambitious in their scope, a point made in an intervention by the hon. Member for Blackley and Broughton.

Mr Watts: Will the Minister say which PFI schemes should not have gone ahead? Frankly, we had a legacy of neglect under the previous Conservative Government,

and most people believe that we should increase the hospital building programme, not decrease it. Will the Minister itemise those schemes?

Mr Burns: I do not share the hon. Gentleman's blinkered view of what went on in the health service prior to May 1997. I am probably of a more generous spirit, in that I am prepared to pay tribute to the achievements of the last Labour Government, although it would be more difficult to discover those of the Wilson-Callaghan Government and before that the Wilson Government because of the chronic economic situation.

Unfortunately, the hon. Gentleman is not as generous of spirit; he seems to think that everything changed in May 1979 and did not improve again until May 1997, despite the fact that for every year between those dates we saw a real-terms increase in health spending. Indeed, health spending went up from just under £9 billion a year in 1979 to more than £39 billion in 1996-97, which at the time was an incredibly large sum, although due to inflation and other factors, it now seems far more modest. However, I am prepared to be more open-spirited and to acknowledge achievement when justified, but also to criticise when justified.

Derek Twigg: No one suggested that everything was renewed and changed under the previous Labour Government, but there was record investment and an unprecedented hospital building programme. How many hospitals did the Thatcher and Major Governments build?

Mr Burns: This is the point. Perhaps the hon. Gentleman is taking a punt on something with which he is not very familiar, but if he had been in the House in the mid-1990s, he would know beyond doubt that there were record levels of investment in the NHS. Even he said, looking at the report in front of him, that the Major Government used PFI, and there was considerable investment in infrastructure. He would probably argue—with some justification because one can always argue this—that there should have been more investment, but there was more. I shall give one example, but—

Derek Twigg: Give examples.

Mr Burns: I will. There are so many examples of old and dilapidated buildings or buildings that were past their sell-by dates that the Thatcher and the Major Governments knocked down and replaced through new investment. One example was the moving of the European-renowned burns and plastic surgery facility on a Billericay site in Essex, which wanted to expand to maintain its position at the forefront of providing highly specialist services and was moved to Broomfield. I remember a particularly happy day in February 1997 when, as a junior Health Minister, I accompanied the then Prime Minister to open it.

May I now get back to the point I was making to the hon. Member for St Helens North? However reasonable the hon. Member for Halton is trying to be, his hon. Friend was not quite so generous, suggesting that everything was appalling prior to 1997 and everything was magnificent after it. The hon. Member for Blackley and Broughton rather unfortunately brought the speech of the hon. Member for Halton to a bit of a halt by highlighting some of the perceived criticisms of the PFI system under the Blair and Brown Governments, but the hon. Member for Halton very neatly sidestepped the issue. He did not want his story of good news on investment in hospital buildings to be punctured, and neatly avoided it.

Mr Watts: Will the Minister give way?

Mr Burns: I will, but then I am going to make progress.

Mr Watts: The Minister must understand that St Helens was served by three Victorian workhouses. After the Labour Government were elected in 1997, three brand-new, state-of-the-art hospitals were built and we had a walk-in centre, new GP services and more doctors and nurses. He should understand that my experience is that after 1997 there was massive investment, and before 1997 there was very little.

Mr Burns: To pick up the point made by the hon. Member for Blackley and Broughton, until October last year, I, too, for the 13 years of the previous Labour Government had a hospital in my constituency that was an old, Victorian workhouse, with ancillary wards that were improved Nissen huts. We could go round the country and find many buildings that needed improvement.

I am sure that Labour Members will accept that even the NHS is restricted in that it cannot have unlimited funding, there will be priorities for improvements and reinvestment, and not everything will be done all the time. The process is ongoing. To answer another point before I focus on St Helens, the hon. Member for Halton asked about what is happening to the capital spending settlement and programme. As I am sure he is aware, as an outcome of the spending review, the Government have a capital spending settlement up to 2014-15, and capital will continue to be used to provide investment for NHS development, as well as PFI.

Derek Twigg: How many hospitals?

Mr Burns: The hon. Gentleman wants me to list some more new hospitals. There is the Chelsea and Westminster hospital on Fulham road, which was a flagship hospital for the centre of London initiated by Baroness Bottomley, I believe. I could continue round the country, but I will not because my time is limited. I think that the hon. Member for St Helens North would prefer it if I spent more time discussing his local PFI project, because there is a lot to be said to clear his mind and reassure him, if only he has the open ears to listen; an open mind would help as well.

As the Government confirmed at the end of last year, where they can be clearly shown to represent good value for money, we remain committed to public-private partnerships, including those delivered via PFI. Such arrangements will continue to play an important role in delivering future NHS infrastructure. However, the Government also believe that not only have too many PFI schemes been undertaken, but some were too ambitious in their scope. The Treasury has now reviewed the value for money guidance for new schemes and looked at how operational schemes can be run more efficiently. We are clear that the focus should now be on releasing efficiencies at the many existing PFI schemes.

[Mr Simon Burns]

In January, the Treasury published new draft guidance, "Making Savings in Operational PFI Contracts", which will help Departments and local authorities to identify opportunities to reduce the cost of operational PFI contracts. As part of that initiative, my noble Friend Lord Sassoon, the commercial secretary, launched four pilot projects to test the ideas raised in the Treasury's draft guidance. The focus of the pilots is to find efficiency gains and savings within the PFI contract itself, allowing the quality of care for patients to remain the priority. The pilots should end by the end of this month. The lessons learned will be used to finalise the Treasury guidance and to improve other relevant PFI contracts, including the one at Whiston hospital. One essential element is that all NHS trusts will retain any savings made to reinvest in improving patient care.

The other important aspect of operational PFI schemes and their cost to local health economies is their effect on NHS trusts seeking NHS foundation trust status. The coalition Government have set a clear commitment for all remaining NHS trusts to achieve foundation trust status by April 2014. That policy will finally realise the ambition of the previous Labour Government. It is about ensuring high quality and sustainable NHS services by giving trusts the freedom to serve their patients to the very best of their ability, unhindered by top-down bureaucratic control.

An issue facing some NHS trusts in their move towards attaining FT status is the affordability of their PFI schemes, as hon. Members are aware from examples in their constituencies. We are tendering for an independent review to establish where PFI schemes may, in some organisations, be the root cause of problems that prevent them from becoming foundation trusts. St Helen's and Knowsley NHS Trust is one such organisation, and will be considered as part of the scheme. In addition to the independent assessment, the Department and the NHS are developing solutions in a systematic and comprehensive way to manage the PFI schemes in the very small number of trusts where a local or regional solution cannot be found.

When the current management of St Helens and Knowsley NHS Trust signed their PFI agreement in 2006, with the agreement of the then Secretary of State for Health, Patricia Hewitt, and other Ministers, local PCTs agreed to make up the shortfall between the revenue generated by the hospital through the national tariff and other means and the cost of the unitary payment—the annual PFI charge, which was some £20.3 million. Unfortunately, that decision built a deep lack of sustainability into the trust's finances—a lack of sustainability that the trust, the strategic health authority and the Department are now working extremely hard to rectify. To that end, the trust's board and the strategic health authority, NHS North West, are developing a tripartite formal agreement, or TFA, to be agreed with the Department of Health, which will support the work to achieve foundation trust status.

Every trust is required to produce a TFA, setting out how it plans to progress to FT status by 2014, the challenges that it faces and how it plans to overcome them. In the case of the St Helens and Knowsley trust, the TFA is still in draft form and is very much a work in progress. Beyond what was leaked to the *Liverpool Echo* and to the hon. Member for St Helens North, I have not seen the draft and while discussions are ongoing it would be inappropriate for me to do so and I will not see it. Therefore, it would also be inappropriate at this stage to publish the documents.

Mr Watts: Minister, the local community and the local MPs will believe that that is a totally unacceptable stance to take. It is clear that there are grave doubts about the future financial viability of the trust—the St Helens and Knowsley Teaching Hospitals NHS Trust, including the Whiston hospital—and that a number of options are being considered in the current discussions about the trust. For the Minister to hide behind the fact that he does not want to see that report removes the accountability that we would expect him to have. Will he reconsider that decision and will he look at that document? Also, will he rule out some of the options, including the private provider option? If he does not do those things, people will continue to suspect that his Department is being driven by the fact that it wants to privatise our hospitals, but he and other people in the Department do not want to see the documents that are being discussed now. I can see no reason why he should not see that draft document and why we should not see it.

Mr Burns: First, of course, the hon. Gentleman has seen the first draft document—it was leaked to him and I think that he held it up during his remarks this afternoon—so it is slightly stretching the point to say that local MPs have not seen it. I have no doubt that he has shown it to his hon. Friend the shadow Minister for Health, the hon. Member for Halton, and I would be rather surprised if the right hon. Member for Knowsley has not seen it too.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): I have not seen it.

Mr Burns: Of course the hon. Gentleman, who has just come into Westminster Hall, has not seen it. He is a Scottish MP, and it may have escaped his notice but the English Department of Health has no responsibility for the day-to-day running of the Scottish health service.

Mr Donohoe: Thank God.

Mr Burns: And there we are.

Mr Watts: The Minister has seen it.

Mr Burns: No. I have not seen it. I took a deliberate decision not to see the draft—

Mr Watts: Why?

Mr Burns: Because it was a first draft document, drawn up between officials in the Department of Health, the SHA and the trust, and I do not think that at that stage it was appropriate for me to see it. Also, I suppose that if one is being totally candid, which often gets me into trouble when the hon. Member for Halton or particularly the hon. Member for Leicester West (Liz Kendall) are around, it does make it slightly easier for me because I can say, "In all honesty, I have not seen it."

I will now make some progress, because I think that what I am about to say may answer some of the questions put by the hon. Member for St Helens North and it may well help the right hon. Member for Knowsley, too. If it does not and I have time to do so, I will give way then.

The TFA process should be completed soon, with the final approved version hopefully being published some time in June or July. I can confirm—if the hon. Member for St Helens North would like to listen to me, because I think that he will find what I am about to say particularly interesting, as he has expressed a degree of confusion about the issue—is that one of the options under review is not, I repeat not, to somehow "privatise" the NHS. As I said to the hon. Gentleman during Health questions last week, this Government will never privatise the NHS and we have no intention of doing so at the St Helens and Knowsley trust.

Perhaps it would be a help if I took a moment to explain the process through which the trust, like all trusts in a similar position, is progressing towards becoming an FT. First, the trust, along with local health authorities, will attempt to find a local solution to whatever financial issues there may be. If a simple local solution cannot be found from within its own resources, then a more radical solution may be necessary, such as merging with another trust and examining whether services need to be reconfigured. On that point, it may be of some consolation to Opposition Members that the benefits of a merger with another trust are that it reduces the percentage of the unitary payment of the PFI in relation to income, which helps with the financial situation, and for other FTs in a merger it increases the income base and economies of scale become possible, which again potentially helps with the finances of a trust.

If the problems cannot be resolved in that way, we would work to a national solution, which is being developed by the Department and which will be agreed with the Treasury. If there is no foreseeable solution, a final option would be to consider tendering the management of the trust. Under that option, management teams from within the NHS, from a social enterprise or from the private sector would put forward their ideas on how to find a way forward for the trust.

Derek Twigg: Will the Minister give way?

Mr Burns: May I just continue, because this is rather important?

While that option is a very long way down the line of potential solutions, it is only what is currently being done at Hinchingbrooke hospital in Huntingdon, in the constituency of the Under-Secretary of State for Justice, my hon. Friend the Member for Huntingdon (Mr Djanogly). The decision on that hospital was taken by the previous Labour Government, when the right hon. Member for Leigh (Andy Burnham) was the Secretary of State for Health. So it is not a new option dreamt up by the present Government since coming into office. We are simply taking an option that is already on the table and that was there when we came into power, which the previous Secretary of State for Health—a Labour Secretary of State for Health—was prepared to accept.

Derek Twigg: Will the Minister give way?

Mr Burns: Just one minute. I must say that at the time, during the discussions about what should happen to Hinchingbrooke hospital and about the use of the option that the right hon. Member for Leigh agreed to, nobody said that that was privatising the hospital, because it was not. If—and it is a big if—that solution were to be considered the right way to solve the problems at the St Helens and Knowsley trust, that would not be privatisation either.

Derek Twigg: With respect to the right hon. Gentleman, we are not comparing like with like.

Mr Burns: We are.

Derek Twigg: We have a double-excellent hospital at St Helens and Knowsley; it has excellent financial management and excellent services. It meets all the standards. I put the question back to the Minister. On that basis, why is the Department—whether we call it the SHA or not, it is part of the Department and it has responsibility to the Secretary of State—

Mr Burns: It is not part of the Department.

Derek Twigg: Well, I understand the SHA discussed this as an option with the hospital. I want the Minister to ask my question. Did the hospital voluntarily reject the third option of a private sector provider coming in to manage or run the hospital? Did it refuse that option and also say that it would not accept the cuts being asked of it by the SHA as that would put patient safety at risk? Is that correct or not? If he does not know, will he find out?

Mr Burns: I can advise the hon. Gentleman that it is not correct. That is the advice—

Derek Twigg *indicated dissent.*

Mr Burns: The hon. Gentleman could at least have the decency to listen to what I am saying first. The advice that I have been given is that that is not correct.

Derek Twigg: What is not correct?

Mr Burns: That the trust rejected consideration, or the possible consideration, of that option, because—*[Interruption.]* What I want to do is to put it in context. As I said in my comments earlier, that is very much a last possible solution if the other solutions are not able to be worked out.

Mr Watts: Will the Minister give way on that point?

Mr Burns: Let me just finish. If I have been given the wrong information, and I do not believe that I have been, the hon. Member for Halton will be the first person to find out, because I would hate to mislead him.

Derek Twigg: Will the Minister give way?

Mr Burns: No. I have answered the hon. Gentleman. He said, "Did the trust reject the proposal because they found it unacceptable and they thought it wasn't in the best interests of patients and patient safety?" That is what I—

Derek Twigg: Will the Minister give way?

Mr Burns: All right, I will give way for the last time.

Derek Twigg: I understand that the SHA, not the hospital trust, suggested as a third option having the private provider, on the basis that the hospital—I understand that it was approved by the board—would not accept what was on offer because of the cuts that it would have to make and it was concerned about patient safety. It therefore would not accept voluntarily an option to have a private sector provider come in. The question is whether that option was proposed by the SHA and whether the trust, because of concerns about patient safety, rejected it on that basis, on a voluntary basis. I make that point very clearly.

Mr Burns: Right. I repeat the answer that I gave to the hon. Gentleman before. My understanding is no, that is not correct.

Mr Watts: Will the Minister give way?

Mr Burns: No. There is no further point to this.

Mr Watts: I think there is.

Mr Burns: If—I will pursue the matter after the debate—there is anything in that that is incorrect, I will come back to the hon. Gentleman as quickly as possible, but my firm understanding and the advice that I have been given is that the answer is no.

May I reassert what I said earlier about the processes of the options, because it seems to be getting lost in the telling? I have said that it is important to find a local solution to whatever financial issues there may be. That is what the trust and the local health authorities are working to try to secure. If a simple local solution cannot be found from within the trust's own resources, a more radical solution may be necessary, such as merging with another trust and considering whether services need to be reconfigured.

I think that it was the hon. Member for Halton but it may have been the hon. Member for St Helens North who said, "But nobody has ever said what other trust there might be." I may be able to help the hon. Gentleman who asked that question. One of the options is the North Cheshire trust.

Mr Watts: Will the Minister give way on that point?

Mr Burns: Right, I will give way and then that is it—finally.

Mr Watts: I am extremely grateful to the Minister for giving way, because this goes to the heart of the matter. The lack of accountability comes from the fact that he has not seen the documents and therefore does not know what is in them. If he published the reports, he would see that there is a first draft and a second draft, and that the idea of the privatisation of the management comes from his Department. I do not want to see the Minister embarrassed. The best way for him to resolve the problem is to publish the two documents, and everyone will then be able to see that the third option was not wanted by the trust but is being driven by the Minister's Department.

Mr Burns: May I return to the intervention made by the hon. Member for Halton? I said that as soon as I heard anything I would get back to him. He asked whether it was the trust that said it would not accept the option, and about the patient safety and quality of care recommendation. My answer should have been "I do not know," not "No." The advice I have been given is that I do not know, and we do not know.

As time is running out, may I reiterate the process? I do not want any confusion. I have said that if a simple solution cannot be found from within the trust's own resources, more will be done to find a radical solution, perhaps involving a merger with another trust and examining whether services should be reconfigured. Although that option is a very long way down the line of potential solutions, it is similar to the one at Hinchingbrooke hospital that was embraced by the previous Labour Government and accepted, in principle, by the former Labour Secretary of State for Health, the right hon. Member for Leigh, as the way forward in a particular hospital with a particular problem. However, even if that were, in any circumstance, to become an outcome for a hospital, to suggest that it somehow equates to hospital privatisation is nonsense, for a number of reasons.

First, the hospital will remain a wholly owned NHS hospital, with NHS assets and NHS staff remaining entirely within the public sector. Secondly, I remind the hon. Gentlemen that the hospital has achieved its record of sustained excellence in part due to the significant involvement of private sector companies, a policy that was actively encouraged under the previous Labour Government. All the Labour Members present for this debate were proud members of that Government at some point during the Administration's 13 years. Examples of that policy in operation in the hospital are that radiology imaging equipment has been supplied through a managed equipment service provided by GE Medical Systems since 2006, when Patricia Hewitt was Labour Secretary of State for Health. Facilities management services, which the hon. Member for Halton rightly praised and which have been vital to delivering high levels of cleanliness throughout the trust, have been provided by two companies—Vinci FM and Medirest—also since 2006. The use of the private sector does not mean privatisation, nor does it lead to a poorer quality of patient service, and I hope that hon. Members will acknowledge that the hospital trust's excellent clinical reputation is evidence of that.

This Government want all NHS trusts to become foundation trusts because they will provide better patient care. Foundation trusts will be free to respond to the needs and wishes of local people and will be far stronger, both clinically and financially. To become a foundation trust hospital, an NHS trust must prove that it has passed strict tests on clinical care—the care that patients deserve. It also must prove that it is financially sustainable in its own right; which is what all taxpayers deserve.

Hospitals that are built on sand will sink, and this Government will not stand idly by and allow that to happen—the people of St Helens North deserve no less. I am sure that in due course, when the proper procedures have been adopted and the strategic health authority, the primary care trust, the hospital trust and the Department of Health have reached conclusions, documents will be published and decisions will flow.

This is not a conspiracy; it is a sensible and coherent way to move forward and discover a viable, practical and proper decision to help what is, in many ways—as all speeches in the debate have shown—a very good hospital that has a problem because of its PFI scheme. I gently remind Members that the PFI was approved by

the trust and the Department of Health under the Labour Government, not the coalition Government. That is what has caused the problem, and it is why a viable solution is important. I wish everyone well in seeking a solution that is relevant and meaningful to the future success of the trust.

For a variety of reasons, it is always nice to have a conspiracy theory tucked in one's back pocket to cause concern, but this is not a conspiracy. Just as I said earlier, Americans did land on the moon in 1969, John F. Kennedy was sadly shot in 1963 and, contrary to some people's views, Barack Obama was not born in a manger.

Equitable Life

4.9 pm

Mr Brian H. Donohoe (Central Ayrshire) (Lab): It is good to see you in your place, Mr Meale. I thank Mr Speaker for allowing me to participate in this very short debate on a subject about which the Minister has corresponded with all Members, and which has been a problem since 1992, the very beginning of my time in this place. It has been a problem all those years, and no Government have addressed it as my constituents deserve, a fact on which I will concentrate in my speech.

Guidance has been given to Members. The Government first gave it to us in a round robin letter from the Minister on 15 November, and an update was given on 26 January this year indicating that things were moving apace and that solutions and a process had been found. I am after an update from him and the Treasury on where we are at and when the first payment will be made to those who seek and deserve compensation.

There is absolutely no doubt that there was foot-dragging during the 13 years when we were in government. I participated in debates on the other side of this Chamber and was critical of the Government of the day. I also remember occasions when the Minister was on this side of the Chamber, making all sorts of promises to the public that were most effective at the time. That is what I will concentrate on.

The place to look in order to understand a party's position on any given subject is its manifesto. The Liberal Democrat manifesto referred to

> "Meeting the Government's obligations towards Equitable Life policyholders who have suffered loss. We will set up a swift, simple, transparent and fair payment scheme."

The Conservative manifesto said:

> "We must not let the mis-selling of financial products put people off saving. We will implement the Ombudsman's recommendation to make fair and transparent payments to Equitable Life policy holders, through an independent payment scheme, for their relative loss as a consequence of regulatory failure."

That was in the Conservative party manifesto for last year's general election. Having read those, I would have thought that measures would be in place by now. We are a year into the coalition Government, and I understand that not a single payment has been made. Perhaps the Minister will update us on when it can be expected.

The Conservative manifesto says "mis-selling". It is a somewhat unfortunate choice of phrase, as many pensioners feel that they were mis-sold an election promise by the Conservatives. That is a fairly serious accusation. I get letters in my mailbag almost weekly—34 of my constituents write to me regularly on the subject—and I am sure that that is repeated across the land and that every Member of Parliament is being written to by those most affected by the mis-selling of that fund.

More recently, the hon. Member for Southend West (Mr Amess) said in the Chamber:

> "I know that the Treasury team are working extremely hard to try to balance the books, given the terrible legacy that we were left, but I must tell the Deputy Leader of the House that I am worried about the promises that were made before the general election. Some of my elderly constituents feel that we have not honoured them."—[*Official Report*, 5 April 2011; Vol. 526, c. 987.]

[Mr Brian H. Donohoe]

That is a Conservative speaking. There is concern across the House about what this Government are doing, and it must be considered.

What are the problems, and how are the Government and the Treasury addressing them? Although they made that promise, they almost immediately excluded some 10,000 elderly people from the compensation scheme because they took out policies before the September 1992 cut-off date, which seems unfair. Those trapped policyholders arguably suffered the same maladministration as the others. We were told that they would be paid 100% compensation, but they will not receive anything. That should, indeed must, be addressed.

I must concede one thing—I have already done so publicly in this place, during the last debate on the subject. Investing in anything involves taking a gamble. People must understand that even a pension scheme, which could be described as a gold-type investment, can never be expected always to go one way. It is always possible to lose money. I have seen that at first hand. At the same time, we are talking about investments made when the Government of the day—and particularly one Minister, Eric Forth—said that they did not want any form of regulation whatsoever governing the finance sector. If we trace back the history, that is where the problem was first created. There should have been regulation. The whole fund was tied up in a system that had no regulatory body to examine what was going on.

It is simply wrong for the Treasury to have revised the amount of money that will be available from the public purse for the payment scheme. It promised total payment—that is what was said and understood. That is what was in the correspondence I received. I was challenged at the hustings during the run-up to the last election, and that was what was read to me as the policy of this Government. They made that clear to those constituents of mine who were concerned about the question.

Even to suggest that the money is not being paid as intended due to this country's financial situation is absolute nonsense. Anyone could see that the global financial crisis would affect Government thinking and that the Opposition of the day were being foolhardy in making the promises they made. It almost indicated—to some of my constituents, at any rate—that there was no chance that the Tories would form an Administration. That is part of the reason why they were in a position to make such promises, which still have yet to be met.

The Minister said in a written answer:

> "The Government have accepted all the parliamentary ombudsman's recommendations in full. The Government's ambition is to start making payments in the middle of this year."—[*Official Report*, 31 March 2011; Vol. 526, c. 472W.]

Can the Minister indicate or commit to a date when that will start to happen? Who will first receive the moneys outstanding?

There is no doubt whatever that, just as with previous Governments, there has been delay after delay. It is immensely frustrating, particularly for those very elderly people who have been deprived of the pension they expected from the company. The matter has been addressed by ombudsmen and all sorts of courts, yet even today no money has been paid. I am looking for an update from the Minister, and I expect to hear something this afternoon.

4.18 pm

Neil Parish (Tiverton and Honiton) (Con): I do not know that I necessarily thank the hon. Member for Central Ayrshire (Mr Donohoe) for how he has introduced this debate. For 13 years, the Labour Government prevaricated about doing anything about Equitable Life. To be blunt, many policyholders believed that it was the Labour Government's policy to wait long enough that they would not have to pay out to so many people. He has stood up and criticised what we as a Government are trying to do to put that right, yet his party lived through probably the most profligate times that any Government ever lived through and did absolutely nothing about the problems with Equitable Life.

I sat on a European inquiry on this issue, because Equitable Life sold policies not only in this country but in the Republic of Ireland and Germany. The problem was that it was mis-selling—it mis-sold the product by saying that these were with profits insurance policies when, of course, the profits it predicted were never going to be met. Every time we inquire into the matter, we find that all the people who used to manage Equitable Life have mysteriously disappeared and that the new bunch of people running it had no knowledge of what was happening before. We never seem to be able to pin down exactly who was to blame among all the people who were valuing those policies.

The whole issue now rests on the question whether the policies were mis-sold and whether the company acted outside the legislation. I say to the hon. Gentleman that the previous Government had plenty of time to look for and find a way of compensating those who had lost money. Why did they refuse to accept the ombudsman's report? Why did they go to virtually every court they could find to avoid paying any compensation?

Mr Donohoe: I should like the hon. Gentleman to address one issue. What was in his party's manifesto and why does he think that this Government have acted under the auspices of that particular entry in the manifesto?

Neil Parish: The manifesto referred to compensating people who had policies with Equitable Life and lost money, and what we are now introducing is a package of measures to compensate them. Whether we can compensate them 100% or not is a difficult question, especially in the financial circumstances that we inherited from the previous Government. I made the point at the beginning of my speech that the hon. Gentleman's party had the opportunity, when tax receipts were flowing into the Treasury and when there was plenty more money sloshing around in the economy, to make those payments. That was a much less painful time than now, when we have to take into account the financial situation in which we find ourselves. The Minister will explain exactly what we are doing.

I agree with the hon. Gentleman that people want to know exactly when they will receive compensation. I hope that we will hear about that from the Minister. Many of us would like to see as much compensation as possible. In fact, we would like to see greater compensation, but we have to realise that the funds are competing against everything else for which the Government have to find money, at a time when we have inherited such incredible debts. I am sorry to say it, but I find it almost unbelievable that the hon. Gentleman can stand up and

accuse this Government of not honouring their pledges when, as I have said, the previous Government had plenty of time to do something about the issue. What we have done is to put together a package of measures that will find ways of compensating people.

This is about when and on what date the policies were sold. Some of those issues are sensitive and I imagine that people who bought policies before 1992 are concerned, because they were also mis-sold policies. The issue has been painful for many of my constituents and many others throughout the country because of the money they have lost, but the one thing we have failed to talk about in this debate is that we have to be absolutely certain that this will never happen again. Lessons must be learnt, because this has caused so much suffering for people who were putting money away for their retirement. Do not forget that all Governments—Conservative Governments in particular—always want people to save for their retirement in order to look after themselves. In this case, people lost money, which is to be regretted.

I am happy to have spoken in the debate and will be interested to hear what the Minister has to say. The coalition Government have introduced a package of measures that will give people compensation after 13 years of a Labour Government who failed.

Mr Alan Meale (in the Chair): Before I call the Minister, I apologise to you, Mr Donohoe, because I presumed you had given permission to the last speaker to speak. I tell the hon. Member for Tiverton and Honiton (Neil Parish) that it was wrong of me to bring you in. Having said that, at least in the latter part of your speech, you joined Mr Donohoe in hoping that we will get clarity on this issue.

Neil Parish: I apologise. I did not realise that I had to do that. I did not do it on purpose.

4.25 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I congratulate the hon. Member for Central Ayrshire (Mr Donohoe) on securing this debate. It is the first time for some time that we have had the opportunity to discuss Equitable Life, and I am grateful for the opportunity to update Members on the progress that we have made on resolving the issue.

The hon. Gentleman was right to highlight that some time has elapsed since these problems first arose. A number of reports that established that maladministration had taken place had been published, but the previous Government failed to act on them. When the ombudsman published her report in July 2008, we immediately accepted her recommendations and her findings of maladministration. We were clear that compensation should be paid for relative loss, but we also accepted the second leg of that recommendation, which was that it had to be subject to the constraints of the public purse. We have been clear throughout. If the hon. Gentleman looks at the speeches that I have made in this Chamber and in the main Chamber on Opposition day motions, he will see that we have been explicit about the two legs of the ombudsman's recommendations. As my hon. Friend the Member for Tiverton and Honiton (Neil Parish) has said, if the issue had been resolved earlier, perhaps policyholders would have been in a better position than they are now.

I remind the hon. Member for Central Ayrshire that, while we accepted the ombudsman's findings on the day on which they were published, Labour Ministers waited until the January of the following year before accepting only some of her recommendations, and they were challenged on that in court.

The hon. Gentleman asked when we are going to make payments and claimed that there had been a series of delays. However, I made it clear in the House last July, when I made an oral statement on the day on which we published Sir John Chadwick's work, that we would start to make payments before the end of the middle of this year—that is, before the end of next month—and it remains our intention to do so. I am not sure where these mythical delays have emerged from, because over the course of the past nine months it has been clear when we expected to start to make payments.

Mr Donohoe: Will the Minister be specific and say what the payments will be and when they will start to be made?

Mr Hoban: As I have said, we will start to make payments before the end of next month. I will address the structure of the payments and the next formal step in the process later in my speech.

We have been clear from the date on which the coalition was formed that we want to end the plight of policyholders. Indeed, one of our first pledges—it is in our coalition agreement—was to implement the ombudsman's recommendation to make fair and transparent payments to Equitable Life policyholders for their relative loss as a consequence of regulatory failure. We have kept that promise. In the year since we came into government, we have made significant progress towards achieving that ambition. Last July, we introduced the Equitable Life (Payments) Act 2010, which gave the Treasury the authority to incur expenditure when making the payments. I am grateful to both Government and Opposition Members for supporting the 2010 Act and for allowing it to receive Royal Assent to an accelerated timetable. That has enabled us to press forward with our preparations for making payments as soon as possible.

We published Sir John Chadwick's advice on the financial losses sustained by policyholders, as well as the calculations of the actuaries, Towers Watson, of the relative loss figure. At that time, I invited all interested parties to make representations to the Treasury so that they could be considered as part of the preparations for the spending review. We considered the full range of those representations, including those from individual policyholders and lobby groups, such as the Equitable Members Action Group and Equitable Life Trapped Annuitants, and from Equitable Life itself. After final refinements of the calculations by Towers Watson, we quantified the relative loss at £4.1 billion. That is based on the Government's full acceptance of the ombudsman's findings of maladministration. That is more than 10 times the figure arrived at through Sir John Chadwick's methodology, which was based on the previous Government's limited acceptance of the ombudsman's findings. In last October's spending review, we announced that approximately £1.5 billion would be made available for payments to policyholders through the scheme. That is perhaps not as much as we would have liked but, as

[Mr Hoban]

the ombudsman herself has acknowledged, the impact of the scheme on the public purse has to be taken into account.

It is also important to note that, even in the midst of last year's understandably constrained spending review, we still found a way to cover the losses of the with-profits or trapped annuitants in full. That was achieved by paying their losses through annual payments that reflected the structure of their policy. Those policyholders were particularly vulnerable to their losses because they were unable to move their funds elsewhere or mitigate the impact of their losses through employment. They were also generally the oldest policyholders.

The hon. Member for Central Ayrshire raised his concerns about the exclusion of those with-profits annuitants who purchased their policy before September 1992 from the scheme. He is not the first to do so, but this is an important opportunity to restate what I have said in correspondence to a number of hon. Members and what I said in the Committee that considered the 2010 Act. In her report, the ombudsman recommended that the aim of the scheme should be

"to put those people who suffered a relative loss back into the position that they would have been in had maladministration not occurred".

With-profits annuitants who bought their policies before September 1992 did so before maladministration could have affected their investment decision. The first returns that the ombudsman found were affected by maladministration were those of 1991, which would not have influenced policyholders' decisions until September 1992. Once a with-profits annuitant had purchased their policy, they did not have the option to move it elsewhere. Therefore, the correct question is not what these policyholders would have received if they had invested in a different company or had transferred their policies at some date after September 1992, but how their Equitable Life policy would have performed if maladministration had not occurred. Calculations by Towers Watson show that, if there had been no maladministration, those policies would not have performed better than they actually did, so no loss has been suffered.

For pre-September 1992 with-profits annuitants, the reduction in the levels of annuity payments is largely due to a combination of circumstances, such as poor investment market performance and the fact that early annuity payments were artificially high due to the structure of the product and over-bonusing. I understand that this is a complex issue, and I have happily engaged in correspondence and discussions with hon. Members on it. However, I hope that my explanation about the situation facing with-profits annuitants clarifies our position.

I want to move on to the principles that have guided our decisions on Equitable Life. At all times we have sought to ensure that our choices have been both fair and transparent. In that vein, we set up an independent commission to advise on the distribution of funds to people with policies other than with-profits annuities. The commission reported in January and we accepted the principles it recommended: that we should introduce a pro rata allocation of funding in proportion to the size of relative losses suffered; that we will take a single policyholder view wherever that is fair and practicable to offset relative gains against relative losses for individuals with more than one policy; and that we should announce a minimum amount in the region of £10 beneath which payments should not be made. The reason behind that decision is that administering payments below that amount would be disproportionate to the administrative costs of making them in the first place. Subject to practical constraints, payments to the very oldest policyholders and the estates of deceased policyholders should be made an absolute priority. I want to make that clear to hon. Members today.

We are working on translating those principles into a quick and efficient payment scheme. That work is nearly complete and, as promised during the debates on the 2010 Act, I will be placing a scheme design document before Parliament imminently. In that document, hon. Members will find details on how the new payment scheme will work, including information on who will receive payments, how those payments will be calculated and how they will be made.

We have appointed National Savings and Investments as the scheme delivery partner to oversee that process. I am confident that its experience in processing large numbers of payments makes it the best choice for this important and complicated role. To reduce the complexity of the scheme, we announced in the spending review that payments will be both tax-free and should not affect eligibility for tax credits. That is both fair and sensible, and I know that hon. Members here today will welcome it. A statutory instrument introduced under the 2010 Act to put that into effect is currently before Parliament, and it will be debated shortly.

I want to make one final point to set policyholders' minds at rest. Policyholders do not need to do anything to claim their payments. Those operating the scheme will contact them in the first instance. A website and call centre will be up and running for the duration of the scheme to guide policyholders and address any queries they may have.

Mr Donohoe: Will the Minister tell me for how long the scheme will be up and running and whether payments will be made over a three-year cycle?

Mr Hoban: The hon. Gentleman has raised an important point. We need to distinguish between two groups. The first is the eligible with-profits annuitants. Payments will be made to them over the lifetime of their policy. That has enabled us to extend the cost of this beyond the spending review and therefore to spend more on resolving the problem than would otherwise have been the case. Other policyholders who have suffered losses and are eligible for compensation will receive a single payment at some point over the next three years, with priority being given to the oldest policyholders and the estates of deceased policyholders. That is to ensure the cost of the scheme is manageable and that the scheme is deliverable in the period.

We have spent a lot of time making sure that the administration and delivery of the scheme works as effectively and as quickly as possible. However, I do not want to give any false promises to people. We said that we would start to make payments before the end of next month. It is a three-year scheme for people, apart from for those who are with-profits annuitants. For with-profits

annuitants, payments will be made over their lifetimes, which is the right way to maximise the amount of money available to policyholders given the economic situation that we inherited.

I look forward to hon. Members' comments on the scheme design document, which aims to be as simple and clear as possible both for policyholders and for those who take a more detailed interest in the technical details of the scheme design. The scheme holds out a prospect that policyholders will receive compensation, and it brings to an end a long-running saga that has not reflected well on how such issues are handled. Of course, as my hon. Friend the Member for Tiverton and Honiton has rightly said, we need to ensure that people have confidence to save for the future. That is why, as part of our reform of financial regulation, which focuses principally on the lessons to be learned from the financial crisis, we are introducing a dedicated financial conduct regulator—the Financial Conduct Authority—which will be responsible for all aspects of the regulation of financial conduct. That will help to strengthen consumer confidence in this area, and we hope will ensure that a problem on the scale of Equitable Life does not happen again.

Small and Medium-sized Businesses (Witham)

4.38 pm

Priti Patel (Witham) (Con): I am grateful for the opportunity to draw attention to small and medium-sized businesses across the Witham constituency. I welcome the Minister responsible for business and enterprise, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), to the debate. Like me, he is a strong champion of business enterprise and economic growth, and he has a great deal of experience in the business sector. I know that he understands from first-hand experience many of the challenges facing businesses across the country. I also have absolute faith that he will want to hear some of the concerns and issues that I have, and that he will want to do what he can to help and support business growth in my constituency. As such, I would like to extend to him an open invitation to come to Witham and meet local business men. After today's debate, when he has got a feel for some of the businesses we have, I hope he will grasp with open arms that compelling invitation.

By way of background, the Witham constituency has a variety of businesses across a number of sectors. That reflects its diversity and the wider strength of Essex, which I call a county of entrepreneurs. We have some great businesses and some passionate advocates of enterprise. In Witham town itself there are many shops, industrial estates, manufacturing industries and services. In the villages alongside the town, in the more rural part of the constituency, we have farms, village shops, market areas and some impressive post offices that do all sorts of creative things. They managed to survive the previous post office closure programme and I pay tribute to the work of the sub-postmasters and sub-postmistresses. Those businesses across the constituency would benefit enormously—I touched on this point in the House—if Essex was made a designated enterprise zone. That would give added zeal to the spirit of enterprise that we have in the county. May I urge the Minister to consider that, as part of the wider proposition, with Treasury colleagues? We would love to be a prime candidate for that status.

Businesses in my constituency vary in size, from one-man operations and family businesses—we have many family businesses—to companies employing hundreds, which have multi-million pound turnovers. They provide everything from glass, plastics and clothing to food. Over the years, some businesses have grown to become world-renowned household names. The village of Tiptree is synonymous with Wilkin & Sons jam. It produces the finest preserves and conserves in the world—Tiptree jam, as it is known. Last year, Crittall Windows employed more than 200 local constituents. It is a pioneer in window making and has a tremendous local history in the Witham constituency. Silver End is the garden village founded by the Crittall family. Last year, it won the Queen's award for enterprise.

We have a dynamic company called Servowatch, which is based in Tollesbury. Witham is a coastal constituency, and Servowatch provides alarm and monitoring systems and software programmes for yachts and boats. It is very creative and highly innovative—a small, family business doing incredible things. Hayman Distillers is

[Priti Patel]

another family business in Witham. There are historic homes that are open to the public. They are creative, and house many small businesses. We have Braxted park. Layer Marney Tower is the largest Tudor gatehouse in England, and hosts the "Antiques Roadshow" programme next week. All sorts of small businesses and enterprises are based there.

As important and essential to the local community are the small business men and women who day in, day out open shops at the crack of dawn, struggle to make ends meet, and provide essential goods and services and, importantly, local jobs. I pay tribute to the local chamber of commerce and the Federation of Small Businesses in Essex for the support network they provide to many of those small and medium-sized businesses. They have been a great avenue for networking and, as I discovered not long after being elected, are a good sounding board for many of the challenges that small businesses face. More than 80% of jobs in my constituency have been created by small and medium-sized businesses. Compared with a national average of approximately two thirds, that is very high. Those businesses showed tremendous tenacity coming through the downturn with very little help from the previous Government, and keeping many thousands of local people in work. I pay tribute to them, because they have struggled and are on the front line. Their priority is to keep their heads above water while at the same time securing local jobs through this difficult period.

Many businesses did not make it through the recession. I put that down to the underlying failure of the previous Government to support private enterprise. Too many local high streets have been left struggling and dying. In Witham town we are, like many, scarred with empty premises and shop fronts.

The Minister knows that the nature of what constitutes a small business has changed over the years and decades. I am the daughter of a small shopkeeper—my parents started a business in the 1970s. The term "small business" has changed beyond all recognition compared with 30 or 40 years ago. The Minister will therefore be aware that Government policies need to adapt to the changing needs of SMEs in order to keep pace with job opportunities and the changing labour market, and to provide opportunities for the private sector to grow and avoid past mistakes. I am a champion of our high streets and independent retailers. Speaking personally, whatever the Government can do—I look forward to the Minister's remarks—to support them is vital. I emphasise that in the past 10 years our high streets have been neglected. There are three areas where action is needed, and I would like to raise those directly with the Minister: tax, regulation, and access to credit for small businesses.

There is a lot to talk about with regard to tax. I welcome the cut in the small profits rate introduced by the Chancellor, and the cut in the main rate of corporation tax, which was subject to some debate last night during consideration of the Finance Bill. Those measures sent a clear signal that business should not face excessive demands to repay the debt legacy left by the previous Government. In contrast, the previous Government had plans to increase the small profits rate, which would have stifled our entrepreneurs and put investment and job growth at risk. However, I urge the Minister, in his discussions with his colleagues in the Treasury, to keep making the case for those important tax cuts for small businesses. We need to give them the freedom to succeed, and take away the shackles of bureaucratic taxes that eat away at enterprises and stifle their creativity. Businesses have felt far too squeezed for a long time, particularly given the rising costs of doing business—costs in materials, fuel and energy. Of course, tax just eats into that.

I would like to touch on the role of Her Majesty's Revenue and Customs. It is a constant burden for business—full stop. In particular, I emphasise the attitude of HMRC towards business. I have raised with the Exchequer Secretary in previous debates a number of cases which were drawn to my attention through my casework. Given the way it conducts itself, I doubt whether anyone working in HMRC has any experience of running a business. Bureaucratic language is used. There is unfairness, a failure to get the facts right regarding individual self-assessment, and many issues arising from late-payment charges levied by HMRC. There are some desperate situations. I might write to the Minister following this debate to highlight some areas where we could work with the Treasury to introduce reforms. HMRC is over-zealous in the way it conducts itself with small businesses. We need a degree of common sense, better understanding and better dialogue. HMRC is far too faceless and bureaucratic in dealing with small businesses. We need to stop persecuting the people whom I call the nation's wealth creators. Let them get on and do what they do best, and treat them in the right way on issues of taxation. There are some key areas of improvement for the HMRC.

On regulation, the Minister and the Government deserve a great deal of praise for the actions they have taken in the past 11 months, and for the commitment they have given to slashing the costs arising from red tape. The announcements in the Budget—long overdue—and the moratorium exempting the smallest of businesses, employing fewer than 10 people, from additional red tape for a three-year period are particularly welcome.

Businesses in Essex would welcome more support to take on apprentices, a cut in the red tape that hampers exports and more opportunities for our goods and services, in particular in the public sector. I have come across many small businesses that have struggled in that area, and more can be done. I will welcome the Minister's thoughts. We would like to see more action taken.

The Minister must already be aware of an issue I raised with his colleague, the Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey), regarding the Agency Workers Regulations 2010. They are having a significant impact and have been a constant worry for many small businesses. From talking to the businesses I have been dealing with locally, it seems the regulations will have a disproportionate impact on SMEs. Small businesses will struggle to absorb such additional costs and burdens.

I thoroughly appreciate the complexity of the issue, which was dealt with by the previous Government, the CBI and the trade unions. However, SMEs felt excluded from the process under the previous Government. SMEs tell me constantly that more could have been done on direct engagement and listening to them and their concerns. The Under-Secretary has been most helpful in taking concerns on board, but it is too little, too late, because a

lot of the regulations were sewn up under the previous Government. I would welcome an update from the Minister on the regulations, as well as some more detail about the progress on the one in, one out rule. Businesses in my constituency definitely do not want to see more regulations and new burdens coming their way.

Clarification is also needed on the future of EU regulations. We welcomed with open arms the announcement that gold-plating would end; it was shameful that the previous Government disadvantaged British business to the extent they did. However, SMEs in Witham are eager to know how the current Government plan to protect them from further regulation by Brussels. Given my constituency's manufacturing businesses, that is a big concern. The Minister is aware of the 2020 strategy developed in Brussels and its implications: we want assurances that it will not go unchecked. I ask for vigilance.

I also press the Minister to look at how to reduce regulation for the beer and pub sector. We have a lot of rural pubs in the constituency, and they create many jobs and have a good impact on the local economy.

Access to credit is a significant challenge for businesses in the constituency. Last autumn, I held a business advice surgery for all small businesses—with the Federation of Small Businesses and the banks, which were very good, actually—to facilitate dialogue and listen to businesses' concerns. Obviously, without the credit lines, businesses cannot survive. My local businesses are struggling, and little progress has been made on access to credit. We welcome Project Merlin, but for me and my businesses locally it is about the money cascading down and going to the front line.

I would like to highlight an example—my constituent Amelia Rope, who runs an amazing chocolate business. She is an inspirational entrepreneur, as far as I am concerned. Her order books are growing—her clients range from Harvey Nichols to Selfridges—and she is desperate for funding. In fact, the Secretary of State saw her about a month ago. Despite even his interaction, no progress has been made with bank lending. That is simply extraordinary. Interestingly, her business seems to fall outside the scope of initiatives such as the enterprise finance guarantee, which should be available, and the banks are not helping her. I would welcome some thoughts on practical measures.

I have one further of example of where we would like to see credit going down to small businesses. A local convenience store in Witham wants to respond to local customer demand by opening a post office counter facility, and it is working with the Post Office to make what would be a good thing happen. Adapting the shop needs some investment, the cost of which is about £10,000. We have made lots of inquiries and have been told that for such a business to get any money, it would have to be making an investment of more than £1 million —that is the level of investment required under the terms of the available schemes, in particular the regional growth fund. That does not help small businesses of that nature, and certainly not that small shop, which I want to see survive, thrive, grow, expand and provide great postal services. I would welcome the Minister's views on that as well.

To sum up, business is doing well in Essex and we want it to grow. We have the right Government with the right policies and initiatives to take away the shackles of regulation and other burdens. I would welcome the Minister's thoughts, and his accepting the invitation to come to Witham at some stage to meet our local businesses.

4.55 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I congratulate my hon. Friend the Member for Witham (Priti Patel) on securing the debate.

As we have heard, my hon. Friend is an outstanding advocate for small businesses in her constituency—the wealth creators, as she has rightly described them. Although I am a Member of Parliament for a Hertfordshire constituency, I recognise that just across the border in Essex there are some fantastic wealth creators. She spelled out the passion of people who start and run a business, and who take that risk to create not only wealth for them and their family but jobs for their community. We often forget that role of small and medium-sized businesses. She has mentioned a remarkable variety of SMEs, including larger businesses, the self-employed sole traders, family firms and a household name. Tiptree, for those of us who enjoy a little jam on the side, is a fantastic household name, and it is seen around the world.

I note—I will go no further than that—my hon. Friend's bid for the enterprise zone. I add that my hon. Friend is absolutely right to spell out the role of the business representative organisations. With 80% of SMEs in her constituency in that group, the networking opportunity is crucial. In many ways, that is the foundation for our thinking, as a new Government, on mentoring and business support, which have an important part to play. Government have a role in helping small businesses. That is not to tinker and meddle in every aspect of business, as perhaps we saw under the previous Government, but to create the stable, long-term framework sought by businesses so that they have the confidence to start, to build and to invest in their ventures.

My hon. Friend has mentioned three areas in particular. I am mindful of time, so I want to respond to her points, if I can. First, with tax, we are taking a comprehensive approach, starting by simplifying a system that has become hideously complex and has for far too long soaked up too much productive time, effort and resource. Simplifying the tax system would give businesses greater clarity and certainty, allowing people who are investing and trying to build a business to have some confidence about not only the current financial year but the next. Part of the process has been cutting the main rate of corporation tax from 28% to 23% and, as she has rightly pointed out, down to 20% for smaller businesses, which is one of the best rates in the G7. However, I am sure that the Chancellor is as open as I am to her suggestion that, in the right time and when the finances allow us, we keep that direction of flow with the tax burden, by reducing the rates further in due course.

My hon. Friend has also rightly raised the issue of high streets. The charges that matter, alongside business taxes, are business rates and national insurance contributions. We have sought to double the threshold of the small business rate relief and extended the duration of the scheme by a year. At the same time, we have reversed the previous Government's bizarre attempt to increase the cost of employing people, through national

[Mr Mark Prisk]

insurance contributions, with the express intention of keeping jobs affordable. She rightly pointed out that many of the job creators are SMEs. If payroll taxes increased, as planned, how would businesses have been able to take on new people?

Equally important in such a context is capital gains tax. I am proud to be the member of a Government who in less than 12 months took capital gains tax entrepreneurs' relief from £2 million to £10 million. That might seem somewhat technical, but we are saying to the business owner that we want to reward hard work and endeavour, which is an important part of the change.

I was concerned about the attitude described by my hon. Friend with regard to Her Majesty's Revenue and Customs. It has a business payments support service which, on the whole, works well, in particular with the time-to-pay initiative allowing people to defer VAT and other business taxes. However, I am not unaware of complaints about some offices and some officers, and if she writes to me I would be happy to discuss that with my hon. Friend the Economic Secretary to the Treasury, because we want to ensure that a service that exists to help people with cash flow is operating effectively and consistently.

Let me turn to regulation, which is a perennial problem for all SMEs. During the past 12 months, we have sought to change a culture rather than just a few regulations. As Sir Humphrey might say, it is a courageous step for Ministers, because it is easier to find a few elements, and to say that we have got rid of them, without dealing with the system. The one-in, one-out system is intended to deal with the core of the problem, which is to get Ministers to understand, as SME owners do, that it is not the single measure of regulation that lies heavily on the shoulders of a business, but the cumulative burden. That is why we are forcing Ministers to show, before they introduce additional costs on businesses from regulation, where they can make a corresponding cut. That is the balancing act that we are seeking to achieve.

I can update the hon. Lady. Our first statement, for the first six months of this year from January to June, shows that proposals for 157 measures have been reduced to 46. That is a 70% reduction in the volume of regulatory measures. What is encouraging about that is that just 11 have a net cost on business. Most importantly, it allows us to deliver real savings. For example, the previous Government introduced the right for employees to request time to train, and were going to extend it suddenly to every small business. That would have cost £150 million, but we are scrapping it, not because we are against training, but because many SMEs are doing it anyway. The regulation would have subjected SMEs to paperwork and processes to prove what they were already doing. That was a needless cost, and we have got rid of it.

The net result overall in the first six months will be a reduction of £3.2 billion in the cost of prospective regulatory burdens on SMEs, which is mirrored in other areas. We are scrapping 16 of the regulatory bodies that exist at the moment. We are putting sunset clauses into new domestic regulations and, as my hon. Friend has rightly pointed out, we introduced from last month a moratorium for the smallest firms on the burden of regulation for the next three years.

My hon. Friend has mentioned EU regulations, and I shall touch on that matter, because I know that they cause great concern to her and many of her constituency businesses. We are taking three steps in this regard, first to ensure that Ministers engage far earlier in the process with Brussels so that we do not find ourselves behind the track, and that France, Italy, Germany and others have decided what the principles of the change will be. Secondly, we are ending gold-plating, whereby we have often tied the hands of UK businesses too tightly. Thirdly, on the 2020 strategy, the Prime Minister is leading the way in pressing the Commission to help small businesses, particularly with an exemption for SMEs in EU regulation. We have already taken that step in the UK, and we are looking to roll it out across the other half of the regulatory burden.

My hon. Friend has mentioned the agency workers directive and, as she has said, my hon. Friend the Employment Relations Minister is dealing with that specifically. The deal that was struck in May 2008 included a 12-week qualifying period before an agency worker is entitled to equal treatment. We recognise that some businesses will have real problems with the way that the directive will work from the autumn. If we seek to change the arrangement but do not secure the agreement of the CBI and the TUC as part of that, the danger is that we could find ourselves in a worse position. The dilemma is difficult, which is why we are consulting carefully, and I am pleased that, as my hon. Friend has said, the Employment Relations Minister is looking carefully at the matter to ensure that large and small businesses are engaged in the process.

Access to credit is also a difficult issue for many small firms. I understand the issue of Amelia Rope—what a super business it is. It can be frustrating, and I certainly find it difficult when the Government cannot intervene successfully in an individual case, but the Secretary of State is leading the way in challenging the banks to make sure that they are not only lending, but behaving reasonably.

Neil Parish (Tiverton and Honiton) (Con): Will the Minister give way?

Mr Prisk: If my hon. Friend does not mind, I want to answer the questions asked by my hon. Friend the Member for Witham.

We are taking various steps to help SMEs. First, we have secured an effective lending code and an appeal process, so that, for the first time for a dozen years or more, businesses can tackle the unreasonable behaviour that they sometimes encounter. I have encouraged hon. Members—I suspect that I do not need to encourage my hon. Friend—to back up their businesses, because that is the sort of direct action that has an impact on the chief executive of a major bank.

Secondly, we are extending the enterprise finance guarantee—it is not directly relevant to Amelia Rope's business—so that a further £2 billion of lending can be unlocked. For example, in Essex we have seen 397 businesses secure EFG funding to the value of around £34.5 million. I recognise that that is not the only answer, and my hon. Friend rightly has raised the issue of capital. Debt funding is important, but for many SMEs the capital side—the equity side—is also crucial. That is why we have sought to provide an additional

£200 million through enterprise capital funds, which have been designed deliberately to unlock a total of £300 million—£200 million plus £100 million—in equity funding for capital investment for businesses.

Alongside that—this is specifically relevant to the regional growth fund—we recognise the value of business angels. I am a great believer that business angels sitting alongside a business often bring not only funding, but a little grey hair—I declare an interest in that aspect—in terms of experience. We must ensure that small businesses have someone to bring experience of funding. That is why the regional growth fund has been able to extend the way in which we invest through a business angel co-investment fund. The Government should be careful not to invest public money in the wild belief that we have great wisdom in what to invest in, but if we invest alongside those who are experienced, and have a little skin in the game, we can make a sensible investment and grow that market.

That leads me to a broader point about access to credit. I strongly believe that although we need to take short-term measures with banks, we must deal with the long-term issue of competition in the banking system. If we get more entrants—I believe that we will—we will have a golden opportunity to enable people to choose. Every market works when there is a choice of providers. The problem with our banking system at the moment is that most SMEs have a choice between three or four players who have similar terms.

My hon. Friend has raised some excellent points about tax, regulation and credit, as well as about how the agency workers directive will work. She has rightly pointed out that we must enable not only the CBI and larger businesses to have the ear of the Government, but also smaller businesses, which sometimes struggle. In the first 12 months, the Government have started to take effective action by cutting red tape, simplifying the tax system, ensuring that the tax system rewards endeavour through the capital gains tax changes, making it easier to start, fund and grow a business and, in particular, by ensuring that we send a message that the Government include people who have run businesses and who understand them and, just as importantly, that we are on the side of small businesses in Witham and throughout the country.

Mr Alan Meale (in the Chair): That concludes the debate. I place on record my thanks to the Commons staff, who have worked vigorously throughout the day.

Question put and agreed to.

5.8 pm

Sitting adjourned.

Westminster Hall

Thursday 5 May 2011

[MR JOE BENTON *in the Chair*]

BACKBENCH BUSINESS

General Debate

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Wiggin.)*

2.30 pm

Jane Ellison (Battersea) (Con): The Backbench Business Committee encountered some difficulty in finding sufficient business today, when many Members have good reason to be in their constituencies. We are pleased to have been able to arrange some business, but the Government giving us Westminster Hall and the Chamber on the same day as part of our allocation caused us some difficulty. Discussions about the number of days the Committee allocated in the Session will no doubt refer back to today.

Parliamentarian of the day award goes to the hon. Member for Hayes and Harlington (John McDonnell), who, I anticipate, will have contributed in both Chambers within an hour. It is also good to see my hon. Friend the Member for Sittingbourne and Sheppey (Gordon Henderson) in his place.

Two Members notified the Committee that they wish to participate in the debate, but others are free to speak. Today's debate follows the traditional structure of pre-recess debates. The Committee has found that introducing this structure at times other than before recesses has proved popular among Members, as it offers flexibility within the parliamentary timetable to raise a range of subjects. We are happy to have arranged this debate, albeit on a slightly tricky day for business.

Mr Joe Benton (in the Chair): Two subjects have been notified to us, the first of which is the impact of BAA on the Heathrow villages.

2.32 pm

John McDonnell (Hayes and Harlington) (Lab): I thank the hon. Member for Battersea (Jane Ellison) and the Backbench Business Committee for giving us this opportunity.

I fully support the innovation of the Backbench Business Committee and reform of Back-Bench debates. Having sat for eight hours through many pre-recess debates and been able to speak for only two minutes, I think this is a wonderful innovation. The fact that so few Members have applied to speak in the debate is no reflection on the structuring of these debates. There are no local government elections in my constituency, so this is perhaps a higher priority than other matters.

I represent Hayes and Harlington, which covers Heathrow airport. The airport is surrounded to the north by Cranford Cross, Harlington, Sipson, Harmondsworth and Longford—villages in the traditional Middlesex style. They still have their own identities and wonderful features to celebrate that we value greatly locally.

Cranford has a wonderful park, in which is situated the mediaeval St Dunstan's church. We in Hayes regularly hear the peal of its bells. At an open day a couple of months ago I tried my hand at a peal of bells, and although it was not particularly successful it has gone down well as a comic act on YouTube.

In Harlington, we have St Peter and St Paul mediaeval church, with its ancient yew trees. Harlington was the home of William Byrd, the composer and musician to Elizabeth I.

Sipson is a vibrant village, despite the threat to it. It has a traditional pub, the King William, and a wonderful primary school. Sipson house was owned by Nelson's funder and banker and is still a local monument.

Longford is a collection of attractive homes, many of which are located on an island surrounded by a stream. Despite the problems of noise and pollution, it remains an attractive place to live.

Harmondsworth is a traditional Middlesex village, with a green and pubs on it. The person who discovered the Cox's orange pippin, Mr Cox, is buried in its mediaeval church, St Mary's, which is a place of pilgrimage for gardeners. Harmondsworth tithe barn is the largest mediaeval barn in Europe.

All those villages are surrounded by park lands—Prospect park and Cranford park—and linked by open spaces. There is 1,000 years of history in the villages. Philip Sherwood, a friend who is a local historian, has written books on the history of the Heathrow villages, and Catherine Kelter has written on the wider history of Hayes. People can read various articles by Douglas Rust, another local historian, in our local history society journal. Those books and articles, especially Philip's history of Heathrow and photo collection, show how the area has changed over time. That change has been dominated by the growth of London airport, now known as Heathrow.

Heathrow was developed in the 1930s. Initially, there was a row of tents in a field located strategically on the A4 near London and the aviation manufacturing and development at Fairey Aviation in Hayes.

In the second world war, Heathrow served as a key airport for London and it expanded. Heathrow village was demolished to develop the airport. The Government developed their plans for the expansion and growth of the airport throughout the war, but they were largely kept secret. It was to be the national airport with a network of runways and terminals. Interestingly, those plans bear close resemblance to those that BAA eventually proposed for a third runway and sixth terminal. From the mid-1940s to the 1990s, we saw a rolling out of almost the original plans: five terminals, two runways and an emergency runway.

Heathrow village was demolished and wiped off the face of the earth. Longford and Cranford Cross suffered increased noise and pollution, but we managed to contain it by liaising with the airport authority, minimising the environmental damage. We were able to protect the other villages by maintaining a divide between the airport and the villages: the A4, which forms the northern boundary of Heathrow airport.

The peripheral developments associated with the airport are beyond the A4—hotels and the headquarters of BA, the British Airways Pilots Association and the Unite union—but they were managed to a large extent

[John McDonnell]

by the planning process and therefore had minimal impact on the Heathrow villages. There were some incursions into Longford, as properties were bought by developers for more hotels, some of whom were encouraged by BA. Allegations were floated at the time that BA was secretly funding the developers so that it could take control of Longford.

Nevertheless, the Heathrow villages were maintained. They were jealously protected as thriving communities by vigilant residents represented by vigilant residents associations, working with councillors and me over the past 35 to 40 years. Village life continues, and we have excellent and successful schools such as William Byrd school in Harlington, Heathrow school in Sipson and Harmondsworth school in that village. The churches and the local temple have been an essential part of the local community, we still have small local shops, pubs and clubs, and there were British Legion clubs in Sipson and Cranford Cross.

Wonderful community organisations include Harlington hospice, of which I am a trustee. It provides an essential service supporting the local primary care trust. There are active community centres in Harmondsworth and Sipson, and the secret jewel of Harlington is the model steam railway, which children especially enjoy. We have local scouts, guides, cubs and brownies—everything we would associate with a typical English village, evolving over time.

When the threat of the third runway came on the scene, things changed. Let me outline the history. In the 1980s, BAA introduced proposals for terminal 4. That expansion was agreed to on the basis that the airport could have a new terminal, but there was to be no further expansion, and the new terminal was to be contained within the airport and south of the A4 boundary. In the 1980s and 1990s, despite Government assurances of no further development, BAA started to lobby for terminal 5, which I opposed and campaigned against because I thought it was overdevelopment. Terminal 5 was eventually agreed in the 1990s; none the less, when it was agreed, the inspectors' report was extremely helpful, because it recommended rejection of any further expansion of Heathrow, particularly a third runway or a further terminal.

BAA lobbied extensively after that inquiry and within 18 months introduced proposals for a third runway between Harlington and Sipson. It was initially to be a short take-off runway, but we knew that it would eventually become a full runway. It would have demolished Harmondsworth and its mediaeval barn, obliterated Sipson, and even impinged on Harlington. At one time, the proposed network of roads would have gone through our local cemetery at Cherry lane and we were faced with the prospect of having to exhume our loved ones. A further revelation that came during that process was that, as we predicted, a third runway would require a sixth terminal, which would completely obliterate Sipson village. All the Heathrow villages would be dramatically affected by the airport's expansion, and many would come within the airport's boundaries.

As many hon. Members know, local residents launched a campaign against the proposal. We campaigned on a cross-party basis in the local area, but it became a national issue and we had support from a range of direct action campaigners. The climate camp arrived in my constituency, and I slept there for a few nights. I learned more about the use of superglue in direct action than I ever knew before—one campaigner, in a publicity stunt, superglued himself to the previous Prime Minister.

Friends of the Earth and 50,000 of their supporters bought a piece of land, and became beneficiary owners, so that they would be consulted on the expansion of Heathrow. The issue went from being a local one, sometimes described as nimbyism, to one of national shame that the project might go ahead with the threat of 10,000 people losing their homes, and 2 million being affected by noise and pollution. It then became a global issue as we discovered more and more about climate change.

As a result of debates about the expansion of Heathrow, we looked at alternatives, including high-speed rail which, it seemed, would provide more employment and environmental protection than the expansion of Heathrow. The threat of climate change changed the nature of the debate on aviation expansion: it moved on to reducing demand and controlling the environmental impact of airports instead of simply acquiescing to more and more expansion.

We won the campaign. It was a virulent and mass campaign—I will not go into the use of the Mace in the Chamber—and it was creative in developing a broad base of opposition. The Liberal Democrats supported us. The Conservative party turned a policy somersault from backing airport expansion to being opponents of the third runway, and I congratulate it on doing that. The Labour party was split: it supported Heathrow's expansion and the third runway, but in the negotiations on a coalition, I believe, it offered up the third runway as an item that could be dropped.

When the coalition was formed, the third runway was rejected. I am convinced that the third runway and the sixth terminal are dead, but although we secured victory in our campaign, we must recognise that casualties continue. Residents and small businesses in the Heathrow villages have suffered blight from the threat of expansion—a threat that has existed for more than a decade. The culprit was and continues to be BAA.

BAA was established in 1966. It owned and was responsible for Heathrow, Gatwick, Stansted and originally Prestwick airports. It was then a nationalised industry, but in 1987, the Thatcher Government privatised it, and as a private company, it was responsible for 85% of air traffic movements in the London area. In March 2006, BAA was taken over by the Spanish company, Grupo Ferrovial, which is a major international construction group.

At various times, Ferrovial has had to refinance the debt that it incurred when it purchased BAA, as well as Heathrow and Gatwick airports. The Civil Aviation Authority determines the charges that airport authorities and owners may levy, including BAA's charges at Heathrow. When purchasing BAA and Heathrow, Ferrovial consistently overestimated its ability to charge and the profits that it could make from expanding Heathrow. As a result, it failed to fulfil the expectations of its shareholders.

Ferrovial thought that the purchase of Heathrow would be a way of making a fast profit in the short term that would justify investment in expansion to make even more profit in the long term, but the CAA's control of

the levy and its failure to increase charges to the level that Ferrovial demanded has made Ferrovial's ownership of BAA financially embarrassing. Ferrovial has found managing the short-term and long-term profitability of the airport difficult. I think it wanted to repatriate some of the profit from Heathrow to prop up its position because of problems with its international construction group and to cope with volatility in the construction market. It has failed to do so. When it factored Heathrow expansion into its calculations, it did not reflect charging levels and the possible failure to achieve a third runway.

It is entirely understandable that Ferrovial factored in the expansion of Heathrow and a third runway because, until the last three years, BAA's every demand for expansion and the aviation industry's every policy demand has been acceded to by successive Governments of every political hue. There has been cross-party consensus on acquiescence to every demand from the aviation industry. Ferrovial was shocked that the CAA did not allow it to increase its charges so it could make the profits it wanted, and by the incoming Government's refusal to allow Heathrow to expand. I understand that shock because, as I have demonstrated in debate after debate in the House, there has been an almost incestuous link between BAA, the aviation industry and the Department for Transport, with almost a revolving door for people coming to and from jobs in the Department and the aviation industry, and even from No. 10 into airline companies and BAA.

The third runway dominated BAA's thinking about its long-term future. It was so confident of convincing the Government to allow expansion that it dominated the media, which took that expansion as read. As soon as the previous Government opened up the debate on the third runway, there was immediate blight. Home owners who wanted to move for the usual reasons—families growing up, people retiring and wanting to move nearer their children, and people securing jobs away from the area—were unable to sell, even at significantly knocked-down prices.

Small local businesses were unable to raise capital to invest or plan for the long term, and they were therefore unable to secure their long-term futures effectively. Community groups were affected by the blight because they were not able to raise funds—particularly capital funds—to secure investment in their premises, because of the risk that those premises would be demolished with the building of the third runway. The local authority, Hillingdon council, was not able to plan investment in local schools or housing because of the insecurity over whether or not the area would be affected by the airport expansion and schools would be demolished or rendered unusable.

As a result, we lobbied BAA and asked it to introduce some mechanism to provide security or compensation for those who were affected by the blight and wished to sell their properties and move, or invest in their companies. We met Ministers who put pressure on BAA, and that organisation linked up with the airlines that operated as part of the consortium around Heathrow. We asked BAA whether it would introduce a mechanism to allow families, residents and businesses to receive some form of assistance to overcome the blight, and we presented a number of heart-rending examples of those affected. One family, for example, lived in a one-bedroom flat. The number of people in that family had increased over the years, but they were totally unable to sell their accommodation and move somewhere larger. There were people who were elderly or ill and wanted to move to live near their families who had moved away. They were unable to do so because they could not sell their properties. There were retirees who wanted to move to be near their sons and daughters.

After a lot of pressure, and assistance from representatives of all political parties who mobilised to put pressure on BAA, BAA came up with a proposal for a bond scheme. Under that scheme, BAA agreed to purchase individual properties from residents at a guaranteed price if planning permission was given. The scheme was extremely limited to certain identified areas that included Sipson village and some streets in Harmondsworth, although not many. Some concerns about prices and valuations needed to be hammered out, and the bond scheme did not include compensation to organisations other than individual property owners. There was no compensation for community organisations or for the wider consequences of the blight, particularly in Harmondsworth and Harlington.

The scheme also failed to address the needs of small businesses in the area. I will provide examples in a moment, but in such businesses, the family often live on site above the shop. In the post office, the local hairdressers, the pub and the local garden centre, people were faced with the loss of their home and their business without compensation. That was largely the result of complications that excluded leaseholders in those circumstances. There was certainly no redress for the wider implications of blight on the local authority or other community organisations.

A number of residents submitted an expression of interest in the bond scheme for consideration. After the general election, the coalition Government rejected the third runway and announced publicly that it would not go ahead—I supported them wholeheartedly in that and congratulate them on having done it. To give it its due, BAA adhered to its commitment to implementing the bond scheme for the many families who were suffering blight and wanted to move for a range of reasons, such as having outgrown their properties, wanting to move closer to other family members, or because of the insecurity and the potential threat that plans for the third runway might return.

So far, BAA has identified 723 properties within the bond scheme, but only 300 of those are homes for families and eligible for that scheme. Of those, latest figures show that 268 properties have been purchased, and another eight sales are in progress. BAA is now the largest home owner in Sipson village, and it is a significant home owner in other Heathrow villages. Many of the homes that have been purchased have been left empty. We are told that those homes are being refurbished with a view to being let, but the process is extremely slow.

Although I have met representatives from BAA and, along with local residents and the local residents association, applied as much pressure as possible, the assurances we have received that the properties will be let quickly to families have not been fulfilled. The slowness of estate agents in allowing lets to take place has been extremely influential in undermining village life, and allowing properties to stand empty has had appalling consequences. In addition, many of the properties have been let not to families but to transient airport workers who have,

[John McDonnell]

frankly, no role in village life. They are in the village for short periods of time, do not spend much in the local shops and some do not pass the whole week there. Many of those incomers make no contribution to the local village or to village life because they are there only for short periods of time.

We urged BAA to look at the potential of housing local authority nominated families in those properties, so that the local council can tackle its waiting list that currently stands at over 7,000 families. We also suggested that the council could manage some of the properties more effectively. That has not occurred although I believe that some discussions have taken place at Hillingdon council. Local businesses were not included in the blight compensation scheme. They have lost their loyal customer base and some of them have been devastated. They are struggling to survive from week to week, and it is difficult to see how they can continue.

The current situation is dreadful. I will give some examples because I feel that BAA and the Government need to know the personal circumstances of some of the people in the village as a consequence of decisions made by BAA and in this place. Jackie Clark runs the local hairdresser in Sipson together with her partner, Danny, and she is the third or fourth generation of Clarks to live in the village. I knew her father, Jack Clark, who died aged 97 a short while ago. He was famous because he used to plough the fields in the village and take produce to Covent Garden. Jackie runs the local hairdressers and she was an important figure in our campaign to save the village. It now looks, however, as though she will lose her business and her home because she lives above the salon. Her takings are down by 70%; her husband, who works alongside her, has had to look for alternative work but has found only part-time positions so far. Her business is on the edge of survival.

Shaun Walters runs the local pub. The brewery has done everything it can to assist him and Shaun is not paying himself at the moment—he cannot. He has tried many methods to encourage the use of the pub; he has developed it as a restaurant and added other facilities, but his takings are down by 50% and he is looking at the prospect of not being able to survive unless assistance is provided.

The butcher's shop in Sipson is run by Gerald Storr. Again, he is not sure how long he can survive because his takings are down so considerably. The village general store and post office, the heart of the village, is run by Mr and Mrs Daurka. They have told me that their customer base has gone and that the number of regular customers is down by at least a quarter, perhaps more. They have looked at whether they can sell their business but they cannot because it is no longer as profitable as it was, or indeed at all. Sipson has a garden centre run by Ian and Pam Stevenson. They once employed 30 staff, but that number is now down to six. Their takings are down by between 60% and 80%, and they are looking at enforced closure if business does not pick up.

The problem is that the homes BAA has bought in Sipson are not being sold. They are being sat upon by that authority, and when they are let, they are not let to settled tenants or families. If the homes are not sold or let to settled families, it is incredibly difficult for the businesses to rebuild the loyal customer base that they once had. Then village life declines. Indeed, if we lose the core village businesses—the shops, the post office, the hairdresser's and the pub—the village dies, and at the moment we are witnessing the village dying before our eyes.

There are knock-on consequences for the other villages of Harmondsworth, Harlington, Longford and Cranford Cross. They largely were not included in any compensation scheme and they live in the continuing fear of a third runway coming back. That is fuelled by public statements made by BAA that it is still seeking Heathrow expansion and is still confident that it can convince the present Government or future Governments that a third runway should be allowed at some stage. The villagers are receiving no compensation for the suffering that the blight is causing them. Many residents, a lot of whom are elderly, have endured real worries and stress and they are still affected by blight. They are trapped in their homes because the value of their properties has fallen so dramatically, but they are not included in any bond guarantee schemes.

Community organisations, too, have been undermined by the falling population in Sipson village and elsewhere. St Mary's church in Harmondsworth was cited in the local paper and in a national paper, *The Independent*, as unable to pay its church stipend this year because of the falling number of parishioners.

A pall is still hanging over the Heathrow villages and that has been caused by BAA. I have had meetings with representatives of BAA consistently. The relationship is relatively amicable. I want a good working relationship with it. I am not opposed to the airport; none of us is. We support the airport: it is an employer and an engine of the local economy. All we oppose is any further expansion of Heathrow. We just want BAA to be a good neighbour. As I said, I have met BAA representatives, and we have considered various schemes to assist the villages and the village businesses. We looked at a "Shop Local" campaign, which I launched. There is consideration of a discount purchase scheme in local shops that can be promoted at the airport among its employees. But with the best will in the world, such schemes are insufficient—they are not what is needed. What is needed is a number of actions by BAA and by Government.

The first relates to blight compensation. I would like BAA at least to accept responsibility for the blight that it has caused. Just a statement of acceptance of that responsibility would go a long way towards restoring some of the relationships between the villages and BAA. However, BAA also needs to bring forward now consideration of a new compensation scheme that provides compensation for the blight that has been caused in the past and for the ongoing blight. That is a wide issue. Immediate action is needed to agree a scheme of compensation for the Sipson small businesses that comprises both lump sum compensation for past blight and ongoing compensation to ensure that they are sustainable while they rebuild their customer base in the village. We are talking about half a dozen small businesses. It is a limited number, so it would be an extremely limited cost.

Secondly, there needs to be consultation of community organisations about the community view of the blight and the ongoing implications. A community investment

programme needs to be agreed to regenerate the Heathrow villages. When terminal 5 was agreed, a compensation scheme was set up and it was to be administered by the Hillingdon Community Trust. Under that scheme, BAA gave the trust £1 million a year for 15 years to spend on local community organisations in the south of Hillingdon to tackle community regeneration and environmental improvements. A similar scheme could now be established for the Heathrow villages to compensate them for the blight. I am talking about a scheme controlled by the villagers themselves specifically to regenerate the Heathrow villages and to overcome the ongoing blight that they are suffering.

I would also like BAA to consider a compensation scheme for special cases of blight impact. Where individuals or voluntary and community organisations, such as individual Harmondsworth residents, individual schools or St Mary's church, could identify specific impacts of blight caused by BAA's expansion policy, BAA could consider how it could provide compensation and work with those people and organisations to overcome the problems.

Above all, I would like BAA to start selling the empty properties to families. BAA now owns numerous properties in Sipson. It does not need to sell them all at once, but if it now started a process, to take place over a limited period, of putting those properties on the market at a reasonable price so that families could buy them, we could re-establish a stable, thriving community. To get a social mix in the village, it would possibly be worthwhile for some of the properties to be given to Hillingdon council to let to local families. The council would manage the properties itself.

I would also like BAA to look again at using its purchasing power. We have worked with BAA to develop a local supply chain to the airport, which has encouraged businesses across the west of London to take up contracts that have supported the airport and, as a result, supported those businesses. I would now like BAA to consider developing a local supply chain whereby the local village shops and the garden centres elsewhere could become key suppliers to the airport and therefore be sustained.

Above all, I would now like BAA not just to admit the blight, but to give a public and firm commitment to my community that there will be security in the future because it no longer wishes to expand Heathrow airport. I would like BAA to make a public statement that it accepts that the present Government and future Governments will not allow the expansion of Heathrow and that it is giving up its expansion ambitions—that there will be no third runway and no sixth or seventh terminal. I fear at the moment that BAA is retaining the properties—some allege that it is continuing to purchase properties around the Heathrow villages—because it is convinced that it can change the policy of the existing or a future Government by its lobbying and that the third runway will be back in prospect.

We know that BAA is developing a lobbying strategy, particularly targeting coalition partners and Conservative Back Benchers—I will be frank about that. It will be lobbying at the national party conferences. The wining and dining will start again. It will also try to lobby within the Labour party, using the unions as a wedge to try to promote the expansion of Heathrow as developing employment in the area. I believe that that strategy will be well funded and that BAA will seek, during the next 18 months to two years, to get to a situation in which, in the run-up to the next general election, the issue of the third runway and Heathrow expansion will be reopened.

I am convinced that the present Government are committed to no further Heathrow expansion and I am now of the view that the Labour party will come alongside it and support that policy. The problem is that even if we could convince BAA to come out with a promise not to expand and it was written in the blood of the chief executive, not many people would believe it. Therefore, we have to search for a better and more secure route to a commitment that will give people in my area more assurance and lift the blight that they still face. The Government and all the political parties have a role to play in that.

I would like to see, across political parties, the development of a common statement that we all sign up to and that says that no matter who is elected, they do not and will not support the expansion of Heathrow. Let me be frank: I do not see that as an issue for the Liberal Democrats, because it is a long-standing Liberal Democrat party policy. With regard to the Conservatives, the present Government made a commitment and it has proved popular. It would therefore be unpopular to resile from it, but as I said, lobbying is going on, particularly of Back Benchers, by BAA. The policy review taking place on transport is the way in which the Labour party can get itself off the hook of its previous commitments to Heathrow expansion. I hope that the Labour party will rise to that challenge.

I am not sure, however, that even a commitment from the political parties that there will be no further expansion at Heathrow would convince people and lift the blight. We therefore need a more secure commitment, and I look to the example of Gatwick. As Members will recall, one reason it was proposed to expand Heathrow rather than Gatwick was the existence of a legally binding, covenanted agreement that there would be no further expansion at Gatwick until 2020, and that agreement has held.

I would like the Government to bring together all the partners, including all the representatives of the political parties, the Greater London authority and the Mayor—mayoral candidates across the parties have opposed Heathrow's expansion—the area's local authorities, particularly Hounslow and Hillingdon, BAA and the airlines, to see whether we can hammer out a draft legal agreement that prevents further expansion at Heathrow. We can seek political consensus, but we can give people authoritative reassurance if we produce a binding legal agreement, which might well be secured by some form of legislation. In that way, we can give people security. A Heathrow concordat or contract would also give my constituents the assurance that their community and village life will not come under threat again.

That is not too much to ask. My community has suffered this blight for decades. I just want my constituents to be able to live in peace in their community and in an environment of their choice. I want them to be able to bring up their families and enjoy their lives in a way they have not been able to because of the lack of security and the blight caused by BAA over the past three decades.

Mr Joe Benton (in the Chair): I now call Mr Gordon Henderson to raise the subject of roads infrastructure in Sittingbourne and Sheppey.

3.11 pm

Gordon Henderson (Sittingbourne and Sheppey) (Con): It is good to take part in this rather select debate and to have you in the Chair, Mr Benton. It is also good to follow the hon. Member for Hayes and Harlington (John McDonnell), although I wonder whether the next boundary review will change the name of his constituency to Heathrow, since the airport seems to take up the major part of it. It is ironic that the London Mayor wants to uproot Heathrow lock, stock and barrel and move it to my constituency, although Members will be delighted to hear that I will fight that with every breath.

I will not talk about airports today, however. My aim is to highlight a problem in Sittingbourne and Sheppey. I have lived in the constituency for 30 years and I feel immensely privileged to represent it in the House, but almost 3,000 people in my constituency are out of work, and like many right hon. and hon. Members, I want the number of people out of work in my constituency to be reduced. I appreciate that the jobs needed to reduce unemployment will not be created by me, the Government, Kent county council or Swale borough council; only private enterprise can achieve that. Our small, medium-sized and large businesses can provide the entrepreneurial spirit that will help steer industry in Sittingbourne and Sheppey through the choppy economic waters we are experiencing. With a fair wind, I hope we will come out the other side stronger and fitter.

I also appreciate that a prospering local business sector is good for all my constituents. For that reason, I have made it one of my top priorities as the area's Member of Parliament to help my local business community in any way I can. I am well aware of my limitations and recognise that there is little I can do as the Member of Parliament to make a difference to my constituency's prosperity, but I can offer leadership and be on hand to offer help and advice to local companies that do not know where else to go to get information and advice—it is always surprising how many do not.

With that in mind, I recently set up a dedicated website called Sittingbourne and Sheppey Link 2 Business, which can be found at www.blinkss.co.uk. The website offers local businesses a direct link to my team so that they can contact me if they have a problem with a Government agency—companies have difficulties with Government agencies every day of the week. Equally, companies that have a problem or a query about Government policy can get an answer fairly rapidly by visiting my website. Link 2 Business also hosts monthly breakfast forums, where local business leaders can share their concerns, frustrations and, sometimes, good ideas with me so that we can improve our local community together.

I am lucky that my constituency has a wide variety of industries: for example, we have a major deep-water port with the deepest water outside of Rotterdam, which is unique; we have the only steelworks in the south-east, as well as one of the last remaining brickworks in Kent and the largest paper mill in the country; and we have just opened a regional distribution centre for a national supermarket chain. We also have a number of industrial sites with a wide range of industries, from refrigeration equipment refurbishment, which is a national concern, to aluminium casting companies.

We have those traditional skills and traditional, old-fashioned industries, but at the Kent Science Park we have a number of high-tech companies that are at the cutting edge of technology in this country. Our largest employer is in the public sector, because we have three prisons; and, last but not least, we have the long-established summer tourist industry, which is based mainly on the Isle of Sheppey.

We therefore have a good industrial base, which provides a higher percentage of private sector jobs than some constituencies can boast, but things could be so much better. Sittingbourne and Sheppey might be located in the south-east, but it still needs a helping hand: for example, much of the unemployment in my constituency is concentrated in areas that are among the most deprived in the country—indeed, two of our wards are in the top 10 most deprived wards in the UK. We can go some way towards eradicating that deprivation if we can ensure that our existing businesses expand and if we can attract more companies into those deprived areas.

On the face of it, Sittingbourne and Sheppey is ideally located for business development: it has good sea links with Europe and good rail links with London, and it is close to the M2, the M20 and the M25. Ironically, though, one of the biggest obstacles to business growth in my area is the local roads infrastructure, and that is where local and national Government have an important role to play.

My area needs help to improve a number of important local roads. For example, the A249 is a good dual-carriage trunk road linking Sheppey with the M2 and the M20. It includes the superb second crossing of the Swale, which was built just three years ago—until the bridge was built, a lifting bridge provided the only way on and off Sheppey, which, as Members can imagine, caused havoc to the local economy in the summer, when yachts were going up and down the Swale and the bridge was going up and down almost every hour. We are therefore really pleased to a have a second decent bridge.

The problem with the A249 is that the dual carriageway stops at Queenborough corner, which is on the outskirts of Sheerness. If the dual carriageway went all the way into the dock area, which is less than half a mile away, it would open up the port of Sheerness for an expansion that would offer the south-east of England an alternative to an increasingly congested Dover as a strategic port of entry. It would help to avoid the expensive Operation Stack that takes place several times a year on the M20. Finishing the A249 would be a major strategic benefit to the country.

The Sittingbourne northern relief road links the A249 to the industrial areas in north Sittingbourne. The latest section of the road, from Ridham avenue to Castle road, is under construction and will be opened later this year. Eventually, the northern relief road is planned to link up with the A2 at Bapchild, but nobody knows when that will be. For the foreseeable future the NRR is destined to become an expensive cul-de-sac. Local businesses on the Eurolink industrial estate and residents living on the new housing estate at Great East Hall want the final link to be built as soon as possible, which is understandable, but many other people feel that finishing the NRR without first planning for a southern relief road, which would link the A2 to the M2, will simply increase traffic

problems for residents living in east Sittingbourne and the surrounding villages. It is a square that has to be circled as a matter of urgency.

Another major traffic bottleneck in Sittingbourne is the Stockbury roundabout, which is located on the A249 at junction 5 of the M2. The congestion at that spot has been going on for so many years and has caused so much havoc in the local area that urgent action is needed to solve the congestion if we want to provide easier access to our industrial sites, encourage business expansion and keep the traffic flowing.

While I am talking about roundabouts on the A249, it is worth pointing out that the one at Iwade, which serves the St Regis paper mill and the new Morrisons regional distribution centre, is becoming increasingly congested. One way of solving that problem would be to provide a rail spur into Ridham at Swale halt. Both Morrisons and St Regis Paper are very supportive of a rail spur, which would put more incoming goods on to rail and off the road. Of course, it will take the Government to make that rail spur happen.

Finally, as I mentioned earlier, we have three prisons on Sheppey. I believe there is potential to expand the prison estate, solving in advance the undoubted problem of finding suitable sites for future prisons, but the current road from the A249 to Eastchurch, where the prisons are located—the newly designated A2500—is a single carriageway that can barely cope with the current traffic flow, let alone any expansion of the prison estate. The A2500 will need to be upgraded soon, which would be an added bonus to the communities at the east end of the Isle of Sheppey, because it will help to reinvigorate the local economy in one of the deprived areas I mentioned. If we can get extra tourists going to the historical camp sites and the traditional seaside town of Leysdown, we can reinvigorate the whole of that area.

South-east England is acknowledged to be the economic dynamo of the United Kingdom, and Kent is considered by many to be the economic dynamo of the south-east. I believe that improving the roads infrastructure in Sittingbourne and Sheppey, which in the grand scheme of things would be relatively inexpensive, would help make my constituency the economic dynamo of Kent. I am pleased that the Deputy Leader of the House is here, but I do hope the Secretary of State for Transport will hear about this speech, take note of my words, and perhaps agree to visit my constituency, so that he can see for himself the tremendous potential that we offer our country, at a relatively small cost to the Exchequer.

3.25 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): It is a pleasure to be here under your chairmanship, Mr Benton. It is also a pleasure to have another opportunity for a general debate. We had one not long ago with a pre-recess Adjournment debate; I suspect we will have another one relatively soon, with the next pre-recess Adjournment debate. One can never have too much of a good thing. The only thing I regret is that both hon. Members who have taken the opportunity to speak today have raised issues about transport in their constituencies. Had we known that only transport issues would be raised in the general debate, it might have been more appropriate for a Minister from the Department for Transport to offer a response, because I fear that I am an inadequate substitute.

I assure the hon. Members that their comments will be passed on to relevant colleagues. Where there are issues, which inevitably I will not be able to answer to their satisfaction because I do not have the expertise, they will get replies in due course from the relevant Departments. I also thank the hon. Member for Battersea (Jane Ellison) and the Backbench Business Committee. They were given a difficult spot to fill today, when so many hon. Members are quite properly engaged in matters in their constituencies, and they have done their best under difficult circumstances to ensure that hon. Members have the opportunity to raise matters of importance.

I echo the hon. Member for Battersea regarding the hon. Member for Hayes and Harlington (John McDonnell): it takes great energy to speak in two debates simultaneously in the House on different issues that affect his constituency. He has contrived to do that this afternoon, which is to be commended.

I enjoyed the history of the Middlesex communities that the hon. Gentleman gave us at the beginning of his comments. I do not think we hear enough about rural Middlesex, which has been wiped from the national consciousness. However, it is a delightful area. I felt for him when he talked of his lack of success in ringing a peal of bells. I have never tried a full scale peal of bells, but I was recently asked to open a refurbished chapel in my constituency, where I simply had to ring a single bell to mark the fact that the chapel was reopened. I was told firmly that I had to pull hard on the rope. That is not advice one should give to a former rugby player. I pulled hard and the bell remained obstinately silent, but the rope was there in my hand, no longer attached to the bell. That is an aside. I was glad that no one filmed that for people to watch on their computers.

I will not fill my entire reply with anecdotes about my constituency, but I like the fact that the hon. Member for Hayes and Harlington mentioned that Mr Cox of Cox's orange pippin apples came from his constituency. I am sure that he already knew that, but I am always fascinated by the fact that one continually finds out new things about one's constituency as one goes around. I recently looked at the history of the village of Rode in my constituency, which became topical due to the book and subsequent TV programme, "The Suspicions of Mr Whicher", about a very famous murder there. I was irritated by the fact that it constantly said that Rode was in Wiltshire, and I knew it to be in Somerset. I looked at the local history to see whether it had ever been in Wiltshire, and, no, it had not been, but the house where the murder took place was just across the county boundary. Purely by chance, I discovered that a wool mill in Rode invented the colour "royal blue" in response to a competition, therefore "royal blue" was invented in my constituency. That is the sort of detail that one discovers as an MP, which one would never have a reason to find out otherwise.

I shall return to the matters about which we are supposed to be talking, which are the important issues raised by the hon. Members for Sittingbourne and Sheppey (Gordon Henderson) and for Hayes and Harlington. I ought to declare an interest in the matter raised by the hon. Member for Hayes and Harlington,

[Mr David Heath]

in that I believe I am still a beneficial owner of 1 square foot of Sipson village as part of the campaign against the third runway at Heathrow. I do not regret my position, and I am very pleased that it is now the Government's position. It was an excellent campaign that drew attention to the fact that we really need to put some constraints on airport expansion, while recognising, as the hon. Gentleman does, the economic and other benefits of airports. Getting that balance right is inevitably the purpose of Government.

The hon. Member for Hayes and Harlington correctly stressed that the coalition Government made a clear commitment not to proceed with the third runway at Heathrow, but to look at how we make Heathrow, and the other major British airports, work more efficiently and provide a better service without expansion—make Heathrow better, not bigger. I think that the hon. Gentleman and I share that aspiration. He drew attention to how the long period spent aspiring to the expansion of Heathrow blighted the neighbouring villages and his constituents, and this debate is a good opportunity to have done that. He talked about its effect on people who needed or wished to sell their homes, and the fact that they were unable to find buyers in the context of an anticipated expansion of the airport.

The hon. Gentleman has worked very hard on these issues over the years with BAA and the previous Government, even in the context of a policy in favour of expansion, to see how its effects could be mitigated. Part of the result of his labours and the work of the previous Government was the home owners support scheme that BAA set up, which he referred to as the bond scheme. It is important to stress that it was a non-statutory arrangement set up by and entirely a matter for BAA. It was clearly persuaded that it was worth while and what it should be doing as a good neighbour. Nevertheless, the scheme had no statutory basis, therefore how BAA operates it to protect local home owners from the effects of blight, to allow them to sell their homes without financial penalty and to move if they need to or want to is a matter for BAA. It is interesting to see the number of home owners who took advantage of the scheme and the impact that it has had on the local area. He said that BAA now owns some 300 houses. It had no obligation to establish the scheme; I think that it was a recommendation in the 2003 transport White Paper, and of course there is no obligation on home owners to partake in the scheme.

I readily recognise what the hon. Member for Hayes and Harlington said about the scheme's effect on the local area given the number of houses that are not normally filled with residents. If houses are lying empty or are subject to short-term lets or arrangements with airport employees, the situation will inevitably affect the local community. He not only listed the effects in terms of the lack of residential population, but listed the effects of the lack of a residential population on local businesses. He mentioned his constituents Jackie Clark, Shaun Walters, Gerald Storr, and Ian and Pam Stevenson, and the hairdressers, the local pub, the post office shop and the garden centre, which are all affected by no longer having a local constituency of customers or consumers, which means that their businesses will inevitably be put in some difficulty.

To summarise, I think that the hon. Gentleman seeks: BAA's acceptance of responsibility for the blight caused by the expansion plans; a new compensation scheme that includes local small businesses and special cases that might fall outside the previous criteria; a consultation with community organisations to look at whether it is possible to establish a community regeneration scheme; and the sale of the empty properties and a move to ensure that they are not retained in the ownership of BAA, but are put back on to the general market. He also wants the various political parties to come together to create a common statement of intent with regard to Heathrow expansion. I think that he would ideally like a covenant putting a legal restraint on future development at Heathrow.

There is a limit to what I can stay to the hon. Gentleman in response, as he will appreciate. I hope that I am able to communicate all his points to my colleagues in the Department for Transport effectively. I am happy to reiterate the general policy direction. I have already said that we do not want the third runway—that is clear. We want Heathrow to develop in a better, rather than a bigger, way. There are further steps afoot that I am sure the hon. Gentleman, as an expert in the area, will be more familiar with than me. The South East Airports Task Force, which was announced on 15 June last year, has an important part to play. It is engaged with the various aviation stakeholders to deliver operational improvements at Heathrow, Stansted and Gatwick, and is due to report in July 2011. It may have something to say that—"makes more concrete" is perhaps an inappropriate phrase—strengthens the future intentions in terms of the strategic planning of aviation.

The Department has issued a scoping document setting out the questions that it wants answered to develop a new vision for a competitive aviation industry, which supports economic growth and addresses aviation's environmental impacts, both globally in terms of climate change and locally in terms of noise and air quality. It put out the scoping document and set out the questions that it wants answered, and it is hoped that it can publish a draft policy framework for consultation by March 2012. That may add further weight to the direction in which the Government are working on aviation policy.

There are some important issues here that need to be taken up with BAA. To a large extent, the matter is in its hands, and there is a limit to how much the Government can insist on. The dialogue, however, must be maintained.

John McDonnell: I am grateful to the Deputy Leader of the House for saying that he will set out the proposals and communicate them to the relevant Ministers in the Department for Transport and for the supportive way in which he has responded to my contribution. Securing Government policy in the long term is important, and I am sure that there is good will in government to do that. I hope that there will also be good will across the parties. Will he say to the Secretary of State for Transport and the appropriate Minister that it would be helpful if they could meet the Hillingdon Members as soon as possible to look at this programme, because it is a matter of continuing concern? Locally, we have been working on this matter on a cross-party basis. It was the pressure that coalition Members applied when they

were in opposition that brought BAA to the table for a proper dialogue, so an early meeting would be helpful.

Mr Heath: I will happily communicate that request to the Department. The Minister of State, Department for Transport is probably the appropriate Minister, and I will ask her whether such a meeting is possible. We will also see whether we can convey the concerns of the Government on this matter as well as those of individual Members.

This matter may be of interest to the Department for Communities and Local Government. The hon. Gentleman said that he would like to see the London borough of Hillingdon hold nomination rights. Economic development issues will often be mediated by the Department and the local authorities, especially Hillingdon and, I suspect, Hounslow as well. I will bring his remarks to the attention of the DCLG in the hope that it will also have a view on the matter. I am grateful to him for everything that he said today. He made a compelling case on behalf of his constituents, and we all understand the difficulties that they face.

My hon. Friend the Member for Sittingbourne and Sheppey prefaced his remarks by stressing some unavoidable facts in his constituency. Although we often hear that the south-east drives the economy and that its economic conditions are rather better than those in the rest of the country, constituencies such as his have genuine problems relating to employment and to ensuring that there is sufficient access to growth in the economy. He said that 3,000 of his constituents are out of work, which is too many. We can reduce the number of unemployed people by enabling business to develop. However, that is not something that Government do; they create not jobs but the environment in which private industry can create jobs.

My hon. Friend told us some of the things that he is doing on behalf of his constituents. I am rather jealous of the acronym in his website—BLINKSS. It would not work for my constituency because it would become "BLINKSF", which sounds like a speech impediment. He is clearly attuned to the needs of his constituents.

Despite the difficulties in north Kent, my hon. Friend listed a number of major employers in the area, such as the deepwater port, the steel works, the brick works, the paper mill, the distribution centre, the high-tech industries and the three prisons. The tourism industry is unrelated to the three prisons but, nevertheless, they co-exist.

Gordon Henderson: Not entirely.

Mr Heath: That is an interesting observation, but not one on which I will expand. We always hear that economic difficulties and deprivation take place in regions such as the north-east, which is true and I do not in any way minimise them. None the less, such problems also exist in the so-called prosperous south-east and south of England. Sometimes, it is more difficult to deal with pockets of deprivation within an otherwise reasonably affluent part of the country. I applaud what my hon. Friend is doing on behalf of his constituents.

My hon. Friend raised a number of road issues, most of which will not come as a great surprise to the Department for Transport, because they are matters that he has raised before. The A249 is the principal road serving his constituency. I hope that he is impressed that I have a full colour map of his constituency—I brought it along so that I could understand his geographical points. He mentioned how effective the new Swale crossing is in making the A249 fit for purpose, but then pointed out that it peters out on the outskirts of Sheerness, which means that it cannot effectively serve as an artery to the port facilities. As I understand it, Kent county council has not submitted an application to the Department for Transport for that to be dealt with, but one may be submitted in the future. If there is, my colleagues will be interested in considering it. However, the thrust of Government policy is that decisions of this kind will, as far as possible, be taken at a local level. He will recognise that in much of what has been said by both the Department for Transport and the DCLG. Such a policy is entirely appropriate, because local people know how resources should be applied to provide the best outcome. On matters such as the dual carriageway beyond Queenborough corner on the A249, and Sittingbourne's northern relief road and its connection with the road at Bapchild, we are looking for a clear steer from the local authorities in the area. I know that my hon. Friend will be constantly pressing the case with Kent county council and with the other local authorities, which, in turn, will be applying for substantial amounts of capital investment from the Department for Transport to make such projects a reality.

I was intrigued by what my hon. Friend said about the rail spur and the effect that it will have on the movement of freight in his area. He also mentioned the prospect of improving the B2231—at least that is how it appears on my map, but it has apparently been renamed, which means that my map is out of date. He is talking about the road that serves the east of the Isle of Sheppey and provides a communication link to Eastchurch and Elystan. I can see that improving the road would make an immediate difference to the area.

My hon. Friend will understand that I cannot give any commitments on behalf of the Department for Transport. I suspect that even if a Transport Minister were here, they would be equally unlikely to make firm commitments in response to his requests other than to say that they would seriously consider any applications.

The hon. Gentleman made a very strong case on behalf of his constituents. I will ensure that what he has said today is communicated to Ministers at the Department for Transport, and I will also ensure that he receives specific responses to his points, because I understand that he is seeking to make sure that the infrastructure in his constituency meets the aspirations for economic development that he has for his area, which I am sure his constituents appreciate.

I assure the hon. Members for Hayes and Harlington and for Sittingbourne and Sheppey that I will ensure that messages are passed to the Department for Transport about the specific points that they have made today and that responses will be passed back from the Department to them.

I thank both hon. Members for participating in the debate; I thank the Backbench Business Committee for giving us the opportunity to have the debate; and I thank you, Mr Benton, for chairing the debate.

Question put and agreed to.

3.50 pm

Sitting adjourned.

Westminster Hall

Tuesday 10 May 2011

[MRS LINDA RIORDAN *in the Chair*]

Wind Farms (Mid-Wales)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Stephen Crabb.)*

9.30 am

Glyn Davies (Montgomeryshire) (Con): This debate is on a subject that is of greater importance to me than any other issue will be during the entire time that I serve as a Member of the House, irrespective of how long that is. It is a great pleasure to serve under your chairmanship for the first time, Mrs Riordan. You can observe that I am not at my best today—not physically, at least—having had to enter the Chamber on crutches. I will remain dependent on crutches for a while. I am grateful to my surgeon at the excellent Robert Jones and Agnes Hunt hospital in Gobowen, who two weeks ago performed a successful operation on my back. Mr Trivedi is most displeased that I am here this morning. He instructed me to rest at home, but this morning was such a valuable opportunity that I would have allowed myself to be carried in by stretcher. In fact, I thought that that would add a dramatic touch to the occasion, but in the end I decided against it. I certainly hope that it is not the way I will be carried out.

I will start by declaring a sort of interest. I was born in mid-Wales on an upland farm that I still own; today, I live about a mile away from it. I love the landmass that constitutes mid-Wales and could not contemplate living anywhere else on earth. It is a place of great beauty. That beauty is important in the context of the debate because it underpins the most important and largest part of the local economy—tourism. It can be no surprise that I and almost all the disinterested population of mid-Wales are horrified that the proposals about which I intend to speak are even being seriously considered. The consequence of the proposals would be to destroy totally the place that we love by industrialising the uplands with wind turbines and desecrating our valleys with hideous cables and pylons.

For the benefit of everyone, I should outline the sheer scale, and horror, of what is proposed. It is not an ordinary development—the sort of thing that we have seen before. It is the largest ever onshore wind development in England and Wales. The proposals envisage the granting of permission for the erection of between 600 and 800 huge new onshore turbines in mid-Wales—over and above all those that currently exist and those that already have planning approval—a 20-acre electricity substation and about 100 miles of new cable, much of it carried on steel towers 150 feet high. That is scarcely believable. The scale of it is almost impossible to comprehend. Not even the enemies of Britain over the centuries have wrought such wanton destruction on that wondrous part of the United Kingdom.

Paul Flynn (Newport West) (Lab): Is it not a little over the top to suggest that the landscape will be totally destroyed? Even when the turbines are there, although there will, no doubt, be a decline in the visual amenity, will not the mid-Wales area still be beautiful and desirable to the millions of people who live in urban areas?

Glyn Davies: I want to come later in my speech to what we will be left with afterwards, but the sheer scale of what is proposed means that the development will cause huge damage. Already people are not prepared to commit themselves to holidays in the long term. Already the prices of houses are falling. The impact is already seriously damaging. There are beautiful parts of Britain; the economy of mid-Wales depends on tourism, which depends on its beauty. What some people want is to act freely to destroy the one thing that makes the place special. That is what the authorities in their various forms are contemplating doing.

When the policy statement or technical advice note popularly known as TAN 8 was issued by the Welsh Assembly Government in 2005, I and a few others understood immediately that this monstrous proposal would be the consequence. However, the local population did not truly grasp the scale of what that policy statement meant. I suppose that it seemed almost too incredible to believe—if only it were. Now that the population of mid-Wales have grasped the degree of desecration planned for their area, there has been an uprising of anger and protest the like of which I have never seen before.

Huge numbers of people, usually approaching 500, have turned up at several public meetings. At one meeting that I called in Welshpool, at short notice and with minimal advertisement, more than 2,000 people turned up. These people are from every sector of the population, and include many who would benefit financially from the proposals. If the National Assembly for Wales had been sitting at the time and not involved in an election, all of them would have descended on Cardiff bay there and then to ensure that the politicians behind this outrage were made fully aware of the scale of the anger.

Mr Mark Williams (Ceredigion) (LD): I congratulate the hon. Gentleman on securing the debate. He has cited meetings in his constituency. Does he agree that this is very much a mid-Wales issue? In the north of Cardiganshire, the prospect of the huge wind farm development at Nant y Moch has also caused huge concern locally. That concern has been articulated very effectively by the Cambrian Mountains Society, which is campaigning for the Cambrian mountains to become an area of outstanding natural beauty. That needs to be respected. The public anxiety to which the hon. Gentleman refers is very real and extends across the whole of mid-Wales.

Glyn Davies: There is truly a mid-Wales impact. The proposals affect part of Radnorshire hugely and all of Shropshire, depending on where the lines to the national grid go, and of course there is the proposal for Nant y Moch in Ceredigion, but the biggest effect by quite a distance will probably be on my constituency of Montgomeryshire. In relation to the impact locally, I pay tribute to the local newspaper, the *County Times*. It has understood what the people of its catchment area feel and has organised petitions. It realises that virtually everyone in the county opposes what is proposed. It is a proposition that everyone locally is deeply and fundamentally opposed to and always will be.

[Glyn Davies]

The protest that I spoke of will still take place, as soon as the recently elected Assembly Members have taken their seats. I will do all I can to ensure that that happens. We must ensure that in years to come, they cannot disclaim responsibility for the environmental vandalism and shocking waste of public money for which they will have been responsible. We do not want the people responsible for the decision saying, "We didn't understand that it was going to cause that much damage." It is important that they know now exactly what they are going to do. In decades to come, they will be remembered, in the way that those who were responsible for drowning the Tryweryn valley in the last century are remembered in Wales today, half a century later. We must ensure that, in mid-Wales, their names will be remembered in future decades as having been on the roll call of those responsible for splitting the Welsh nation asunder.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I congratulate the hon. Gentleman on securing this very important debate. I have two TAN 8 areas in my constituency. Does he agree with me that the Welsh Government have got TAN 8 totally wrong? It is a crass way of drawing lines on a map and placing all industrial wind developments within those areas. If we are to have large-scale multinational wind farms in Wales, surely they should be offshore. Does he agree with me on that point?

Glyn Davies: It will come as no surprise to the hon. Gentleman that in principle I do agree with him on that point, but I want to touch on that area and the relationship to the National Assembly for Wales later in my speech.

The people of mid-Wales are a reasonable people. If the proposal were essential to the national interest, or if it was necessary in some way to accept the destruction of our environment for some overwhelmingly greater good, we would in all probability accept it with traditional stoicism. We would be deeply upset, of course, but we would accept the responsibility to our nation. However, that is obviously not the case; the development is all for no good purpose.

I will not go into detail about the utterly pathetic performance of the onshore wind sector in Wales, but each day we read new reports of how poorly its performance compares with what is claimed for it when new proposals are put forward. The Renewable Energy Foundation tells me that its most recent figures show that Welsh wind farms have a load factor of just 19%—the lowest ever recorded. We also know that there is a need for back-up energy generation to cover periods when the wind is not blowing, or is blowing too strongly. Little is heard about that when onshore wind developers extol the virtues of their proposals and sell their wares. The truth is that onshore wind simply does not deliver what we are told it will; it does not do what it says on the tin.

The most important industry in mid-Wales is seriously under threat because of the proposals. In my constituency alone, the local tourism alliance estimates the value of tourism at £360 million per year, and 6,300 jobs depend on it. Tourism dominates the economy, but the beautiful landscape of mid-Wales will be sacrificed on the altar of a false god. What sense can it make to erect up to 800 new turbines in mid-Wales when they will be 30 to 50 miles from any connection to the national grid? That makes no economic or climate change sense whatever; it is almost as if the plan was drawn up with no consideration of where the national grid was.

Alun Cairns (Vale of Glamorgan) (Con): I congratulate my hon. Friend on securing the debate, and on the exceptional work that he has done in standing up for his community in Montgomeryshire, for mid-Wales and for communities across the border. Does he regret the fact that a centralised policy framework exists in Wales, and that even if the local planning authority rejects the application for the project, the chances of success on appeal are pretty strong, so the Welsh Assembly Government will have the final say? Does he regret the fact that the Welsh Assembly Government are not following the localism framework that exists in England, which would give local people much stronger rights to object to such applications?

Glyn Davies: I thank my hon. Friend for that. I will come to the role of TAN 8 and the Assembly Government in the last part of my speech, because it is key. It might seem that I am focusing overly on the position of the National Assembly for Wales, but it is crucial. Decisions will be taken in a number of places, but against the policy background of TAN 8.

The carbon impact of the development can never be compensated for by any possible carbon benefit. There is the cost of importing materials over such a large distance and over a road network that is totally unsuitable for such traffic; huge investment will be necessary just to get them to the wind farms that are to be built. There are also other environmental costs, such as the destruction of the peat bogs and much else.

In the middle of my constituency, there is a wind farm with 103 turbines, which have been there for 20 years and which are now to be taken down and replaced with new, larger turbines. However, the huge concrete pads on which the redundant turbines are built will not be removed; the turbines will be removed, but these huge lumps of concrete will stay in the ground. There will be 103 of them, together with 40-odd for the turbines that are taking the place of the old ones, and I suppose there will be another 50 when another wind farm comes along on the same site in 15 years. The destruction over a long period is almost impossible to calculate.

Even worse is the seemingly deliberate conflation of the terms "onshore wind" and "renewable energy", which has done huge damage to public support for the latter. Most people I know are, or at least were, proud to describe themselves as being supportive of renewable energy, but the obsession with onshore wind has undermined public support for renewable energy. Occasionally—actually, this has happened only once since the scale of the proposals became known—I have heard, or rather have heard of, words of support for turbines and pylons, but those words totally dismissed all that those of us who have chosen to stay in the area greatly value. After a recent recording session for a live Welsh TV programme, a friend complained that 90% of the mid-Wales uplands would be covered in wind turbines. A representative of a local environment organisation shouted out, "What about covering the other 10% as

well?" I cannot verify that conversation with precision, but the drift is clear. Such people have no absolutely idea what damage they are doing to the cause they purport to support.

There is also the opportunity cost. The massive public subsidy that onshore wind is swallowing up is just as damaging to the future of renewable energy, which will be crucial to our energy supply over the next decades. So much more could have been done to advance the wider cause of renewable energy. Biomass potentially has a great future in mid-Wales, and I could also mention microgeneration, marine power—wave and tidal power—offshore wind and solar photovoltaics, as well as several other sources of power generation that I cannot immediately recall. Indeed, there are probably several others I have never heard of. However, those possible sources of future renewable energy are not being developed because of an obsession with onshore wind. When we have turbines on the hills, politicians can point at them and say, "We did that," but all they have done is wreak serious damage on the land that the people of mid-Wales think of as their own. Thousands of pounds have been poured into onshore wind, restricting the development of forms of renewable energy that the public would actually welcome.

In the last part of my speech, I want to look at how we reached today's position; often, we need to look back to decide how best to move forward. I was the chairman of the local planning authority in Montgomeryshire through the 1980s, and onshore wind farms were novel at the time. However, it quickly became clear that they were hugely divisive, and most of us will have had experience of how divisive they can be, splitting communities and even families. Even at the time, I was never convinced that onshore wind was a worthwhile technology, but I could see that it was an important new technology with possibilities and that research was needed.

Several wind farms were developed in Montgomeryshire —one was the biggest in Europe when it was built—and there are many wind farms there now. Although they had a localised impact, I did not think that they were a threat to the entire region, even though some quite visionary people warned me that we were opening the door to the sort of thing that eventually happened. The Campaign for the Protection of Rural Wales, of which I was the president for three years before I was elected to this place, was particularly vociferous, and it deserves congratulations on the position that it took from an early stage. Even though I was not convinced of the value of onshore wind farms at the time, my general attitude, and that of most of the population, was that mid-Wales was a large and beautiful place that could accommodate some new wind farms.

That was my attitude until 2005, and it was most people's attitude until perhaps two months ago. One fateful day in 2005, however, the Assembly Government published a statement updating TAN 8, which offered local planning authorities guidance on how to deal with planning applications. I was horrified by what it meant, and those who discussed it over a quite a long period were equally horrified. Today, the entire population is horrified.

Roger Williams (Brecon and Radnorshire) (LD): I welcome the hon. Gentleman back after his operation. It is good to see that he is vertical, even if he needs a bit of assistance. I opposed TAN 8 and its implementation. One of my critical concerns was that, unlike most planning policies, it was not open to a public inquiry; there was only consultation in the Assembly, which was judge and jury in this matter. It is quite exceptional for a planning policy to be implemented in that way, without the opportunity for a public inquiry.

Glyn Davies: I thank the hon. Gentleman for raising that important point. There was not even consultation in the National Assembly for Wales; the governing party of the day just issued a statement, with no scope for discussion or consultation—we had to take it or leave it. I stood up and immediately opposed the guidance, but even then, I did not quite realise the scale of what it meant for the future of rural Wales.

I feel a bit guilty: having spent eight years as a Member of the National Assembly, I am hugely supportive of it, but I have been critical this morning. I want to explain why. If we are to find a way to challenge the plans, we must identify the source—it is no good just shouting at everybody—and look at how the applications will be dealt with. The issue of the cable that will run from near the middle of my constituency to the middle of Shropshire will actually be decided on here, in Westminster. It will go through the Infrastructure Planning Commission process, and probably through the processes of its successor. Decisions on the larger wind farms—those of more than 50 MW—will also be taken here. The decision on a 20-acre electricity substation, which might be built within almost half a mile of a village and thus devalue it overnight, will be taken by the local planning authority in Powys. The local authority will also make decisions on the smaller wind farms of up to 50 MW, but with appeals to the National Assembly for Wales.

All those decisions will be taken against the background of TAN 8, because any inspector looking at how to decide on a proposal put before them will do so against that planning background. That is why the only possible way of saving mid-Wales from the desecration to which it is sentenced by TAN 8 is to take a more sympathetic look in some way—through a redrafting, an understanding, or a proper discussion in the National Assembly for Wales—at whether it is the right policy, and whether it is framed as it should be. I know perfectly well that at the end of the day, the state, in its various forms, will have its way. We live in a civilised country where debate and minorities are trampled on and local opinion is completely ignored. That may happen in this case, but I find it scarcely believable that it can.

Some people believe that we had gone too far before everybody understood what had happened, and I think that part of the strategy was to make certain that people did not understand what was happening. Even now, the way in which proposals have been presented is designed to split the community. There is a choice of two substations and two or three lines, and that looks like a deliberate attempt to turn one part of the constituency of mid-Wales against another, but the people of mid-Wales have not been fooled; they have stuck together absolutely. If the plans go ahead as proposed, they will be outraged for ever; they will hold those responsible guilty for ever and will never forgive them.

9.52 am

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I congratulate the hon. Member for Montgomeryshire (Glyn Davies) on securing the debate. I am sorry to hear

[Sandra Osborne]

about his injury, but given the pain that he must be suffering, he put the case on behalf of his constituents extremely well, and I am sure that they will appreciate that. Everything he said is familiar to me as I have a very similar situation in my constituency, which is why I am so grateful for the opportunity to speak in today's debate.

The Carrick area of Ayrshire is one of the most beautiful in Scotland—I would say in the UK, but I will not enter into a competition with the hon. Gentleman. It is obviously a rural area, and has suffered job losses and loss of services in recent years. It is dependent on tourism and will be for the foreseeable future.

I do not stand here as someone who is against wind farms per se. They are a reality whether we like them or not, but I do not personally like turbines. They do not do anything for the local environment, but they have a part to play in securing our energy needs and meeting renewable energy targets, so it would be unrealistic to take an all-or-nothing approach and say that there should be no wind farms. Although I am aware of the various research and that countries such as Denmark seem to be backtracking on the whole idea, there is not enough substantial evidence to take the view that they should simply be banned, and, on a tactical level, if someone wanted to do that, it would not be practical or realistic. I will refer to the health concerns associated with wind farms, in some cases, later in my contribution in the context of my constituents.

Not enough work has been done on alternative sources of energy other than wind farms. Carbon capture and storage is close to my heart because another part of my very large constituency is a mining area with an open-cast mine. In contrast to wind farms, which do not provide many jobs, open-cast mines could provide hundreds of jobs in a very poor part of my constituency. I am frustrated that more work has not been done in that regard.

The hon. Gentleman referred to other means of generating energy, such as offshore and tidal schemes, but, again, we have been slow to invest in such sources. Some progress has now been made, but they will not become a practical alternative in the near future. We hope to see them become so, but they are not there now. The Scottish National party Government have outlawed nuclear energy in Scotland, but given the situation in Japan it was bound to be called into question by some people. I know that the circumstances are not the same, but an incident such as that is bound to raise fears among the public, so nuclear policy may be affected as well. All in all, we have not done enough to tackle the issues to meet our renewable targets.

My worry with wind farm development is the proliferation of wind farms in particular areas. As the hon. Gentleman said, initially, everybody took the view that we must contribute for the public good, because it is important for the future of the planet, and what could be more important? I now fear that, once the doors to wind farms have been opened in an area, before we know it, the whole place will be full of them. If all the applications that were submitted for a small town in my constituency, Dalmellington—not in the Carrick area, but in a former mining area—were granted, the whole town would be surrounded by wind farms. Imagine the devastation in the community if that happened—it had been blighted already by the coal industry over many years. That has not happened yet, but the fear is always there, as more and more applications are made.

Guto Bebb (Aberconwy) (Con): The hon. Lady makes an important point, which clearly supports the point made by my hon. Friend the Member for Montgomeryshire. (Glyn Davies) There are small-scale wind farms in my constituency, which have community support, and the concern in my constituency is that the type of monster development that we see in mid-Wales will damage those community-led developments that have been beneficial to rural communities, such as the upper Conwy valley.

Sandra Osborne: I could not agree more. The proliferation is causing wind farms per se to be called into question in a way that is not necessary or desirable.

There are 20 wind farms operational, at the scoping stage or in the planning process in my constituency and the adjacent area of Galloway, which is by no means large; it is a small area of Scotland. People will not be able to see the details, but I have a map of the area that indicates the scale of development that will happen if all the wind farm applications go through. We will have almost 600 wind turbines, and even the most ardent environmentalist must surely understand that that is not acceptable in anybody's book.

It is my responsibility as an MP to put forward the views of my constituents on this matter, because they are in a David and Goliath battle with the big companies, which come in and say that they are consulting people, but the decision has already been made. I must put forward the real concerns of my constituents, because no one at the moment is listening—certainly not in the Scotland Parliament. The benefits of wind farms should be stated, but so should the cost, and not only the financial cost to the taxpayer, but the cost to the community.

I have constituents who are very close to wind turbines. In Scotland, the suggested separation distance—the suggested distance—is 2 km, but some individual houses are nearer than that. I have a constituent who cannot open her curtains or blinds because she is subjected to constant flicker from the wind farm. Although it is said that there is no evidence that that can happen, she would differ; her mental and physical health has been seriously affected. However, compensation is not available to allow people to move, and such people will not be able to sell their houses.

I wish to make two last points. First, I was interested to hear that England has stronger rights to object. I would like to know more about that, because such rights are needed in Scotland and elsewhere. It is not acceptable that people can be more or less bullied into accepting the situation, with no redress or appeal.

My other worry is with the new Scottish National party Government. I have a lot of worries about that, but the main one is that they have totally unrealistic targets for 100% renewables, and they cannot possibly be met in the time scale. To my constituents, that means only one thing—ever more wind farms in their area.

10 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing this debate.

He spoke of his problem with crutches; conversely, I have a coughing fit as a result of a viral infection. Conservative Members seem to be going down like flies.

I was sitting in my constituency surgery on Friday and various constituents spoke to me about my hon. Friend, telling me of the growing reputation that he has secured across the border. He is an extremely hard-working Member of Parliament, is very effective in representing his constituents and is a man of great integrity and honour. It is not often that we in Shropshire talk about Members of Parliament from other countries and other parts of the region, but I was surprised at the strength of feeling among my constituents. My hon. Friend spoke with great passion this morning, and I hope that the Minister has taken on board how passionate he is.

I had a breakfast meeting this morning with the Chairman of the Select Committee on Welsh Affairs, my hon. Friend the Member for Monmouth (David T. C. Davies). I formally asked him to use his position to hold an investigation into the matter, so that some form of official work can be carried out on the strategy—where these wind farms are to be built and how the electricity is to be transported to the national grid. I encourage all hon. Members present today to join me in that. My hon. Friend was interested in my proposal, and I would be grateful if my hon. Friends and colleagues supported me in reiterating the point.

I, too, am extremely angry with those who propose these measures. I would like them to stop and think for a minute about how they would feel if these giant monsters were to be built near their homes or next to their villages. They would be devastated. Speaking as a father, I am extremely concerned about the safety aspects of the pylons, an aspect that has already been mentioned, and the effect that they will have on young children. Many of my constituents have expressed such concerns to me.

Tessa Munt (Wells) (LD): Does my hon. Friend accept that in Sweden, for example, pylons have been taken down across the country and the transmission cabling has been transferred underground, and that as a result there is no loss of visual amenity for those who enjoy such areas? It is not only a Welsh problem, as pylons will march right across the beautiful levels and moors of mid-Somerset. The Minister is familiar with my complaints on the matter, but significant health issues have been proven, and countries such as Sweden are doing something about the problem.

Daniel Kawczynski: I am grateful to my hon. Friend for that intervention. Her pedigree of fighting on the matter is well known. Indeed, I attended a public meeting in Shropshire and the billboards referred to her work on the matter. I totally agree with her, and I shall refer to the matter later.

My hon. Friend the Member for Montgomeryshire spoke about the importance of tourism to Wales. I concur with him; tourists are attracted to these places because of their natural beauty. The hon. Member for Newport West (Paul Flynn), who is no longer present, tried to suggest that wind farms would not affect the countryside's natural beauty, but he is totally deluded. He does not fully understand how important it is for the landscape to be turbine and pylon-free, as tourists come to the area to enjoy that beauty.

Mr Mark Williams: I know that my hon. Friend is a regular tourist to my constituency. He speaks about the general environmental damage done by turbines, but will he reflect also on the damage done in the immediate area of wind farms? Next time he visits Ceredigion, I shall take him to the summit of Cefn Croes, which at one point contained the largest wind farm in the country. There he will see the damage done to the peat bogs—there has been no attempt to restore the landscape—and the spectacle of vast concrete roads going to the summit of a beautiful landscape.

Daniel Kawczynski: I holiday in my hon. Friend's constituency, which is beautiful, and I can recommend Mwnt bay as a lovely holiday destination. I shall take up his offer.

Tourism is the No. 1 income generator in Shropshire, and we depend upon our beautiful landscape to attract tourists, who come not only from the United Kingdom but from around the world. I pay tribute to two local Conservative councillors, Tudor Bebb and David Roberts. They are working hard with various local bodies, including the local tourism association, to analyse the impact that the proposals would have on the local economy.

If the electricity produced were brought across Shropshire to the national grid, the cables could be put underground. However, we are told by those who propose these measures that that would cost 15 times as much as pylons, the monstrosities that would have to be built on the Shropshire countryside. I ask the Minister, is it true? What analysis has been undertaken by the Government on that point? Is it the reality that putting cables underground would cost 15 times as much? I ask because we hear from colleagues in the Danish Parliament that the costs are nothing like that. If so, my constituents are being deliberately misled by these companies at public meetings about the cost of putting the cables underground rather than on pylons.

Tessa Munt: I place on record the fact that the chief executive of National Grid has admitted that he said at a meeting nearly two years ago that putting cables underground was "a no brainer". At a public meeting with my right hon. Friend the Member for North Somerset (Dr Fox), the Secretary of State for Defence, and other MPs and candidates in Somerset, National Grid admitted that it was likely to cost only £1 per household per year to put cables underground for Hinkley Point and other connections. That conflicts with what is being said by the same National Grid personnel at public meetings in Somerset—that it would be 20 times as expensive to put cabling underground or under the sea.

Daniel Kawczynski: I agree and that is the critical point that we need to get across to the Minister. I will be formally writing to him later today and tabling written parliamentary questions on the matter. I want people to know the true cost of such cabling rather than being told that it could be 15 or 20 times higher.

Let me return briefly to the point about tourism and the natural beauty of Shropshire. The proximity of one of the proposed route corridors to the Shropshire hills means that it will have a significant impact on an area of outstanding beauty. However, let me put it on record that section 85 of the Countryside and Rights of Way Act 2000

[Daniel Kawczynski]

Shawbury has one of the UK's largest facilities for RAF helicopter training. Situated in the Kinnerley, Edgerley, Melverley and Knockin parishes is the Nesscliffe training area, which trains all helicopter pilots from RAF Shawbury. Helicopters training in our locality also fly into mid-Wales. Hence, the proposed NG pylon routes through this immediate locality would detrimentally affect the training of our servicemen and women and negatively impact on our response to natural disasters and threats to national security. How can the erection of pylons in an area that is so important to the training of our nation's helicopter pilots be considered as a possibility?

I have been to RAF Shawbury and flown in a helicopter around Shropshire. I have seen already the extraordinary number of areas that these helicopters have to avoid. There are huge restrictions on them, so to have these huge wind farms and monster pylons all over the place will only add to their difficulties. I raise that issue because it is important that the pilots are trained effectively and properly.

Flooding is one of the greatest problems that affects Shrewsbury. It devastates not only the town but its economy. Edgerley and Melverley are at the Severn Vyrnwy confluence and experience unique flooding. The area serves as a natural holding area of water, and helps to alleviate some of the flooding lower downstream. At a time when the Government are investing millions to minimise the effect of flooding, it is bizarre to make a commitment to upland wind farms on such a massive scale because they will only add to run-off and thus increase flooding.

Families have farmed in this area for generations and accept that flooding is an element of life. However, the flooding in the Severn valley has worsened in recent years, which the Environment Agency has attributed to the drainage of upland areas in mid-Wales. Given that we are so concerned with reducing the flooding, why are the Government encouraging the construction of 800 wind turbines in mid-Wales? It is said that

"each turbine stands on a pad the size of an Olympic swimming pool. The huge quantities of concrete that will replace the bog land will also increase water runoff resulting in increased flooding."

Let me now say something on behalf of my hon. Friend the Member for Ludlow (Mr Dunne) and my right hon. Friend the Member for North Shropshire (Mr Paterson). As my hon. Friend is a Whip, he cannot speak in this debate. None the less, he is equally passionate about the matter and how it will impact on his constituency. He is working hard to support my hon. Friend the Member for Montgomeryshire and I to raise these issues in the House.

Let me briefly explain the views of my hon. Friend the Member for Ludlow. In an e-mail, he said that it is clear

"that there are three network providers, each involved in providing electricity connection; National Grid, Scottish Power Energy Networks and SSE Renewables. All of these companies are required under licence by the Electricity Act 1989 to develop and maintain an efficient, co-ordinated and economical system of electrical transmission. The current consultation underway on the Mid Wales Connection project includes inconsistencies, which indicate a potential failure to deliver in accordance with the Act. None of these companies knows what the relative lengths of cable are for a fully populated TAN 8. National Grid appear to have proposed a sub-station position that Scottish Power are unhappy with, and residents have been told that the sites selected for consultation also differed to those under discussion with Powys council. National Grid and Scottish Power are not attending the same consultation events and have not been consistent in their communication to statutory and other stakeholders, or the public. SSE Renewables have not started their consultation and yet they contribute to the project in the same role as Scottish Power."

I will end there. I hope that the Minister acknowledges the strength of my feelings. In the six years that I have been an MP, I have never said that such a development will happen over my cold, dead, listless body. None the less, I feel tempted to say so now. I will fight tooth and nail to prevent my beautiful county from being decimated by these ghastly electricity pylons. I hope that the Minister will give me some reassurance that he has heard how strongly we feel on this matter.

10.16 am

Roger Williams (Brecon and Radnorshire) (LD): I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing this debate. I have to be in a Standing Committee at 10.30 am, so I will leave before the Minister winds up the debate. None the less, I welcome the opportunity to make a few points. I have been opposed to on-land wind farms for a long time. I am not opposed to microgeneration that serves individual houses and communities, but the contribution that on-land wind farms can make to reducing carbon emissions is limited and not altogether positive.

When technical advice note 8 was produced in 2005, I opposed it, and in so doing I faced a lot of criticism from my party and from people in my area, because they saw such developments as a way to deal with climate change. I made a number of points about TAN 8 at the time. I said that there had been no opportunity to hold a public inquiry on the allocation of land for wind farm developments. I also said that it took no account of the difficulty of transporting the structures to such isolated places. Apparently, there was no consultation with the trunk road agencies in Wales, let alone with the highway departments of our local authorities.

My other concern was the real impact that the transmission cables would have on the beauty of our countryside. I was unaware then of the impact that the transformer stations would have, but I clearly understood the problem with the transmission lines. It seems incredible to me that such concerns were not included in the consideration of TAN 8. In many instances, one has to apply for planning permission for the transmission lines after the planning permission has been given for the wind farms. My heart goes out to my hon. Friend the Member for Montgomeryshire, because much of that will impact on his constituency.

I do not know if it is very good practice to change a planning policy as a result of planning applications that have been made. That seems to be putting the cart before the horse and does not seem to be very good practice. For instance, in my constituency there are private individuals who were aware of the implications of TAN 8 but who none the less invested a great deal of money in the sector. We are talking about not just multinational companies or large companies in Brittany but private individuals who have seen an opportunity to make an investment that is apparently in accordance with the policy of both the Welsh Assembly Government and the UK Government. They have made that investment,

but where do they stand if the policy on which they made that investment decision changes? That is a point that I want the Minister to address. There must be some recompense for those people if we change our minds at this very late stage.

I think that I was awarded a medal of honour by the opponents of the Cefn Croes wind farm when that project was proposed in the early years of this century. It was during my first term in Parliament and the development was due to be in Ceredigion, before my hon. Friend the Member for Ceredigion (Mr Williams) was the MP for that constituency. I was criticised by the then MP for Ceredigion for involving myself in the opposition to that project.

Glyn Davies: I thank the hon. Member for giving me the opportunity to make a point that I wanted to make in my opening speech but missed out. His reference to Cefn Croes is important. Does he agree that the Cefn Croes wind farm area could easily have been a national park, and that it is purely an accident of history that it is not? North and south of that area are two national parks, Brecon Beacons national park and Snowdonia national park. The idea of making the area in between a national park was considered, but because things turned against the public support for national parks, there was no Cambrian mountains national park. It is still talked about a lot and it is still a long-term possibility, but we are talking about land that is the equivalent of national park land.

Roger Williams: The hon. Member makes a very good point. I have been involved with the national park movement for many years, and there is indeed a lot of countryside in and around Wales that would qualify for national park status if it was looked at again. The point that I want to make about Cefn Croes is that it has not delivered the energy that was promised. I was pleased to object to that project and I am pleased that I objected to TAN 8 when it was put forward. However, we are in a very difficult position, and I would not want to promise people that the issue can be resolved easily. Retrospectively changing planning policy as a result of planning applications does not seem a very prudent way to pursue planning policy. Although I will not be present in Westminster Hall when the Minister responds to the debate, I want to read his response later.

10.22 am

Tessa Munt (Wells) (LD): I want to add briefly to the comments that I have made in interventions. I, too, have another commitment in about seven minutes' time, and I therefore apologise to the Minister for the fact that I will not be around to hear his comments. However, he knows that I have had a great interest in the subject for a period of time.

The Minister will also know that in rural Somerset, we have the levels, the moors, and the rolling Mendip hills. Part of the land in my constituency is an area of outstanding natural beauty, and there are sites of special scientific interest. A great deal of the land on the levels is under higher-level stewardship, and the farmers there attract European funding and assistance for the way that they keep that land and the environmental benefits that it provides to the community generally. We also had a potential world heritage site; it would have been the 17th in the world, but that prospect seems to have disappeared into the ether, mainly because of the threat of what will happen to that land due to the transmission of electricity. I refer, of course, to Hinkley, but I absolutely appreciate the difficulties caused by the transmission of electricity that is generated in other ways.

I am particularly for the Minister to say what has happened to the KEMA study, which I believe was due to be produced on 24 or 25 January. It was specifically about the undergrounding of electricity transmission. The report would have been two months in the making if it had been produced in January. It is now nearly three months late; three months is longer than it was meant to take to produce the report. My concern is that perhaps those interested in the results were not happy with the outcome and perhaps the report is being rewritten in some way to fit other things. I hope that the Minister can explain to us what happened to that study. It is particularly important because, as I have said to him before, the Holford rules, which were written in 1959, and the Electricity Act 1989 are both out of date and out of step with what is happening. We should consider the whole-life costs of any development, particularly the development of pylons; that is what the Holford rules guide us towards.

I hope that the Government's national policy statement on energy transmission will allow people to be heard. Even after inadequate consultation by the national grid, several things are absolutely clear at parish council level, district council level and county council level. First, there was recognition that the consultation had been inadequate. Secondly, it was absolutely clear that the communities in the area that I am talking about—the area between Hinkley Point and Avonmouth, which is only 37 miles of transmission route if one goes directly, which of course would lead to undersea transmission—are utterly against what is happening. Pylons would devastate our chances of remaining an area that is attractive to tourism.

I ask the Minister yet again to address the many concerns that I have raised. I hope that in the long run we will get an agreeable new way of transmitting our electricity that does not damage, in any way, parts of Wales or Wells. I thank him for his attention.

10.26 am

Huw Irranca-Davies (Ogmore) (Lab): It is a delight to serve under your stewardship this morning, Mrs Riordan.

I congratulate the hon. Member for Montgomeryshire (Glyn Davies) on introducing this debate, and on speaking eloquently and passionately on behalf of his constituents. I know that the issue of wind farms has engaged him for quite some time and continues to do so. He has made that clear today, and I am sure that the Minister will respond in great depth to the debate.

I also congratulate the other Members who have spoken—my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) and the hon. Members for Shrewsbury and Atcham (Daniel Kawczynski), for Brecon and Radnorshire (Roger Williams) and for Wells (Tessa Munt). Who would have thought that a debate on wind farms in mid-Wales would have stimulated contributions from Scotland to Somerset and all points in between? That shows the pulling power of the hon. Member for Montgomeryshire, even when he is on

[Huw Irranca-Davies]

crutches; I also wish him well in his recovery. As we strolled, chatting, to Westminster Hall today, he told me that things were going well and that he would be up and running very soon. I say "well done" to him for that.

I turn to the nub of the debate. This is a difficult situation, both for individual MPs representing their constituents and for the Minister. We wrestled with the same issues when we were in government. We are committed to local interests and local democracy, and at the same time to national interests and national democracy, whereby parties stand on manifestos and accept commitments to renewables and climate change targets. How do we square that triangle? How do we ensure that the voice of people at a local level—including my own voice and that of my constituents—is heard, while ensuring that we deliver a national imperative in terms of energy security, energy affordability and carbon targets? Indeed, we must also deliver on our global ambitions to be a world leader in renewables.

At the outset, I must point out that recently we had a very good Westminster Hall debate on wind farms; it focused on the Localism Bill and so on. I will turn to that Bill in a moment. There were 20-odd contributors to that earlier debate, and I think that a couple of the Members who are here today also attended it. I will not waste everyone's time by re-rehearsing the arguments that we went through, but it would be fair to say that a fair degree of scepticism towards onshore wind farms was demonstrated in that debate. I do not share that scepticism, and I will explain why in a moment. I recognise the need to have local input into these decisions, but I do not share the scepticism, in various degrees, that some people have about wind farms. Let me explain why.

Daniel Kawczynski: Regardless of whether one believes in these wind farms, does the hon. Gentleman not agree that it is preferable to have them offshore rather than onshore?

Huw Irranca-Davies: There is an interesting and live debate about not only the appropriate way to deliver energy security in the UK, to which renewables definitely contribute—people often say that they are not part of our energy security—but the most affordable way to do so. That debate has continued in the past few days, and it addresses that very question: should it be onshore or offshore, or should other types of technology be involved? That is the sort of debate that we should have in Parliament. If the hon. Gentleman will bear with me, I will come to that later.

Before I do, I want, on behalf of the hon. Member for Montgomeryshire and other Members who have spoken today, to ask some questions about mid-Wales and the routing of the transmission. Can the Minister provide an update on the consultations, and on any outcomes from them, including any amendments being considered to plans or to the routing and the strategic optioneering report? Will he comment on any consideration that has been given, or is likely to be given, to the community benefits? Such benefits were remarked on by the hon. Member for Montgomeryshire, and I wonder whether the Minister will update us on the individual developments or on the grid transmission development.

The Minister has spoken not only about renewables and the offshore development off the north-east east coast of England, but about a number of technologies. How will he ensure, if this development progresses to the scale that has been outlined, that the absolute maximum benefit in the form of local and regional economic impact accrues, and that the benefits are not leaked out of the area? How will he deliver on what he has previously said—that he wants these developments to create jobs and to input into the local and regional economies? If the development is to go ahead, that needs to happen.

Can the Minister also update us on the progress of the transport routing, an issue that has caused great concern to people in the hon. Member for Montgomeryshire's constituency and those of other Members? Will there definitely be another round of consultation in autumn this year so that people, including Members, will have a further opportunity to comment on the route alignment and other aspects of the project?

The issue should not be rushed through. Can the Minister update us on the delay in the progress of the national policy statements, both generally and in terms of transmission and the UK energy infrastructure? We all know that our 75-year-old infrastructure is exactly that. It was a landmark when it was rolled out 75 years ago, but it is not now fit for either what we are trying to do with renewables or what we need to do in developing a smart grid. The Minister and I agree on that, so can he give us an update on what is happening with the national policy statements? They have been slightly delayed, and it would be good to hear when we will see them and what input parliamentarians will have.

The crux of the matter appears in a phrase that, curiously, has been hurled at the Labour party by Conservative Members, despite our very best efforts over more than a decade in government. They have said that we had a "wasted decade" of renewables, largely because of what they saw as the failure to roll out, at speed and at scale, onshore wind. That phrase has been used if not by the Minister, certainly by his colleagues, and in recent months.

I acknowledge that the Labour Government did not succeed in rolling out onshore wind at the scale and speed that we had anticipated. Curiously, that was very much because there was strong local input into the decisions, which either slowed things down or deterred investors from staying the course and developing onshore wind to any great scale. That is why, before we left government, we put in place a huge expansion of offshore wind energy, which is much more expensive.

That cost falls, of course, on us. There is a cost implication, but the plan will now deliver if the Government hold true, as they are doing. They have delivered on the £60 million for the investment in ports infrastructure, which has led to four major companies, including Siemens and Marconi, coming in and saying that they will put the jobs into those ports, and manufacture and develop offshore. That is fantastic, and it is because we were not able, because of local input, to go as fast as we wanted with onshore. One of the critical decisions here, not only for mid-Wales but generally, is whether the Government will now see onshore as an area for expansion over the next five to 10 years.

Glyn Davies: I am enjoying listening to what seems to be a very fair and reasonable assessment of the position. In this debate I, and others, do not have a party interest; my interest is purely that of my constituency. I know that people in my party will disagree with me and that there are different views right across the parties, but surely we can all agree that if onshore wind will be part of the overall picture of dealing with our renewable energy targets and meeting our commitments to the European Union and beyond, we have to do it in the best place.

TAN8—technical advice note 8—does not do that. All it does is identify an area, without giving proper thought to access. It does not even allow onshore wind farms to be built in the best places. It is policy guidance, from the National Assembly for Wales, that is totally prescriptive about where developments should go, and which completely takes away power from local planning authorities—and, indeed, from the people.

Huw Irranca-Davies: I understand that the hon. Gentleman, in securing this debate, has spoken directly for his constituents, and in my opening remarks I tried to raise some issues that are of direct concern. The debate is also underpinned, however, by where we are heading with onshore wind, and I therefore want to put some questions to the Minister. I do not want to trespass; I know that the hon. Gentleman is a former Member of the great institution that is the National Assembly for Wales, and I do not want to tread on the Assembly's toes—not least when, as far as I know, Ministers are not yet in place.

The Minister is aware of, and the Opposition are committed to, the renewable energy directives. We have a commitment to generate 15% of our energy from renewables by 2020. Interestingly, in the past week Policy Exchange has made its view clear, describing wind as an "unnecessarily expensive" part of the mix for energy security and affordability. I know that that think-tank does not determine Government policy, but traditionally it has had a huge influence on it, and its view contrasts with what the Secretary of State recently, and rightly, said—that unless we make use both of wind and other renewables, we will be held hostage to rising external prices, particularly of oil, as we increasingly rely on oil and gas input.

Will the Minister take the opportunity today to distance himself from that Policy Exchange report? If we go down the route of saying that wind is now unnecessarily expensive, it is not only the investors—to whom the hon. Member for Brecon and Radnorshire referred—who will suffer, but our renewables commitments and our climate change commitments.

The Committee on Climate Change report that came out a few days ago recommends, interestingly, that we continue strongly with wind as part of the mix, that we look at scaling back on offshore, because of the costs, and that we push harder on onshore. Does the Minister agree? We had a debate here recently in which he spoke sensibly about the future of onshore wind, saying that more would be delivered by the Localism Bill.

Will the Minister reiterate that he does not see the Localism Bill as an impediment to onshore wind? If it brings community gain, will we see more onshore development of wind farms throughout the UK? If so, does he have some idea, as I asked in the previous debate, of what proportion of our renewables contribution onshore wind will form? The 20-odd Members who spoke in that debate all saw the Localism Bill as a way to stop, not help, onshore development of wind, with the exception of one Member who was outspoken in favour of onshore wind and thought that it would be wonderful.

Will the Minister comment on underpinnings? Late last night, we heard that one crucial thing underpinning what we will do with renewables and where we head on carbon commitments is our response to the fourth carbon budget of the Committee on Climate Change. If we can bolt that down, we can decide the most affordable way to fulfil our climate change commitments and develop renewables. If not, we are rudderless.

Last night, Cabinet discussions were leaked showing clear disagreements between the Secretary of State for Energy and Climate Change, who seems to be for accepting the fourth carbon budget and being legally bound to the Committee's recommendations, and the Secretary of State for Business, Innovation and Skills, the Treasury and the Secretary of State for Transport, who oppose it. Unless we can pin down those matters, we are rudderless, and this debate will be somewhat meaningless. We will be willing to change, from Government to Government and Administration to Administration, how hard we drive forward, and whether we take our foot off the pedal. Will the Minister clarify whether the Committee on Climate Change report that underpins the issue will be accepted?

Chris Heaton-Harris (Daventry) (Con): I would like a tiny bit of clarification on the Labour party's point of view about the budgetary proposal. If the hon. Gentleman is saying that Labour opposes accepting the proposal, that is a fantastic piece of news that liberates the Government and gives them plenty of scope to move in a more localist direction. My fear is that the people on the Committee are what we in this country call the progressive majority; we now know where they live, thanks to the referendum on alternative voting.

I would like to see a load of turbine proposals for Cambridge, Oxford, Camden and so on. I think that those people would change their minds pretty damned quickly when they saw the size of them. What is the Labour party's position on the fourth carbon budget of the Committee on Climate Change?

Huw Irranca-Davies: I hope that that is not the Government's position on the matter. When we were in government, we appointed successive Secretaries of State and established the Department of Energy and Climate Change to bring those themes together, and we accepted the reports of the Committee on Climate Change. I hope—I look at the Minister as I say this—that the hon. Gentleman's intervention is not an indication that the Government, under pressure from Back Benchers or others, will make a U-turn away from our climate change commitment.

I want to hear the Minister's response, and I have taken too long, so these will be my final remarks. The hon. Member for Montgomeryshire mentioned solar and wave and tidal power; I agree that we must do more with solar and much more with wave and tidal. If he were back in the Assembly now, I am sure that he would support the initiatives that they announced before

[Huw Irranca-Davies]

dissolution to push forward wave and tidal power within Wales, as was done in Scotland. We must do so in England as well, but we have a way to go. At the moment, I am sorry to say, UK Government investment is in a hiatus. We have lost the grant funding mechanism for marine and tidal within England, and there is a feeling in the wave and tidal industry that things will not go forward. Solar is in disarray, and the Minister knows it. We await the end of the feed-in tariff fast-track review to see what will happen.

My final question to the Minister is this. Will he address those issues, particular to the mid-Wales situation, that relate to Shropshire and other places? Where are we on onshore wind as part of the renewable mix? Is policy changing, as the hon. Members for Brecon and Radnorshire and for Daventry (Chris Heaton-Harris) hinted, or are the Government still as committed as we always were to a mix that includes onshore wind as well as offshore wind, wave and tidal power and microgeneration?

10.44 am

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a great pleasure to serve under your chairmanship, Mrs Riordan, at the end of a fascinating and stimulating debate. I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing it, and on how he introduced it. I am glad that he has overruled his surgeon's advice and come here to ensure that his constituents' voices on this issue are heard clearly. There is no doubting the passion, commitment and integrity that he brings to the debate.

I am also pleased that, as the hon. Member for Ogmore (Huw Irranca-Davies) said, the issue transcends national boundaries. We have heard from Scotland and parts of England. It is not just a debate about mid-Wales; it has spread to every part of this country. We have no doubt whatever about the strength of feeling represented. I reassure him at the outset that I believe that onshore wind has a role to play, but it must be in the right location, and it must have more democratic support. We regularly hear hon. Members of all parties express the feeling that too often, onshore wind is imposed on communities that do not want it. I am keen to ensure that we address that democratic deficit constructively in our plans.

I am grateful to the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) and my hon. Friends the Members for Shrewsbury and Atcham (Daniel Kawczynski), for Brecon and Radnorshire (Roger Williams), and for Wells (Tessa Munt) for their contributions, as well as to those who intervened in this debate. I think that we agree broadly that there is no question but that we must become a low-carbon economy; I welcome the Opposition spokesman's supportive comments on that. Becoming a low-carbon economy will require enormous work and a great deal of investment. Perhaps £200 billion will need to be spent in the next 10 to 15 years on new generation, transmission and distribution, so that we can build secure supplies of low-carbon generation.

It is also absolutely clear that we cannot rely too heavily on one form of low-carbon technology. The last Government were perhaps a bit of a one-stick golfer in that regard, and did not see enough of the opportunities elsewhere. That is why we have put additional focus on developing marine and tidal power as technologies that can make a big contribution in the decades to come. We also have strong ambitions for offshore wind and are implementing measures to take it forward, alongside biomass, bio-energy, new nuclear power without public subsidy, and carbon capture and storage. We recognise that some low-carbon technologies are not as cheap as onshore wind, but the costs will decrease over time as the technologies become more mature. It is crucial, as I hope my hon. Friend the Member for Shrewsbury and Atcham will agree, that we maintain that diverse energy mix.

Daniel Kawczynski: One reason why our national policy is perhaps not as developed as we would like is that the previous Labour Administration had, I believe, nine Energy Ministers in 11 years. The constant changing of Ministers by Labour Prime Ministers impeded progress within the Department. I look forward to seeing the Minister in his position for many years to come and wish him success. Returning briefly to mid-Wales, I will send the Minister a map of the national grid, with which I am sure he is familiar. The developers could not have found a site further away from the national grid than the proposed site if they had tried. Transporting the energy to the national grid will affect the most people.

Charles Hendry: I am grateful to my hon. Friend for his kind comments. I have been in office for nearly a year, so by past records, I am up for replacement. I think that it was actually 16 Ministers in 13 years. I hope that I will have the chance to stay around a little longer to ensure that we end up in a sensible place on these policy matters.

The hon. Member for Ogmore asked about the fourth carbon budget. He knows very well that I will not comment on leaked or supposedly leaked documents, but the Government understand totally the need to take the issues extremely seriously and put in place a robust set of targets and mechanisms to drive forward our ambition and our ability to respond. I will reply more directly in a moment to the point made by my hon. Friend the Member for Shrewsbury and Atcham on the important grid issues.

It is clear from all the studies that I have seen that the United Kingdom has some of the best wind resources in Europe. Wind turbines tend to generate electricity about 70% to 80% of the time—not necessarily at full capacity, but during that time, they are turning and generating some electricity. Wind, unlike most other sources of electricity generation, is a free and unlimited source of fuel. It is also reliable overall—the likelihood is that low wind speeds will affect half the country for fewer than 100 hours a year. The chance of turbines shutting down due to very high wind speeds is low.

Onshore wind is one of the most cost-effective and established renewable technologies. We have to make sure that we take account of the needs of consumers by ensuring that they do not pay more than is necessary to decarbonise our electricity supplies. We can do that by making sure that onshore wind has a continuing role. However, although it is clear that onshore wind should continue to be part of the solution to the massive

energy security and low-carbon challenges that we face as a nation, it needs more democratic legitimacy than it has today, and I intend to ensure that that happens.

We have to protect communities from unacceptable developments. We have already started to review the issues that often cause concern to local communities. We recently published a report on shadow flicker from wind turbines—an issue that the hon. Member for Ayr, Carrick and Cumnock mentioned—and we have commissioned a report on wind turbine noise. We must now go much further. Wind turbines should be positioned where the wind resource is strongest, so this year we are introducing a full review of the funding mechanism of the renewables obligation certificates to ensure that subsidies will not make it attractive to put wind farms in unsuitable locations. The funding mechanism must also reflect reductions in costs.

The cost of grid connections also means that there is an incentive to put wind farms closest to where the electricity is needed, rather than where the wind is strongest. My hon. Friend the Member for Shrewsbury and Atcham has made an extremely important point about the disconnection between areas identified for development and accessibility to the national grid, and the impact that that has on communities. That is why Ofgem's fundamental review of the way in which transmission charges are levied is so important. It is also why the Government made clear at the start of Ofgem's review that the transmission charging regime must deliver security of supply as well as low-carbon generation. It is the Government's responsibility to ensure that the charges that consumers pay for renewable energy are as efficient as possible.

Most importantly of all, there needs to be a new relationship between wind farms and the communities that host them, as my hon. Friend the Member for Aberconwy (Guto Bebb) said. At present, too often a community can see what it will lose but not what it will gain by having a wind farm in its midst. That is why we have been exploring the financial mechanisms that should emerge to support communities that decide to host wind farms—particularly in England, where we have more responsibility for these matters—and that do more to encourage such community developments. "Community energy online" is a scheme whereby local groups can come together and look at what will be the best renewable energy schemes for their community. I am absolutely convinced that we have to address the issue of democratic accountability and public acceptability. The more these schemes can be seen to come from the ground up—that is not intended to be a pun—and to be developed with community support, the more we can deal with the democratic deficit.

Huw Irranca-Davies: I thank the Minister for giving way. I have a straightforward question. Given what the Minister has just said, the changes that the Localism Bill will make and the desire to address the democratic deficit, does he intend there to be more development of onshore wind than in the past decade and more? Is he hopeful that more communities will take up onshore wind development?

Charles Hendry: I am afraid that the hon. Gentleman's question shows that he does not quite understand localism. Localism does not mean that I, the Minister, say that I want more or less; it means that I want communities to decide how they want to develop. Once they have seen what will be available to them, the package of benefits and the direct support that will come to their communities, they will rightly get involved in and make those decisions. Clearly, a few of the large developments will still need to come to Ministers once the Infrastructure Planning Commission has been abolished, so those will be national issues. What we are keen to see is appropriate development in appropriate locations with community support. That will be one of the most significant changes under this Administration.

To answer a point made by the hon. Member for Ayr, Carrick and Cumnock, the Localism Bill will provide specific measures to enable communities to shape development in their own locality. That is clearly a matter for England rather than Scotland, but we hope that the new Scottish Government will look at whether they can follow in some of those areas.

We have heard much about the issues relating to technical advice note 8, and I understand the concerns that have been expressed. The process is carried out by the Welsh Assembly Government, and TAN 8 identifies seven strategic search areas where major wind farms, which are defined as those over 20 MW, should be located. Three of those—areas B, C and D—are in mid-Wales, which is why we have seen more applications for development in those areas than elsewhere. A review of that approach would have to be carried out by the Welsh Assembly Government. As a Minister who may be required to make some of those decisions, I know that we are talking about not a binding requirement but a material consideration, and applications outside those areas can also be considered.

A related issue—I know that this is of concern to my hon. Friend the Member for Ludlow (Mr Dunne)—is the knock-on consequences for the grid infrastructure of the way in which those areas have been chosen, and the possible impact in England and other areas outside those covered by TAN 8. That is a material issue that has to be looked at in more detail, because one simply cannot put in place a new development without the grid infrastructure to support it. That is the issue to which I now turn.

There is no existing high-voltage network in mid-Wales, so the necessary infrastructure will have to be built. The options are currently being developed by the National Grid Company and SP Manweb. The applications for those connections will be decided by the appropriate planning authorities, which may include Ministers, so I am constrained in what I can say on specific issues. However, to respond to a point made by the hon. Member for Ogmore, we expect a further consultation on specific routes to be completed by the end of the year. We can learn more about how that consultation process works. I understand that my hon. Friend the Member for Ludlow is concerned that sometimes it involves the National Grid Company and not the developers together. I think that people involved in the consultation process would prefer to see all the parties coming together.

The report commissioned by KEMA and the Institution of Engineering and Technology is being refined—not by us, but by the organisations themselves—to make sure that it takes full account of the data collection available and the technical analysis. I hope that it will be published soon. It will certainly give us a much more

[Charles Hendry]

factual basis for understanding the costs of undergrounding in appropriate parts of the country, and of putting the grid connections undersea. The enormous number of parliamentary questions that I have been asked and letters that I have received on the subject as part of a national campaign mean that I am in no doubt whatever about how strongly my hon. Friends and other Members feel about the grid connection issues. I know that the National Grid Company takes the issue extremely seriously. It is required to look at both the costing and the environmental and social issues.

Ofgem's recent transmission price control proposals, known as RIIO, or "revenue = incentives + innovation + outputs", include incentives that should allow visual amenity to be properly assessed in conjunction with the planning process. We hope that the national policy statements can be published in the near future. As the hon. Member for Ogmore knows, we are holding them back until we have the interim report on new nuclear. The lessons from Fukushima are being looked at by the nuclear regulator, but I hope that we will be in a position to publish those shortly.

Finally, on construction traffic and the impact it may have, I am aware that the road infrastructure was not designed for the sort of transportation in which huge turbines are carried through small villages on small country roads. There has to be a solution to the problem. Individual developments have to address the issue in a constructive way. There has to be a satisfactory conclusion before a development can take place.

I hope that I have responded to many of the issues raised. This has been a fascinating and important debate. Again, I am most grateful to my hon. Friend the Member for Montgomeryshire for defying medical advice to be here to raise such a critical issue.

Ultra Low-Carbon Emission Vehicles

11 am

Andrew Selous (South West Bedfordshire) (Con): I am delighted to serve under your chairmanship this morning, Mrs Riordan, and I am particularly grateful to Mr Speaker for granting me this debate on the Government's policy on ultra low-carbon emission vehicles.

There are four main reasons why the issue is so important and matters for the future of this country. The first reason is about tackling climate change. We know that the Government are committed in law to a 34% reduction in emissions by 2020 and an 80% cut by 2050. Clearly, ultra low-carbon emission vehicles, including electric cars, will be part of the solution to helping to reduce emissions, but we also need to have low-carbon electricity. It is no good just reducing the tailpipe emissions if the electricity that powers ultra low-carbon vehicles is fossil fuel and dirty. That is a given. I do not know whether Professor David MacKay is still advising the Government, but he has made that point very powerfully in his book, "Sustainable Energy—Without the Hot Air," and it is important that we mention it when introducing the debate. As I say, doing something about climate change is the first reason the issue is important, as ultra low-carbon emission vehicles are clearly part of that.

The second reason is that the whole sector has massive potential to create growth, wealth, jobs and employment for this country. Just under 2.5 million of our fellow citizens are looking for work, and ultra low-carbon emission vehicles are part of a massive industry of the future. Shai Agassi of Better Place has spoken of a $2 trillion-a-year industry. If the United Kingdom can increase its percentage share of that even by a few percentage points, many more jobs across the country will be created for all our constituents. Low-carbon growth and the jobs that come from it are absolutely vital.

The third reason why the issue is important is that ultra low-carbon emission vehicles are a crucial part of the United Kingdom's response to a world with less secure energy supplies. We have only to look around the middle east at the moment to see that that is very much the case. The fourth reason the matter is vital, which will probably speak most strongly to our constituents, is that it will allow us to do something about the absolutely exorbitant cost of going to a petrol station and putting petrol or diesel in a car. Our constituents—and, indeed, we—are all paying cripplingly high prices to drive around. If we can sort out the generating issues, ultra low-carbon emission vehicles provide the potential for much cheaper motoring. If any of us were looking for a slogan on which to be elected at the next election, "Cheaper motoring" must be high up the list and would resonate strongly with our constituents. I have given four powerful reasons why the issue matters incredibly. Two reasons I would particularly pick out are the wealth and jobs we need to create, and the cost of motoring to our constituents.

To give credit where credit is due, the Government have been active in this area. The Office for Low Emission Vehicles was set up under the previous Government and is a collaborative effort between the Department for Transport, which is the Minister's Department, the Department for Business, Innovation and Skills and the

Department of Energy and Climate Change. It has a combined budget of more than £400 million. There is also the Technology Strategy Board, which is a non-departmental public body sponsored by the Department for Business, Innovation and Skills, and the plugged-in places grant, which is designed to provide the necessary infrastructure. I will talk about that grant in a moment. In addition, the industry's own automotive innovation and growth team led to the creation of the Automotive Council UK, which is a joint industry and BIS body.

There clearly has been action and there is cross-Government co-ordination, as there should be because one Department on its own cannot make this happen. That is excellent. I am glad that the people who need to be talking to each other in Government are doing so. My central question to the Minister, who I suppose is answering on behalf of all the Departments involved, is: are we being ambitious enough for the United Kingdom? I very much want the United Kingdom to be a success story at the heart of this massive and soon to be hugely growing global industry.

Let us consider where we are at the moment. The Department for Transport's figures show that there are only 57,000 vehicles in vehicle excise duty band A, which is the lowest emission category. That figure is, in fact, double the number of vehicles that were in the category in 2009, so the industry is clearly growing fast. However, I remind hon. Members present this morning and those who will read the transcript of the debate that there are 28.4 million cars in the United Kingdom and that 57,000 is therefore a fairly small number.

The Government's Committee on Climate Change has recommended that we should aim to have 1.7 million electric vehicles by 2020. Will the Minister say if that is what the Government are committed to achieving and how the numbers will stack up in increasing the 57,000, which we have in 2011, to the 1.7 million, which the committee says that it wants in 2020? There will need to be very sharp increases over the coming nine years to get that far. The figure of 1.7 million cars is just under 6% of the 28.4 million cars in the United Kingdom at the moment. In the excellent Parliamentary Office of Science and Technology note attached to the debate pack, I was interested to read that Japan has set a target of 20% of next-generation cars by 2020—the same date.

Mr Marcus Jones (Nuneaton) (Con): I congratulate my hon. Friend on securing the debate; he is making a strong and compelling case. The benefits that low-carbon vehicles can have in reducing CO_2 and helping the environment are undoubted, but does he agree that the research and development and manufacture of such vehicles in this country is a real chance for us not just to broaden our manufacturing base once more, but to rebalance the UK economy?

Andrew Selous: My hon. Friend is absolutely right. We are already strong in a number of the areas he mentioned in his question. We start from a good base, but he is absolutely right that the potential is massive. My prime purpose in initiating the debate is to allow us to play our role as parliamentarians in holding the Government to account and to ensure that we do not lose out on the potential for us to benefit fully from what he is talking about.

Neil Carmichael (Stroud) (Con): This is a very important debate for the reason noted by both my hon. Friends: the opportunity the sector offers to manufacturing. However, a problem that needs to be solved is the supply of the skills necessary to develop the technology that we have. In this country, an insufficient number of people have skills in the automotive sector that relate to electronics. That must be put right because that area will make up a larger part of any future vehicle designed to meet very strict low-carbon emissions. We must address the skills issue in the sector.

Andrew Selous: My hon. Friend is absolutely right. If he will bear with me, I intend to touch on exactly the issue of skills that he has, properly, raised. He is not the only one raising that issue. The Institution of Mechanical Engineers and others are very concerned that we are behind where we should be in the number of qualified technicians, the people who understand the new technology and the training of apprentices in this important area. The issue goes back even further than that to the number of physics teachers that we need in our schools; the number we have is far too low. It will be difficult for the Minister when he responds to the debate, because that issue touches on such a wide area of Government policy, but my hon. Friend is absolutely right.

I was making the point that, were the United Kingdom to be as ambitious as Japan—I do not see any reason why we should not be, as the industrial revolution took place in this country, we were the workshop of the world and I believe we can be again—that would lead to a figure of 5.7 million ultra low-carbon emission vehicles on our roads by 2020, rather than the 1.7 million that the Government are aiming for. My question for the Minister, therefore, is: why are we being less ambitious than Japan?

It is true that the United Kingdom has had some notable successes; for example, Sunderland's anticipated production of 60,000 electric vehicles a year, starting in 2013. I would note again, however, that those 60,000 vehicles a year are equivalent to some 2% of the 3 million internal combustion engines that the United Kingdom currently makes every year. That is not to say that we cannot make greater progress with the efficiency of the internal combustion engine—I will say a bit about that towards the end of my remarks—but I think that colleagues will appreciate the scale of the challenge that we face to even get to the Committee on Climate Change's figure of 1.7 million electric vehicles on our roads by 2020.

When we look across the Atlantic ocean, we see that the United States is investing some $2.4 billion to support the next generation of electric vehicles. We know that in China there is massive investment in new battery technology—I am thinking of companies such as BYD, which stands for "Build Your Dreams". Warren Buffett already has a 10% stake—normally a sure-fire sign of a company that will do well. That is the competition that the United Kingdom is looking at around the world.

Mr Marcus Jones: Does my hon. Friend agree that Ministers from the Department for Transport need to make substantial representations to the Department for Business, Innovation and Skills, regarding where the regional growth fund is spent, in order to try to support our low-carbon industry, particularly in the automotive sector?

Andrew Selous: My hon. Friend is absolutely right. The automotive sector is very important to the United Kingdom not just for the cars we produce, but for the number of engines, the number of smaller engineering companies, the suppliers, and the technology and engineering base that supports that. It is vital to the country's economic future. I indicated earlier that I am reassured that those lines of communication across Government are there, but we need to see delivery from those conversations, as he has rightly pointed out.

I will continue looking at what else is happening around the world a bit longer, because it is important to put what the United Kingdom does in context. As far as I can see, Israel plans to be the most ambitious of all. It intends to rid its entire road transport sector of dependence on oil by 2020. That is massively ambitious if one thinks about where Israel is in the world and its geopolitical relations with some of its neighbours. I think that we can all think of particular reasons why Israel is going down that route, but none the less it is deeply impressive.

Israel is choosing a different model, I think it is fair to say, from that of the United Kingdom. It is looking to sign up to the Better Place concept, which will largely involve changing the engines in cars—engines will be swapped over. The depleted battery is taken out of a car and in under a minute, I understand, a new, fully charged battery supply is put in and one can carry on driving. In less time, therefore, than it currently takes to fill up with petrol at the pump, the car can be on the road again—a fully-charged vehicle that will travel another 100 miles.

It is worth mentioning the context of the debate, because of Israel's scale and ambition. The Minister will probably have good and valid reasons, which I would accept, to say that it is probably not right for the United Kingdom to go down that particular route. For various infrastructure reasons, it is probably right that we do not. If we are not going down that route, however, how do we in the United Kingdom achieve that level of transformational change? How do the Government envisage United Kingdom companies, some of which were mentioned by my hon. Friends, taking advantage of the £1.3 billion loan scheme for the development of low-carbon technologies that is available from Europe? We need to ensure that we receive our fair share of that money.

When new technology comes to the fore, initially it is clearly expensive and there is low take-up. I think that if we are honest, at the moment electric cars are—perhaps I am slightly parodying—for rich idealists. Frankly, the economics do not quite stack up at the moment. I illustrate that by looking at the on-the-road cost of the new Nissan Leaf, which will be produced in Sunderland. That is an excellent vehicle. I was privileged to see one close to Parliament recently. It is a five-door hatchback—a very nice-looking car. It will be made in Britain, which is fantastic. Its on-the-road price, however, is £30,990. The Government's £5,000 plug-in car grant, which is an excellent initiative that I commend, brings the price down to £25,990 but, for me, that is a very expensive car. I do not know what sort of cars my hon. Friends drive, but to me that would be an awful lot of money. I expect that for many of my constituents that would be much more than they would spend on a car. Frankly, I do not think that they would get the payback from the cheaper costs of motoring after that level of investment.

There is, however, a tipping point that comes with the introduction of new technology. When there are the advantages of economies of scale—mass production and so on—prices come down as new technology comes in. More people buy these things, so they are cheaper to produce and so on. Shai Agassi, in a speech that I read recently, anticipates a tipping point around 2015 when the economics start to stack up. If that is the case, things could change very quickly, which is why I raise the issues of scale and whether the United Kingdom will be able to meet the level of demand that I anticipate. If, for all of our constituents, an ultra low-carbon emission vehicle is cheaper than a conventional fossil fuel internal combustion engine, we will all want those vehicles straight away, because we will be fed up with paying the higher costs of motoring. Those issues of scale, and whether the United Kingdom is able to provide that amount of cars and make money from those huge levels of sales, will be a significant issue.

What is the Government's view on the economics of investing in their own fleets across various Departments? Examples might include NHS delivery lorries or Royal Mail vans that go back to the same place every night, where they could be recharged; they might have a set route or series of routes and are excellent cases for conversion into electric vehicles. What progress are the Government making in ensuring that their commercial fleets in particular consist of ultra low-carbon vehicles—whether the electric or the plug-in variety?

Mr Marcus Jones: I thank my hon. Friend for giving way again. He makes an important point about Departments, local authorities and so on investing in electric vehicles. Does he agree that it is extremely important that, where practicable, we procure such vehicles from British manufacturers?

Andrew Selous: I very much agree. I, too, am passionate about home-made British production. We ought to buy British as often as we can. We are all subject to the so-called OJEU rules—named after the Official Journal of the European Union—under which public bodies must go through strict and unbiased procurement procedures. Sometimes, therefore, we have our police driving around in Volvos or other foreign-made cars. When I go to France, Germany or Italy, however, I hardly ever see French, German or Italian police officers in anything other than a car made in their home country—likewise for fire-fighting equipment and so on.

I postulate to the Minister that this country might be a little too rigorous in applying those OJEU rules. We have a fine automotive industry that makes excellent vehicles and, frankly, the police will catch no more criminals by driving around in Volvos and BMWs rather than in fine, British-made cars.

We digress; I will hastily return to the point, before you bring me back to it, Mrs Riordan. However, I am grateful for the intervention of my hon. Friend the Member for Nuneaton.

The Department for Transport asked whether 2011 would be the year in which the electric car takes off. There is certainly increasing interest, which is tremendous, and I commend the Government for the excellent £5,000 subsidy. My view of the economics is that we are not quite at the right point yet, but we will be very soon. Lewis Booth, the chief financial officer of Ford, has

asked for how long Governments will be subsidising electric vehicles. If the Minister can shed any light on that issue, that would be helpful. In this early phase, private industry needs certainty for the future, particularly in planning.

Philippe Varin, the chief executive of Peugeot, has said that the European Union's research and development support for electric vehicles is too cumbersome and complicated, which is a concern. If we are to compete against Japan, China and America, we in the European Union and this country need to get our act together in research and development funding.

I was delighted to read that the Minister for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), said in a departmental press release that the UK was Europe's leading producer of ultra low-carbon vehicles. That made fantastic reading. I have already spoken of the production due to start shortly, or in early 2013, at the Sunderland plant. I hope we can maintain that position.

I am conscious that France, with Peugeot and Renault, is also ambitious in the area of ultra low-carbon vehicle production. The country has a plentiful supply of low-cost nuclear electricity, and it views itself as having a chance to challenge the dominance of the Germans in the European automotive industry. I repeat that everyone here is ambitious for Britain; we were the workshop of the world, and the industrial revolution took place here. I want us to be right at the front and centre, not running behind any other European country in this massive industry of the future.

I move on to the whole issue of charging points. It is all very well having an ultra low-carbon, electric vehicle—whether a hybrid or a pure electric one such as the Nissan Leaf—but if there is nowhere to plug it in when on a longish journey, the problem is that it will grind to a halt.

Again, the Government are active on that issue, and I commend them for that. We recently had the announcement of a £20 million plugged-in places grant to provide more than 4,000 charging points in the midlands, Greater Manchester, the east of England, Scotland and Northern Ireland, building on an earlier scheme in London and Milton Keynes. Yesterday, I checked with my own local authority and found that my constituency of South West Bedfordshire does not include a single charging point. That will change, however, because we are in the east of England and will receive some of the charging points from the plugged-in places grant. Colleagues from areas that I have not mentioned might want to ask the Minister what the plans are for those areas.

Currently, London has 250 charging posts. Transport for London is aiming for 25,000 charging posts by 2015—a level of transformational change that might need to go further, but is a significant increase. Some 90% of the 25,000 posts are intended to be in workplace car parks and 250 will be fast-charge charging points, which are important for longer journeys, when someone does not want to have to stop for eight or six hours to recharge the battery fully. We need to get the mix of charging points right for the future, so that this technology takes off. In Newcastle, Sunderland and Middlesbrough, near the Sunderland car plant to which I referred, 1,300 charging points are being installed.

Smart-meter, low-cost charging can also greatly reduce energy costs. If cars can be charged when there is much less demand on the national grid, that is much cheaper. That reduction in the energy cost can be important, and it is where smart meters come in. I am interested in whether the Minister will be able to enlighten us further on that aspect of Government policy.

I am concerned about the lack of standardisation of charging points in the European Union. Indeed, why can we not have standard charging points around the whole world? In the past, technologies have battled things out. With the video or the DVD, a common format for one worldwide product was arrived at eventually. That should be the case for charging points, in Europe at least. Many British people will want to drive their electric cars to France or elsewhere in Europe for summer holidays, skiing or whatever, and they need to be able to charge while they are there. The European Union could do something useful and practical for our constituents. What representations is the United Kingdom making to ensure standardised charging throughout Europe?

Earlier, my hon. Friend the Member for Stroud (Neil Carmichael) rightly mentioned training the work force. None of what I have been discussing will happen unless we have the skilled technicians in this country; unless we get it right, we will lose out to other countries that have invested more and have an appropriately trained work force. The Institution of Mechanical Engineers is worried about the lack of apprentices with the skills to work on electric vehicles, particularly in smaller businesses that may not be able to afford to train apprentices. How will that be rectified? It said that about 10,000 additional apprentices are needed in this area of electronic manufacturing to take advantage of and to satisfy the demand that is surely coming.

I am interested in the Government's attitude to hydrogen-powered vehicles. I read carefully the note from the Parliamentary Office of Science and Technology, which states of hydrogen fuel cells:

> "This is a low-carbon form of transport if the hydrogen is generated using electricity from low-carbon sources."

I made that point at the start of the debate, and I want to check whether that is the Government's view. Professor David MacKay, who was a Government adviser—I should be grateful if the Minister told us whether he is still advising them—and who is an eminent professor of physics at Cambridge university, wrote "Sustainable Energy—Without the Hot Air", to which I referred. His take on hydrogen is that hydrogen vehicles make our energy problem worse rather than better. I do not know whether he is right, but I would be interested to know the Government's view. I know that one large UK motor manufacturer, which I contacted before the debate, was keen to obtain clarity on the Government's view of the future of hydrogen-powered vehicles.

I have driven a hydrogen-powered vehicle round the Cranfield test centre in Bedfordshire. It drove extremely well, as did the Vauxhall Ampera, which I have also driven and which will be on sale in the United Kingdom from next year. I hope that it will be made in Ellesmere Port. I wish that it was being made in my constituency at Luton in Bedfordshire, but it would be fantastic if it was made in the United Kingdom. That, too, drives extremely well, and all the evidence is that when people get into an electric vehicle and discover that it has a nice feel and good acceleration, and is not sluggish, they are enthusiastic and keen to adopt the new technology. We

[Andrew Selous]

just have to get over some of the financial issues to which I alluded at the start of the debate.

I should like to know the Government's view on the use of biofuels for vehicles. There is concern about the sustainability of biofuels and the fact that we may be inappropriately using land for biofuels when it should be used to produce food. What is the Government's view on that? Likewise, where does liquid petroleum gas fit into the Government's view of the new technology that we have been talking about?

We must pause to consider the improvements that can be made to internal combustion engines. We have 28.4 million cars on our roads, and Britain makes around 3 million car engines every year. They are becoming more efficient and lighter, and the technology is improving. I noted from the Volkswagen website that the Blue Motion Polo—unfortunately, it is not made in this country—emits 91 grams of carbon dioxide per kilometre, compared with 89 grams per kilometre for the Toyota Prius, which I guess may occasionally ferry the Minister around; the Prius comes in at just under, but it is very close. An expertly engineered internal combustion engine produces only 2 grams of carbon dioxide per kilometre more than a hybrid vehicle. We must differentiate between different types of internal combustion engine, because new technology is advancing swiftly.

Mr Marcus Jones: My hon. Friend talks about research and development, and innovative design of combustion engines. Many of my constituents work for Jaguar Land Rover, which is near my constituency. It is doing a fantastic job in changing how it produces its engines and how its vehicles are constructed—to be lighter and more fuel efficient. Does my hon. Friend agree that policy across Government should be to encourage through the taxation system not just the production of vehicles that cost less to run, but their ownership?

Andrew Selous: I thank my hon. Friend for his further intervention. I am glad that he mentioned Jaguar Land Rover, which has not been mentioned so far in the debate. It is doing excellent work on producing an electric hybrid Range Rover, which is fantastic, and it is co-operating fully with the Government on some of the bodies that I mentioned earlier. My vision is that all British-based manufacturers will be at the front and centre of the new technology and will supply the demand that will come down the track surprisingly and frighteningly fast in a few years' time, when we reach the tipping point at which it becomes more economic to drive such vehicles rather than pay the exorbitant and cripplingly high prices that we have to put up with at petrol stations at the moment.

The United Kingdom has a history of inventing, but then not commercially exploiting, new technologies. I do not want us to repeat mistakes of the past. If we can seize the opportunities that I have outlined, we can protect our environment, provide jobs, increase our energy security and give our constituents a low-cost motoring future. I believe that they would thank us for that.

11.37 am

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to see you in the chair, Mrs Riordan. I congratulate the hon. Member for South West Bedfordshire (Andrew Selous) on securing this debate, and concur with much of what he said. Clearly, he speaks with a lot of knowledge of the issue. It is a pleasure to speak on the subject; it makes a change from buses, trains and trams, which is the policy area on which I lead for the Opposition. My hon. Friend the Member for Barrow and Furness (John Woodcock), who leads on the issue, is serving on the armed forces parliamentary scheme today, so I suppose that I have drawn the short straw in speaking for the Opposition in this debate.

The hon. Member for South West Bedfordshire referred to the scheme in Israel, which, as a matter of interest, I had the opportunity to see. The ambition is impressive, but like him, I am not sure that it could be exactly transposed to the United Kingdom. However, it is certainly worth looking at, and the operation of the scheme is interesting. Knowing what works well and what does not may be of some benefit to the Department.

This debate is incredibly timely, coming as it does after two reports on the Government's commitment to making change on the scale needed to tackle the threat of climate change and the role that a shift from dependence on oil to low-carbon alternatives in motor vehicles could play in meeting that challenge. Climate change is a threat that almost everyone now recognises we must treat seriously.

It was a surprise to read in the media that three Departments, including the Department for Transport, have raised objections to the new carbon budget proposed by the Committee on Climate Change. A leaked letter from the Business Secretary stated that accepting the carbon budget would endanger the competitiveness of British industry—that hardly says much for the Transport Secretary's green credentials. As has been mentioned, rising fuel prices have led to a growing recognition of the need for change, not only among environmental campaigners or the political elite, but across the country. We know how the volatility of oil supplies impacts on the price at the petrol pump, causing misery for drivers and contributing to the costs facing families who are already feeling a squeeze on their incomes. The decision to increase VAT on petrol has added to the burden facing motorists, and the hon. Member for South West Bedfordshire mentioned those increasing costs in his contribution.

The goal of cheaper, greener motoring should unite everyone, as I believe it does. The public need the possibility of cheap, reliable transport, and the Government need efficient and clean transport networks that rely on secure energy supplies. Businesses must look to remain profitable and competitive at a time when the economy is under strain and environmental concerns are ever more pressing. Transport—primarily road transport—is a major contributor to greenhouse gas emissions, and the hon. Gentleman spoke about the need to use clean energy because as much as one fifth of all emissions come from road transport.

We can take two major steps to tackle the problem. First, we can make the alternatives to travelling by car more attractive. The significant investment in our rail network over the past decade led to a rise of over 43% in rail use during that period. The possibility of faster journey times on new high-speed lines, and the improvement of existing routes through electrification and more advanced trains, will continue to help achieve that shift from road

to rail. The risk, however, is that such progress could be set back by the Government's decision to hike up rail fares by 3% above the retail prices index of inflation for the next three years, meaning that fares will rise by over 30% on many vital commuter routes. In opposition, the then shadow Transport Secretary, the right hon. Member for Chipping Barnet (Mrs Villiers), warned that fare rises that were lower than those now proposed would

"price people off the railways"—[*Official Report*, 17 July 2007; Vol. 463, c. 149.]

I fear that her prediction will now become a reality, thanks to the decisions that she has taken since the election. Similarly, the decision to cut local government transport funds so much, so quickly, is having a devastating impact on bus services, inevitably reversing the progress that has been made in getting people out of their cars and on to public transport.

Secondly, we can do more to promote alternatives to travelling, and I welcome the Minister's championing of initiatives ranging from the use of new technologies such as video conferencing to the promotion of working from home or remotely. Such initiatives, however, will amount to little unless there is proper financial support from the Government to back up the Minister's enthusiasm. In reality, the car is for many the only realistic way to travel, particularly in rural areas. My constituency is in an urban area of Greater Manchester and is far from rural. Most of my constituents, however, do not travel by public transport; they travel by car, which for them is the only realistic mode of travel.

When in government, we recognised that a step change was needed if we were to move away from our dependence on oil and embrace and incentivise ultra low-carbon alternatives such as electric vehicles. Of the 20% of emissions that originate from our roads, 16% comes from cars. If it were more affordable to use electric vehicles, that would have a significant impact on emissions. Such initiatives must, of course, go hand in hand with a credible strategy to increase the amount of energy generated from renewable sources—a point made by the hon. Member for South West Bedfordshire—so that when there is increased use of electricity as a result of the roll-out of electric cars, that electricity is from green sources.

I am sure the Minister shares my concern about the report published in the past few days by Jonathon Porritt, the former chairman of the Sustainable Development Commission. His damning report marks the anniversary of the Prime Minister's commitment to lead the UK's "greenest Government ever", and states that

"the likelihood of the Coalition Government living up to its "Greenest Government Ever" pledge is vanishingly remote."

The report finds that more than three quarters of the Government's commitments have shown little or no progress, and judges 29 of those commitments to be "moribund", with a further 29 seeing "limited progress." The decision to prevent the green investment bank from borrowing funds until at least 2015, and the watering down of feed-in tariff rates, are two examples of the Government's backtracking on low-carbon initiatives. In his report, Mr Porritt states:

"The fact that David Cameron has no personal vision for the Green Economy provides all the permission that is required for piecemeal decisions across the rest of Whitehall working against any notion of becoming the Greenest Government Ever."

The report concludes that it is

"depressing to see just how rapidly things have gone backwards since May 2010."

Significant hurdles must be overcome to achieve the mass roll-out of electric vehicles that is needed to make a difference. We need the development of a recharging infrastructure that offers the assurance wanted by potential buyers—namely that they will be able to recharge their cars wherever they are in the country. That point was made eloquently by the hon. Member for South West Bedfordshire. We must also bring down the retail costs of electric cars. Although we can argue that they are cheaper to run and offer the potential for huge savings across the lifetime of the car, that is little use for someone who simply cannot afford the up-front cost. At the danger of breaking the consensus that has developed during the debate, the zeal with which the hon. Gentleman made his contribution put him in danger of sounding a bit like an over-enthusiastic car salesman—he certainly had me sold on a number of vehicles that he described. I am not sure whether that is a better job than being a Member of Parliament in the general hierarchy of things, but his knowledge has certainly benefited the debate.

We must work in partnership with industry to support the up-front research and development costs of new technologies—the hon. Gentleman and other hon. Members made a compelling case for investment in skills. It is a high-tech sector and important to the future of the manufacturing industry in this country, and it will undoubtedly play a major part in rebalancing the British economy. I represent a constituency that is still heavily dependent—perhaps disproportionately so—on manufacturing industry, and the desire to see investment in those new technologies transcends political divides.

I am proud of the steps that we took when in government to address some of the barriers to the mass take-up of electric vehicles. The £2.3 billion of assistance provided by the Labour Government to the automobile industry during the recession was tailored to help British industry become a world leader in the manufacture of low-carbon vehicles, and aimed to promote research and development of that technology. It also helped companies such as Jaguar Land Rover to access the European Investment Bank's clean transport facility.

Labour made a commitment to make electric vehicles more easily available for consumers, and the then Transport Secretary, Lord Adonis, worked on trial electric vehicles. An investment of £250 million was made to make electric hybrid vehicles more affordable for consumers, and funding was provided for the largest trial of electric vehicles in the world. That scheme was launched in July 2009, and 340 vehicles took part. It is hugely disappointing that the Government do not recognise the importance of supporting British manufacturing at a time when investment is necessary to protect British jobs and ensure that we set the pace in the development of green technologies.

Mr Marcus Jones: The shadow Minister is making a case for the support given by the Labour Government to the automotive industry. I am quite shocked by his comments, because many of my constituents who work for Jaguar Land Rover were very concerned in 2009 at the lack of support that the Labour Government gave Jaguar Land Rover in its time of need. A long, long delay nearly saw many departments of Jaguar Land

[Mr Marcus Jones]

Rover close facilities in the UK. I am glad to say, and I hope that the hon. Gentleman will acknowledge this, that the regional growth fund has supported substantial investment in Jaguar Land Rover, which will create more than 6,000 jobs in the west midlands.

Andrew Gwynne: That is not quite how it happened. What the hon. Gentleman says about the regional growth fund is certainly welcome, if it is the case, for Jaguar Land Rover. However, I have to say that it is a pittance compared with the funding that was available through the regional development agencies. If that company is benefiting from the regional growth fund, that is good news for it, but I know of many companies that were to receive funding through the regional development agencies that are not so fortunate.

Mr Jones: The shadow Minister mentions the regional development agencies. In the west midlands, private sector employment fell while the regional development agency, Advantage West Midlands, was in operation, despite it having spent far more money than the regional growth fund, so I suggest to him that perhaps he should look for outputs rather than inputs, and at what we can achieve for our money.

Andrew Gwynne: I am glad that the hon. Gentleman acknowledges that the budgets of the regional development agencies were substantially greater than that of the regional growth fund, notwithstanding the points that he makes about employment growth. With regard to the funding that was made available previously, it is hugely disappointing that the present Government do not recognise the importance of supporting manufacturing. It is crucial to ensure that we are setting the pace in the development of green technologies.

I appreciate that the Minister has at least sought to take forward the work that Labour started when it was in office in developing an infrastructure for recharging. The Department for Transport claims that 9,000 electric vehicle charging points will have been built by 2013, yet research by the BBC published last week found that only 704 are currently available. It is estimated that 8,600 electric vehicles will have been sold by the end of this year, which will require 4,700 charging points to be completed before 2012.

It is a real worry that greater progress is not being made, and there are real doubts that the Government are treating the issue with the urgency needed to ensure that even their own claims will be achieved. There are also concerns about the progress being made in supporting the sale of new electric cars. The Minister has said in a parliamentary answer that just 534 cars were registered to receive the plug-in car grant in the first third of this year. The real concern, however, is that the funding for that initiative is being ended by the Government next March. As the Minister will know, Labour committed £230 million to the scheme, yet that has been reduced to just £43 million, turning the grants into a one-off scheme when what is needed is long-term, sustained support for this emerging industry.

I will therefore ask the Minister for some assurances. Can he reassure the industry and those for whom the cost of an electric car is simply out of reach that funding will be made available to continue the subsidy beyond the current financial year? Given that the comprehensive spending review was supposed to be a three-year settlement, why has he set this budget only for the current year? Are we providing enough support to the automobile industry to research and develop new low-carbon and ultra low-carbon vehicles? What more can be done to ensure that the UK is in a good position to become a market leader in this field?

Is the automobile industry putting sufficient investment into improving the efficiency of conventional petrol and diesel vehicles? Does the Minister believe that biofuels should play as prominent a role as they have been given in the past in making conventional vehicles greener? What progress are we making towards setting a new EU-wide target of 100 grams of carbon emissions per kilometre from new cars?

Finally, I would like to ask the Minister about the Government's carbon plan. Can he update the House on the commitment to

"Consolidate existing support mechanisms for low and ultra-low emission vehicle research and development",

which had a deadline of April 2011? Can he confirm that the commitment to developing a

"nationwide strategy to promote the installation of electric vehicle infrastructure, including a decision on whether to use an energy Regulated Asset Base and/or changes to planning/building regulations"

will be delivered on time—by the end of June 2011? What progress has been made on the commitment to review the

"strategy to support transition from early ultra-low emission vehicle market to mass market",

which the Government have said is under way?

More environmentally friendly forms of transport, including electric cars, could play a larger role in the coming years in this country. I certainly look forward to what the Government will say about meeting that challenge.

11.56 am

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I am grateful for the opportunity to respond to the debate. I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous) on the topic that he has chosen, on his enthusiasm for it and on the large number of entirely pertinent questions that he asked during his contribution. I will try to answer as many of those as possible, which means that my response might be slightly more bitty than would otherwise be the case.

It is worth pointing out to start with that the two objectives of the Department for Transport are to help to create growth and to cut carbon. Of course, developing and promoting electric vehicles fits in exactly with those two objectives, showing that helping the environment need not be—in fact, should not be—contrary to economic development and the generation of growth for this country. If we can move that agenda forward, it will certainly be in all our interests to do so. That is why we have taken action to position Britain as a global leader in the design, production and use of electric and ultra low-carbon emission cars. Cutting spending does not have to be incompatible with a low-carbon agenda. Some low-carbon choices already offer outstanding value

for money, so our future goal is a market for green vehicles that makes economic as well as environmental sense.

We have heard about alternatives to car transport. Let me deal with that issue briefly. Of course, a rounded transport strategy has to take into account alternative forms of transport. That is why we have prioritised the local sustainable transport fund to develop alternatives for shorter journeys; two thirds of car journeys are of 5 miles or less. To answer the shadow Minister, the hon. Member for Denton and Reddish (Andrew Gwynne), that shows the commitment of the present Government to dealing with the environment, because not only is it a big way of dealing with carbon emissions in the short term, but £560 million for those areas is more over this four-year period than the last Government provided over the last four-year period, notwithstanding the difficult economic circumstances in which we find ourselves. That is a real commitment from the Treasury to this agenda.

[MR EDWARD LEIGH *in the Chair*]

The shadow Minister also mentioned rail. I was having some difficulty in following his logic, because he said on one hand that people were being priced off the railways, but on the other hand that a record number of people were using the railways. Those two statements do not seem to be entirely compatible. Also of course, the last Government changed the RPI arrangement so that every year, rail fares went up above inflation. To that extent, we are simply talking about a continuation of the policy inherited from the last Government.

Andrew Gwynne: When the Minister looks at the record of the debate, he will see that the quote about pricing people off the railways came from his right hon. Friend the Minister of State, Department for Transport, who is responsible for the railways.

Norman Baker: The point that I am trying to make is that, if increasing rail fares above inflation prices people off the railways, which I think was the argument developed by the hon. Gentleman, the policy has been singularly ineffective so far. The policy pursued by the last Government of pricing fares above inflation has led, according to his own figures, to record numbers of people on the railways.

Andrew Gwynne: I realise that the debate is not about railways, but perhaps the Minister will look at some of his right hon. Friend's written parliamentary answers, which show that the Government's own projections make it clear that price increases of 3% above RPI over the next three years will see the growth in rail passenger usage fall.

Norman Baker: As the hon. Gentleman says, the debate is not about railways, so we should not spend too much time on this, but the Department for Transport's projections show increasing numbers of passengers on the railways. Only this week, record numbers of rail passengers were announced, not least because of the price of fuel, which my hon. Friend the Member for South West Bedfordshire mentioned.

I am glad that the Opposition spokesman mentioned high-speed lines in a positive sense, and I look forward to the Opposition confirming that they have retained the last Administration's position of supporting high-speed rail. It is important that there is cross-party agreement on the issue, and I am disappointed that the hon. Gentleman's boss has so far been unable to say definitively that high-speed rail would continue if there were a Labour Government.

Let me turn in more detail, however, to the subject before us: electric and low-carbon vehicles. Notwithstanding the comments about railways and low-carbon transport locally, the fact remains that most journeys are undertaken by car, and that will remain the case for the foreseeable future. The reason is that cars are a convenient means of getting from A to B and are the only practical alternative for a great many journeys. Yes, people can take a different means of transport if they are in a city centre, and they can use the railways if they are going from one city centre to another, but the car is the only alternative for most journeys. We must therefore ensure that it is in a good place to contribute sensibly to our environmental and economic objectives. As I said in opposition, and I am happy to say again in government, the enemy is the carbon, not the car, and that is what we should focus on in our attempts to move forward on transport policy.

In the short term, the majority of CO_2 savings from road transport will come from improvements to conventional technologies, and that is broadly acknowledged across the House and across industry. I have been impressed by car manufacturers' ability to tweak—that is perhaps an understatement—or adjust their technology in a productive way to deliver reduced carbon emissions from conventional engines, and one of the models mentioned competes favourably with a hybrid engine. EU regulations on fuel efficiency have helped to drive that process. Similarly, the manufacturing industry's competitive will has helped to respond to the general environmental challenge that we all face. We will continue to work with manufacturers and our EU partners to squeeze more fuel efficiency out of petrol and diesel cars and vans because that will provide the biggest short-term gain. However, we are also preparing for the more revolutionary change that is the subject of the debate.

Of course, the take-up of ultra low-carbon cars may be slow at first, and nobody should be surprised by that. Whenever a new technology is introduced, there is always a slow take-up and then a rising line on the graph as people get used to the technology and gain confidence in it. The price then starts declining because the market is developed, and part of the Government's strategy is to help to ensure that the market is kick-started and developed. There should be no concern about the number of electric vehicles that have been sold to date, because the trajectory is the one we would anticipate and is entirely consistent with our significant ambition for four years ahead, to which I will return shortly.

We are putting in place the incentives we need to establish a market for these pioneering technologies, which will be supported by measures such as enhanced capital allowances, low benefit-in-kind taxation and variable vehicle excise duty. I am happy to say that we

[Norman Baker]

are joined in our effort by a number of private and public sector organisations. To respond to one of the points that has been made, the Royal Mail is undertaking trials with electric vans. Sky is seeing what the plug-in Toyota Prius is like to live with. In my Department, the Government Car and Despatch Agency is testing five plug-in Toyotas and a Smith electric van, so we are doing what we can.

To support the development of the market for low-carbon vehicles further, we need to ensure that the right infrastructure, specialist supplier base and customer incentives are in place, and that is exactly what we are doing. We have confirmed our support for a range of research and development programmes across the green vehicle sector. Through the Technology Strategy Board's low-carbon vehicles innovation platform, we are working with key partners to deliver a strategic vision for automotive R and D. Last year, we announced that a further £24 million was being awarded to six winning consortia from the latest competition, which makes a total of £52 million with contributions from business.

All of that will make a significant contribution to greener vehicle development in this country, to pick up the point rightly made by my hon. Friend the Member for Nuneaton (Mr Jones). That development includes hybrid technologies, composite materials and engines that recover waste heat energy. The vehicles that will benefit include plug-in hybrids from Nissan, Lotus and Jaguar Land Rover, extended-range electric cars and a lightweight hybrid refuse collection vehicle. Through the plug-in car grant, we are helping to lower the up-front costs of such vehicles. There are nine eligible cars, which are, and will be, on our roads, with more than 500 orders already placed under the scheme, as has been mentioned.

Our objective has always been real grants for real cars: cars that are safe and reliable, that meet the needs of real motorists and that provide a motoring experience that is as good as, if not better than, that provided by the conventionally powered vehicles people currently drive. It is important that the new generation of cars have that consumer confidence and that their performance is similar to, or better than, that of existing vehicles. If we are to have uptake, we absolutely must have that. Fifteen or 20 years ago, I did some work on green washing powders, which, quite frankly, were not as effective as normal washing powders, so the uptake was limited. If green technology is to take off, we must get its performance up to the level of that of existing technology.

The scheme was launched in January, with buyers receiving a grant of 25% of the price of a green car, up to £5,000. That, of course, also applies to business buyers. The scheme has been well received by the public and by business. We have shown our strong commitment to supporting the market by confirming support for the grant for the lifetime of this Parliament. To pick up the point raised by the shadow Minister, it is right that the sum involved is £43 million until March 2012. The spending review has confirmed the provision of about £300 million to support consumer incentives for the life of this Parliament. The hon. Gentleman can have confidence that this is not a stop-start arrangement, but something we will see through to make sure that there is confidence in the market.

Through these initiatives, we want to encourage motorists to embrace cleaner and greener vehicles. By encouraging demand, we will stimulate investment in mass production which will, in turn, bring down costs and further boost demand. That is what we have seen with all new technologies, whatever the field, and things will be no different with electric vehicles.

Let me turn now to some of the points raised by my hon. Friend the Member for South West Bedfordshire. He mentioned the carbon reduction from an electric car powered by the existing grid, and he is right to draw attention to the need to change the grid mixture. Indeed, when we came into the Chamber at the end of the previous debate, my next-door neighbour, the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry), was responding to a debate on that very matter. The Government are well seized of the need to develop a cleaner, greener grid, which will undoubtedly increase further the advantages of electric cars. Even if the existing grid is used with a new electric car, however, there can be up to 40% carbon savings. There are also further benefits in terms of reducing air pollution from tailpipes and so on. We should change the grid, but even if we do not, there are still many good reasons to pursue electric vehicles, which is what we are doing.

My hon. Friend the Member for Nuneaton referred to the regional growth fund, and I can assure him that the Department for Transport is drawing the attention of other Departments, including the Department for Business, Innovation and Skills, to the advantages of transport investment, including in this field. He will know of the Transport Secretary's enthusiasm for these issues, and he can rest assured that my right hon. Friend will not lose an opportunity to advance them in discussions with fellow Cabinet Ministers.

My hon. Friend the Member for South West Bedfordshire asked about the 2020 target, as it were, for electric vehicles. There is no doubt that we want a big uptake of these vehicles. The figure achieved will be determined by external factors to some extent, for example the price of oil. If the price rises dramatically, it will, I suggest, hasten the development and uptake of electric vehicles, but if the price declines, it will make it less attractive to move forward on that trajectory. Therefore, some outside factors mean that it might not be sensible to set a target. We should say, as we have said, that we must decarbonise road transport if we are to make serious inroads in our carbon emissions in the transport sector.

We should and we have done stuff on rail and encouraged cycling and walking in urban centres, but ultimately the big gain will come from decarbonising road transport. We must put in place high-level objectives for carbon reduction and economic growth and the mechanisms to deliver the outcome we want, which, in this case, is a big uptake in electric vehicles. We must then monitor the uptake without necessarily setting arbitrary targets for how many vehicles there should be by 2020. Having said that, "The fourth carbon budget" report has made some recommendations and we appreciate the efforts made in that regard. We have not formally responded to them,

but we will publish our views in October, and we might be able to give more detail on the number of electric vehicles we could achieve when we publish that.

My hon. Friend the Member for South West Bedfordshire referred to the incentives for purchasing electric vehicles, and I am grateful that he welcomes the £5,000 grant. The economics are not quite as negative as he might feel. On current petrol prices, an electric car such as a Nissan Leaf could save the average motorist up to £1,000 a year in running costs, so, taking account of the plug-in car grant and the vehicle excise duty benefits, even now someone could get a payback in seven years. I accept that that could be better and we want to make it better, but there is a sensible payback period for people to consider when they invest in such vehicles.

Andrew Selous: I thank my hon. Friend the Minister for the serious way in which he is responding. What he has just said is, in some ways, the most important thing that has been said in the whole debate, and I am grateful to him. The fact that the payback could be within seven years is very welcome news. He has told us about it here, but it is probably rather a well kept secret at the moment, so we need to publicise it slightly more. I ask him to do that.

Norman Baker: They always say that if one wants to keep a secret, tell the House of Commons. It is worth pursuing that issue further and I am grateful for my hon. Friend's suggestion. My officials are here and we will see what we could usefully do to promote the scheme further.

I mentioned the need to ensure that the performance of electric vehicles is satisfactory, but if we are to make progress, we also need to ensure, as far as possible, that the economics are satisfactory. Once those two things are in place, people will embrace the new technology in a welcome way. People want to be green, provided that they can afford to be and that their vehicles do not lack performance as a consequence.

Those who have contributed to today's debates raised the issue of the infrastructure. We are determined to roll out an effective infrastructure for electric vehicles, hence the inclusion in the coalition agreement of a commitment to mandate a national recharging network. Our plugged-in places programme is helping to do just that. The scheme will provide valuable data on how and where people recharge their cars, so that we can get the national network right. To help achieve that, we are working on a strategy for promoting the roll-out of charging infrastructure, and we will publish it this summer. More details will be available then.

In December last year, as my hon. Friend the Member for South West Bedfordshire knows, we announced five more plugged-in places: Northern Ireland, central Scotland, Greater Manchester, the midlands and the east of England will all receive match funding to install electric vehicle recharging infrastructure. Those projects join the schemes in London, Milton Keynes and the north-east of England, which the previous Government began.

The programme is real and happening now. Charging points are already appearing on our streets—the most visible sign of the growing market—and will soon, I hope, become a common feature on streets and in homes, workplaces, and private and public car parks, so consumers can charge their cars easily, safely and conveniently. To pick up the point made by my hon. Friend, they will have confidence that they will not be left stranded somewhere without a power source. That concern is also addressed by the development by manufacturers, who are pushing at the boundaries, of increasing range for electric vehicles.

This is a new market and these are new technologies. The projects will test a variety of business and operating models and different technological approaches. The knowledge that we gain will inform the developing national strategy for infrastructure. Of course, we want the UK to benefit from the business and competitive opportunities of ultra-low-carbon cars. We want green growth and we want it here. We want UK businesses to seize commercial opportunities in the sector and are supporting them to do so.

The move to ultra-low-emission vehicles presents opportunities to support the economic recovery, green growth and the creation of high-tech, low-carbon jobs. The automotive sector is already our No. 1 manufacturing export, directly employing around 156,000 people in the UK and a further 150,000 in the supply chain. The sector is worth nearly £6.5 billion to the UK economy in terms of gross value added, so as the automotive sector goes green, the UK is well positioned to reap the benefits. I can assure my hon. Friend the Member for Nuneaton that the Department for Transport, the Department for Business, Innovation and Skills, and the Treasury are working together and are closely focused on doing that.

The Nissan Leaf will be made in Sunderland from early 2013, with production growing to 50,000 vehicles per year. Nissan will assemble battery packs for the Leaf on the same site, starting in 2014 and growing to 60,000 units per year. Those are real, green jobs, and they are helping to create growth and cut carbon—the two objectives of the Department for Transport.

I turn to the other questions that were raised. I dealt with the length of the subsidy for electric vehicles. There is competition from Europe—there is no doubt about that. France has aggressive plans for infrastructure and vehicle uptake, but the UK has been allocated the largest number of Nissan Leafs in Europe, which demonstrates that we are seen as a leading market, and we are working to position the UK to take advantage of the business opportunities that the market brings.

To be frank, the standardisation of charging points is a difficult issue and not one for which there is an immediate solution. The International Electrotechnical Commission has developed international standards for electric vehicle recharging and there are discussions in the EU to get progress on a standardised charging system. However, the national interest sometimes has a role in the consideration of the best way forward, as my hon. Friend will understand.

Andrew Selous: Does my hon. Friend the Minister agree that this is one area in which the EU could play a useful role? Many people think that getting some form of standardisation is exactly what the EU is for.

Norman Baker: I entirely agree, and I hope that the EU comes up with a solution that does not reflect national interest, but European interest, and makes sense for manufacturers and consumers by keeping costs down. That would be an entirely sensible outcome

[Norman Baker]

for many EU discussions. I assure my hon. Friend that we are using our influence, as far as we have any, to push for exactly that outcome.

Mr Marcus Jones: Promoting the standardisation of such charging equipment across Europe is obviously laudable, but if other EU member states are promoting their national interests while doing so, surely we should also give some consideration to promoting our national interest and the interests of our manufacturers in those negotiations. Does the Minister agree?

Norman Baker: I agree that we do not want to leave ourselves in a position where, to be blunt, we are outflanked. We must try to achieve a consensual arrangement for a single recharging solution that everyone can embrace. That is clearly the desired outcome, and it will ultimately be to the benefit of all countries in the European Union and more widely. Indeed, as we heard earlier, the best solution will be an international one, as it will keep manufacturing costs down and therefore the cost to the consumer down, too. We are seized of the need to make progress, but the House will appreciate that it is not entirely within our control.

The matter of apprentices was raised, especially the fact that we need a sufficient number with the skill to work on electric vehicles. I am happy to reassure the House that the Department for Business, Innovation and Skills, the Department of Energy and Climate Change and the Department for Environment, Food and Rural Affairs are working together to identify the necessary skills and to consider how the demand-led further education system will deliver them. We are talking to the sector skills councils and the Commission for Employment and Skills about ensuring that the demand for green skills is shared with further education colleges and other providers. We plan to maintain a strong cross-Government focus on the STEM subjects of science, technology, engineering and maths.

Andrew Selous: The Minister is being generous in giving way, which I appreciate. What he said about schools is critical. To be blunt, if people do not have a GCSE in physics, they will probably not even make the starting gate. However, there is a chronic lack of physics teachers. I know that this is stretching the Minister's departmental responsibilities, but it is important that we join these things up. Nothing will happen unless schools have the basic physics that will lead people on.

Norman Baker: As suggested, the number of physics teachers may be slightly beyond my brief at the Department for Transport. However, I have some sympathy for the point being made by my hon. Friend. The mindset in some areas and among some people is that manufacturing is an old-fashioned dirty business, and that people who want to progress in life should get white-collar jobs. That is unfortunate, and the Government are trying to change that mindset. Manufacturing is most important to the country, and it is a skilled task. Anything that schools can do to help promote it is entirely to be welcomed. My officials and I will ensure that my hon. Friend's comments are drawn to the attention of the relevant Minister at the Department for Education.

Before I run out of time, I shall deal with the other points that were raised. Hydrogen was mentioned. I return to the Government's objectives, which are twofold—to create growth and to cut carbon. I do not want to get into the business of picking winners in the technology that finally emerges. It may be that what emerges is not an overarching technology; there may be different solutions for different vehicles, with the solution for council refuse collection vehicles being entirely different from that for the car that takes people to visit their aunts and uncles.

We should be careful not to impose Government solutions, or to guess which way technology is taking us. We should specify the outcome that we want—that of decarbonised road transport—and invite manufacturers, those involved in research development and others to come up with a way of achieving that objective. It is not for us to second-guess things, although it is tempting. I do not mean that as a criticism of the previous Government, but they started promoting liquefied petroleum gas in 2001-02. They had good intentions, but it turned out that the environmental benefits were less than they thought at first. To some extent, people were being led up the hill and back down again, and we need to avoid such outcomes.

We have a similar situation with biofuels, which were referred to today, and we must be careful to avoid the same problem. Biofuels were originally seen as the big solution, the silver bullet. Pressure groups were pressing the Government to do more with biofuels, but then did an about-face, saying that biofuels were terrible and had awful consequences. Biofuels, too, went up the hill and down again.

Biofuels are within my brief, but it is taking time to get the issue right. We believe that they have a role in transport, but they must be sustainable. They must also demonstrate carbon saving and show that they do not have unwanted consequences for the environment through indirect land use or in any other way. If we get the foundations right, we can build on them, but we cannot have the biofuels industry being built on sand or we shall run into environmental difficulties in the years ahead. That is why we are taking more time. We are consulting on the renewable energy and the fuel quality directives, and people have the opportunity to feed in comments. I hope that the Opposition will get involved in those consultations, to ensure that our policies on biofuels are right.

I turn to the comments of the hon. Member for Denton and Reddish. He spoke about fuel duty and VAT on fuel. It might have been fairer if he had referred to the fact that the Chancellor cut fuel duty by 1p in the Budget; he might also have referred to the fact that the Chancellor abandoned the above-inflation increases that the previous Government intended to introduce. There is an argument to be had about where the price of fuel should be, given its impact on the environment and the economy, and it is perfectly legitimate to engage in that argument, but we should have the facts before making the necessary judgments.

The hon. Gentleman spoke about our being the greenest Government ever, but the time to judge that will be at the end of this Parliament; only then will we be able to see whether the policies that started off down the track have been enacted and where they ended. I, for one, am determined that the aspiration should be turned into

reality. I want us to be the greenest Government ever, and I have no reason to think that other Ministers take a different view. I believe that the Prime Minister, too, is committed to that objective. The time to judge us will be at the end of this Parliament, and I hope that we will have an overwhelming case to demonstrate that we have achieved that challenging objective.

As for the green investment bank, it did not exist under the previous Government. Whether or not it is allowed to borrow is a moot point. We created the bank and we have given it borrowing powers, which is a substantial departure from normal Treasury policy. It does not start until 2015, but it is a major achievement, and I hope that the hon. Member for Denton and Reddish will acknowledge that; rather than painting everything as a glass half empty, he should recognise that the glass is half full—and getting fuller as time goes on.

Andrew Selous: I return, if I may, to what I believe is the most significant factor—the seven-year payback. Would the Minister be prepared to write to me, perhaps giving the matter further publicity, setting out the illustrative figures? I accept that they are illustrative and that they make assumptions about the price of fuel and so on, but that seven-year payback is critical. Would he be kind enough to set them out in a letter? I hope that he might also give the matter wider publicity, which could be critical in moving this vital industry forward.

Norman Baker: I am happy to give that assurance. I shall write to all Members present as a matter of courtesy. The Government will do whatever we can to promote electric cars and the uptake of low-carbon vehicles. We are committed to that agenda. That is why I am grateful to my hon. Friend the Member for South West Bedfordshire for introducing this important debate.

UK and Sierra Leone

12.28 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I am grateful to Mr Speaker for granting me the opportunity to debate relations between the United Kingdom and Sierra Leone. I have been a Member of Parliament for more than a quarter of a century, and I have become a great fan of Sierra Leone over that time. I became a fan because many of my constituents and others who live in the London borough of Southwark come from Sierra Leone. I have come to know them well and work with them; I have seen them become involved in the local community, stand for public office and elected as local councillors; and I have seen one, Councillor Columba Blango, become mayor of Southwark.

I am a great fan of Sierra Leone, because I have had the opportunity to visit it on more than one occasion, most recently the year before last. I place on record my thanks to Ian Hughes, our high commissioner, who hosted that visit, and to Magali Tang, who works with me on Home Office, immigration and other matters. We were given a good opportunity to catch up on matters in general and to meet much of the community, but we went specifically to look at the challenges of deforestation that face the area around Freetown and of the climate change agenda.

I have become a great fan of Sierra Leone because I have seen how the country has bounced back from one of the most terrible civil wars that Africa has seen in recent times. It was a civil war in which the most terrible atrocities were committed. Many people were killed and many lost their families and their homes. Even those who survived were often left so badly injured that they were unable to be economically self-sufficient. Many were placed in homes in Freetown because they had had both their arms or legs chopped off. The most terrible things happened in that most terrible of civil wars.

With the help of the United Kingdom, the country has come through. There is huge respect in Sierra Leone for the UK Government because of their willingness to support a great Commonwealth friend. I have joined with many Sierra Leoneans in the past few days to celebrate the 50th anniversary of their independence from the United Kingdom. They were celebrating not because they had wanted to shake off their links with the United Kingdom, but because of their growing self-confidence. There was a great service in the Walworth Methodist church in Southwark, a celebration party in Camberwell and many other events. There was a diplomatic reception hosted by his excellency the high commissioner for Sierra Leone on 27 April.

It is a pleasure to welcome the Minister to this debate. I have just learned from him that he had the privilege of representing Her Majesty and the Government at the anniversary celebrations in Sierra Leone. He will no doubt regale us with an account of the optimism that he found in that lovely west African coastal country, which was once a member of the empire and is now a proud member of the Commonwealth. Let me also pay tribute to the high commissioner of Sierra Leone in the UK. He is fully engaged with his community, and is a hugely popular and respected figure, as he was when he was in public life and politics in Sierra Leone.

[Simon Hughes]

There is no intention in this debate to catch out the Minister or give him a hard time. I just want to set out some of the facts about Sierra Leone as it is today, and then share with the Chamber the issues on the agenda for the future. Our link with the country comes through not just history, respect and diplomatic interchange, but the Foreign and Commonwealth Office and the Department for International Development. I will come back to the way in which we help on a day-to-day basis.

Sierra Leone is a beautiful and peace-loving place with many natural characteristics and resources. It has a beautiful coastline that provides harbouring for ships from across west Africa, and the potential for oil exploration. None the less, it is one of the poorest countries in the world, and we need to remind ourselves of that, because with poverty comes great challenges. Sierra Leone has a population of about 6 million people, and more than 20 ethnic groups. In the civil war from 1991 to 2002, there were tens of thousands of deaths and the displacement of more than 2 million people—about a third of the population. It is not surprising, therefore, that the Governments under President Kabbah of the Sierra Leone People's party and under President Ernest Bai Koroma of the All People's Congress party since 2007 have been seeking not only to strengthen democracy but to ensure that the economy can grow so that it meets the needs of its people.

When I was talking to the high commissioner at one of the recent celebrations, he said that the most visible sign of economic progress is the improvement in infrastructure. That will be welcome not just to Sierra Leoneans but to many visitors. On my first visit, I had to go by road from Freetown to Bo and, as I told the high commissioner, it was the least comfortable road journey of my life because there were more potholes than road. I am talking about not little undulations in the road but serious holes. Sorting out the road surface, the road structure around the country from the capital to the provinces and the internal air flights is fundamentally important if people are to be able to travel for work or for social activity, to sell their wares or to exploit natural resources.

The list of Sierra Leone's natural resources is not small or insignificant. It includes diamonds, titanium ore, bauxite, iron ore, gold and chromite. Unlike Zambia, most people in Sierra Leone do not work in mines. They work on the farms, scratching a living from agriculture, which brings me to the other important background fact. Like every other country, Sierra Leone has been challenged by climate change. A huge percentage of the population is under the age of 16. People have responded to the rapid growth in population by over-harvesting timber and taking away some of the forests, by expanding cattle-grazing, and with some slash-and-burn agriculture. That has been no good for the forests or the soil. Furthermore, the civil war has depleted many of the country's natural resources, and there has been significant over-fishing.

The challenge is to ensure that the good order of nature is restored in Sierra Leone and that there is careful husbanding of natural resources. The country is concerned to ensure that any exploration for oil is conducted very carefully. It is keen to avoid the problems that Nigeria went through—huge exploitation, corruption and environmental disadvantage.

One encouraging sign is that refugees in surrounding countries are slowly returning. The increase in the population is not just due to the birth rate rising; people feel that it is now safe to come home. The increase puts huge pressure on the urban areas such as Freetown. Although it is mainly a rural community, some 30% of the people of Sierra Leone live in urban areas. The challenge is to find enough work for people, which is where the United Kingdom can be of help. One area in which we have started to do significant amounts of work is in building up the public services. I think that I am correct in saying that in the last full financial year, DFID spent just short of £45 million on Sierra Leone. The largest single item on that budget was money for better governance, to ensure that corruption was reduced and did not return and to support the presidential elections next year. The next largest area of support was health, and there were other financial commitments to social services and education.

The reason those financial commitments are so important is to be found if we look at the specific indicators of health and deprivation in Sierra Leone. For example, there are key indicators on health in the country in a report by the United Nations Development Programme. The report shows that 46% of the total population is undernourished; expenditure on public health in Sierra Leone as a percentage of GDP is only 1.4%, and the under-five mortality rate for every 1,000 live births is 194, so nearly 200 out of every 1,000 children who are live births—or nearly 20%—do not survive to the age of five. There are also education indicators in that report. The percentage of those of both sexes aged 15 and above who are literate is just over 40%; the expenditure on education is under 4% of GDP. The mean years of schooling for those who are currently adults has been just under three years, and the expected years of schooling for children is currently just over seven years. In addition, 81% of the population is in poverty and nearly two thirds of the population live on less than $1.25 a day. Those figures show the economic and social situation in Sierra Leone.

It is not surprising, therefore, that until recently Sierra Leone was at the bottom of the league in the UN development index. Although there has been some slight improvement in that respect since 2000, the graphs comparing Sierra Leone with sub-Saharan Africa and the rest of the world show that Sierra Leone stayed at the bottom of the league. It is a great tribute to the Government and the people of Sierra Leone, and to our relations with that country, that in the last year—when the last UN development index was produced—there has been a significant and noticeable improvement in Sierra Leone's place in the league table. It had been 169th in the world, but it has moved up. It may not be halfway up that table, but it has moved up to 158th. For Sierra Leone, that improvement is really important, and the country's high commissioner leads me to believe that the next publication of the UN development index may well show that Sierra Leone has made further progress.

I want to flag up what seem to me, from my visits to Sierra Leone and my conversations with Sierra Leoneans, to be five specific issues on which I hope that the

Minister can give me positive encouragement, in addition to the general encouragement that I know he is capable of giving, and that is hugely well received in Sierra Leone.

First, we must continue to support the development of a decent public health service in Sierra Leone. On my last visit to the country, 18 months ago, I went to the maternity hospital in Freetown and I was told that there are two gynaecological consultants for the whole country. There is a desperate shortage of specialist doctors and specialist nurses. The challenge for the health service in Sierra Leone is not only to train Sierra Leoneans to become specialist doctors and specialist nurses but to ensure that they are not then lost to Sierra Leone as a result of their coming to this or another country and not going back. There is absolutely no problem with us helping in the training of Sierra Leoneans to become doctors, dentists, nurses, radiographers and consultants, but it is really important that people with those specialist skills do not become part of the diaspora, helping in countries such as the UK, but instead remain in Sierra Leone. One of the big challenges is to ensure that those people are in place in Sierra Leone, not only in Freetown but in the other towns and cities.

Secondly, we must continue the work in public health that has begun. In Sierra Leone, there is still a high risk of people dying or becoming seriously incapacitated because of disease. The vaccination and public health programmes—and, partly, the education programmes—as well as the actual delivery of vaccination and the like, are all hugely important. For example, pneumonia, malaria and other diseases can either kill people or reduce their capacity for survival and economic activity. That public health activity, in the rural areas as much as in the urban areas, must remain a priority in our practical links with Sierra Leone.

Thirdly, we must continue the good military and defence links that we have had with Sierra Leone. It is very important that the UK continues to enjoy the huge benefit to our reputation in Sierra Leone that results from our support for the country during the civil war and our help in bringing that civil war to an end. Of course it should not spend excessive amounts of money on military and defence—that would be absolutely the wrong thing to do—but if Sierra Leone is to remain proud and free, its military and law-and-order agencies, including the police, need the capacity to protect its independence and its national assets, such as its diamonds, from future incursions like the incursion that happened in the past from over the border with Liberia. In that respect, the continuing collaboration with and training of the military and, where appropriate, the police in Sierra Leone are very important.

Fourthly, we must continue the really good educational links between Britain and Sierra Leone. The Commonwealth has provided a wonderful opportunity for continuing links with further and higher education in Sierra Leone. Along with colleagues from both the other main parties in the UK, I have sought to ensure that Commonwealth scholarships are retained, and that we maximise the opportunities for people in Sierra Leone to study abroad, whether they are undergraduates or studying for a postgraduate degree, such as a master's degree. It is important that we continue those educational links, because the exposure of young people from Sierra Leone to this country and of young people from this country to Sierra Leone can only benefit future generations in the two countries, promoting mutual understanding between the UK and Sierra Leone and economic progress in Sierra Leone.

Fifthly and lastly, it is of course vital that we continue to help improve the governance of Sierra Leone and continue to support the country's Government, both in the country's Parliament—by giving the Parliament and the country's MPs the support that they need—and in regional and local government. The other day, a significant anti-corruption agreement was signed. Corruption has been the bane of much of African politics. However, Sierra Leone has been determined to try to tackle the issues of corruption. It has dealt with many of them well, but many challenges still remain. I hope that we can give the people of Sierra Leone all the support and encouragement that we can to ensure that the rule of law is understood and followed, and so that people who think they can exploit Sierra Leone do not get away with it and instead are brought to justice and pay the price for their actions.

I hope that this debate sends a clear signal to Sierra Leone about how much we value it. I think that the last debate that we had in this House on Sierra Leone was the one that took place at the time of the civil war, when things were very dark and grim indeed. The picture there is wholly different now. We encourage the people of Sierra Leone to ask when they need our support and to tell us when they do not need it, so that they can be independent. We also want to say to them how much we value the progress that they have made and the recovery that they have embarked on. They need to maintain economic growth, but above all, they need to keep the civil and civic peace that is such a wonderful development after the civil war in their country. Sierra Leone is a country of many faiths; it is predominantly Muslim, but there are many Christians and people of other faiths, and all of them live in harmony with each other.

We salute Sierra Leone on the 50th anniversary of its independence, and we thank it for its contribution to Africa, the Commonwealth, this country and the world. I hope that the Minister can say, on behalf of the Government, how much support we will continue to give to Sierra Leone and how much we value the precious links that have been established over the years between our two countries.

12.48 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I congratulate my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) on raising the issue of the relations between Britain and Sierra Leone, which is of great importance to his constituents. I understand that his constituency has one of the largest diaspora communities from Sierra Leone. He has worked tirelessly on behalf of that community. He said that he is a great fan of the country. The feeling is mutual in Sierra Leone, where he is hugely respected.

This debate is timely for two reasons. The first is that Sierra Leone has recently celebrated 50 years of independence from the UK. The second is that I myself have just returned from a four-day visit to the country to take part in those celebrations as the official representative of Her Majesty's Government. I welcome this chance to

[Mr Henry Bellingham]

discuss matters that are of interest to many Members. Although recent events in the middle east and north Africa, as well as in nearby Côte d'Ivoire, continue to demand the attention of my ministerial colleagues, it is important that we do not lose sight of developments elsewhere in the world, including developments elsewhere in the region.

Sierra Leone is on the cusp of a better and brighter future. Fifty years after attaining independence, 10 years after the end of a bitter and bloody civil war, nearly four years after the present Administration came into office and just over a year before a historic fourth post-war election, it is set to complete a difficult transition and to step forward into a brighter and better future for all Sierra Leoneans.

Sierra Leone is a rare success story in west Africa. The 10 years since the end of the civil war have seen slow but steady progress, including a functioning democracy at the service of its people, who have seen a rare peaceful handover of power from one party to another in a democratic election. There has been refurbishment and extension of the national infrastructure, which is so essential to the economy and to a functioning society and, as my right hon. Friend pointed out, the roads have improved immeasurably and are vital in ensuring that the rural economy can move forward. Progress has also included macro-economic stability at a difficult time in the global cycle and steady economic growth, with the prospect of a step change upwards when mineral exploitation plays its proper part in the development of the economy and the country.

The UK and the international community continue to support that progress, and we welcome Sierra Leoneans' efforts to shoulder a greater burden themselves. We encourage them, their Government and their institutions to grasp confidently the reins of their own future. We also recognise that despite the remarkable progress in the past decade, Sierra Leone faces huge challenges.

However, as my right hon. Friend highlighted, although there is still a long way to go—there obviously is—progress is in the right direction in the league tables. That is why colleagues in this House, and indeed elsewhere, applaud the progress but also recognise the very significant challenges. It is also why my right hon. Friend the Secretary of State for International Development and his Ministers prioritised Sierra Leone in the recent bilateral aid review, which will ensure that the country continues to receive much-needed UK aid.

As a friend of Africa and of Sierra Leone, I follow events in the country and the region very closely. As I have already mentioned, I was very pleased to be able to attend the recent independence day celebrations as the official representative of Her Majesty's Government, and I found Sierra Leone to be a firm friend of the UK. The celebrations were truly authentic, and although they were held in a hot, humid stadium and other venues, the spirit of national celebration and the optimism for a bright future were there for all to see. The President made an excellent speech, calling on all Sierra Leoneans to put their past behind them, without blame, and to commit to learning the lessons of that past and to dedicating those lessons to working together to make a better country for their children and grandchildren. The President's rhetoric was truly inspiring and uplifting.

As well as the 50th anniversary celebrations, my visit focused on prosperity, security, the UN and regional issues. I had an excellent meeting with the President, who thanked the UK for our consistent support since the end of the civil war 10 years ago. His country is a radically different place now, but he entirely appreciates that there is still more to do to heal the wounds of war, and we agreed that getting the economy right was a crucial part of that.

The UK can be proud of its contribution to helping Sierra Leone's economy to grow. Since the end of the war, we have supported the economy through the judicious use of budget support, which has helped to assure macro-economic stability. As a result, Sierra Leone has seen an average annual growth of 6.4% since 2003, which is a big achievement by any standard. To ensure that that continues, we are using UK aid to support the development of the energy sector and to improve access to micro-finance and finance for new businesses, and, through our prosperity agenda, we are encouraging further investment. The successful London trade and investment conference in 2009 saw a fourfold increase in new foreign investment inquiries, which is incredibly encouraging. We will continue to work closely with the Sierra Leone Government and business to help the economy grow, generate wealth, create jobs and increase Government revenues, to enable the country to stand on its own feet.

One initiative that has great potential is the Salone business network, which was formed to support Sierra Leone's efforts to raise its international profile and attract blue-chip companies. Sierra Leone's resource wealth and natural beauty have the potential to transform the country, with its fertile soils that can become the basis for a successful and lucrative contribution to solving the food shortages that are pushing up prices around the world.

Minerals—iron ore, diamonds, gold, rutile, and potentially oil—could truly transform the economy of the country and the lives of its people. However, as my right hon. Friend pointed out, success cannot be assured, and careful thought and difficult decision making will be needed. Experience elsewhere demonstrates that economic development can have both positive and negative consequences—we have all seen and studied the resource curse of Africa.

To ensure that Sierra Leone reaps the benefits of agriculture, tourism and natural wealth, it is crucial to bear in mind the following: transparency, on the part of both companies and Governments to maintain credibility and ensure efficient bureaucratic process; equity, providing a fair return for the Government, the people and the companies investing their cash and knowledge; and competition, with companies exerting themselves to the utmost to ensure they are the most profitable and flexible, and pay the best wages, to attract the best workers. Similarly, to attract the best businesses and to ensure that Sierra Leone sees the full benefits of commercial development, the necessary institutions and processes must be in place. The UK is working with Sierra Leone to make that a reality.

My right hon. Friend made four additional key points. He mentioned health, and in particular maternal health. When I was in the country, I visited the excellent Princess Christian maternity hospital in Susan's Bay. That was one of the high points of my visit because I

had the chance to see for myself the work that the Department for International Development has done in putting in expertise on the ground.

I do not know the exact numbers of specialist doctors, nurses and gynaecologists, but I will get back to my right hon. Friend on that. What I can tell him is that the hospital is functioning really well and is saving lives by enabling a large number of Sierra Leonean women to have their children in a maternity hospital. That is encouraging and uplifting. I completely agree with my right hon. Friend about the crucial importance of extending the health service and medical treatment out into the rural areas, and DFID is certainly on the case. I also agree entirely about the crucial importance of building up capacity and progress in those areas. Significant progress has been made, but more can be done.

On military training, one of the abiding observations that I came away with was the huge gratitude on the part of the Government and the people of Sierra Leone for the UK's intervention at the end of the civil war. It was a very well timed intervention, which enabled the progress through to democracy, and the rebel forces to be beaten. Since then, we have had the British training team in place, which has been transformed into the international military advisory and training team. The team is still led by Britain, and the vast majority of its officers and non-commissioned officers are from Britain. It is running a staff college there, which is a centre of excellence. I am keen to see the IMATT continue and develop original scope, training not just the military from countries in the region, but the police, building capacity and professionalism in the key security and police sectors.

This debate has provided an ideal opportunity for me to praise the work of the Sierra Leonean diaspora in the UK, many of whom live in my right hon. Friend's constituency. Diaspora communities play a vital role in encouraging socio-economic recovery in their mother countries. Foreign and Commonwealth Office officials have had several meetings with the Sierra Leone Diaspora Network in recent years, and the excellent British high commissioner in Freetown, Mr Ian Hughes, joined my right hon. Friend in addressing a group of his Sierra Leonean constituents last year. It is important that we maintain those strong links with the diaspora community. Incidentally, I want to pay tribute to the hard work of Mr Ian Hughes and all his in-country team, who do an absolutely first-class job in supporting Sierra Leone as it continues its recovery and development.

I have seen first hand the excellent results that the DFID team has achieved on the ground. Sierra Leone used to be one of the most dangerous countries in the world for women to give birth in but, through judicious intervention and a really imaginative aid programme, that has changed. Sierra Leone has come a long way since the civil war, and with the recent instability in Côte d'Ivoire, it should be seen as an example of how a west African nation can move forward, heal divisions and rebuild itself. Sierra Leone is an extraordinary place, and I have a vision that in the future it will be a confident, independent and self-sufficient country, of which its people can be incredibly proud. We look forward to working with them over the next 50 years.

Employment and Support Allowance

12.59 pm

Angela Smith (Penistone and Stocksbridge) (Lab): It is a pleasure to have secured this debate and to speak under your chairmanship, Mr Leigh. This is an important matter for many of my constituents. Employment and support allowance was introduced by the last Government to replace incapacity benefit. As we are all aware, it is designed to support people who are too sick or disabled to work full-time or at all, or who need significant retraining, and who meet certain conditions. The benefit is funded by the Department for Work and Pensions.

There are two types of ESA. Claimants may be able to get either or both, depending on their circumstances. The two types are contributory ESA, which is available to those who have paid enough in national insurance contributions, and income-related ESA, which is available to those whose income and capital are low enough. ESA claimants must be over 16 and under state pension age, unable to work due to sickness or disability and not entitled to statutory sick pay. Most importantly for this debate, they must satisfy certain tests. Between October 2010 and March 2014, all current incapacity benefit claimants will be reassessed under the new work capability assessment, rather than under the personal capability assessment used under the old regime. Work capability assessments are causing much concern among many of my most vulnerable constituents.

I think that all parties agree that our benefits system should screen out those who try to access disability benefits despite being entirely fit to work. However, disability benefits should not be used, as incapacity benefit was by the Tory Government in the 1980s, to manage unemployment numbers artificially. The work capability assessment has been in use for some time, and I am confident that I am not the only Member of the House being approached regularly by constituents who are angered by how it works, or whose disability benefits have been withdrawn after an assessment. Work capability assessments have been contracted out to a private organisation, Atos Healthcare, in a £300 million deal by the Government. Atos Healthcare is part of the Atos Origin group of companies, most noted for its IT outsourcing operations. It has Government contracts in the Home Office and elsewhere.

The assessments carried out by Atos Healthcare no longer take into account GPs' assessments of an individual's impairment or long-term condition, ignoring them in favour of a set of questions, which take an average of 15 to 45 minutes to answer, administered through software developed by Atos. The software requires assessors to ask a set of questions on which the applicant can score up to 15 points, putting him or her into the ESA support group. GPs, who in many cases might have known applicants all their lives, and who in any case have a good understanding of applicants' medical, social and emotional status, are ignored by the new system.

Instead, a new set of individuals called health care professionals come into play. They are trained by Atos for an average of four to 16 weeks in understanding targets—that is most worrying—and the all-powerful LiMA, or logic integrated medical assessment, software. They are given time limits for each assessment and told that the more people they can see in a given period, the

[Angela Smith]

better it is for the targets. Health care professionals consist of physiotherapists, nurses and doctors. I am not saying that those professionals do not know what they are doing. However, they are bound by the software that they are operating.

Work capability assessments mean that under the new system, blind claimants who can get around safely with a guide dog can be forced on to jobseeker's allowance, as can deaf claimants who demonstrate that they can read and write. Claimants who cannot walk but who can use a manual wheelchair will no longer score points. In addition, references to hands have been removed from the picking-up activity, specifically to make it harder for amputees to score points.

Some activities have simply been cut altogether. For example, the activity "bending and kneeling", which I would have thought critical to determining whether an individual is fit for any kind of work, has been completely abolished for health and safety reasons, as people apparently should not bend forward when lifting. Perhaps most worryingly, half of all the scoring descriptors for mental health and learning difficulties have been removed from the procedure, making it much harder for people with depression, anxiety and many other forms of mental illness to get ESA.

A constituent recently visited my surgery who was assessed and passed as completely fit for work of any kind, despite the fact that she could not walk without crutches and could not stand or sit for long periods because the discs in her back had completely disintegrated. Because she could both stand and sit, she was classed as fit for work. Another constituent visited my surgery to tell me that the examiner told him that he had no problems moving, despite the fact that he suffered from rheumatoid arthritis. Good days and bad days are a feature of rheumatoid arthritis. On bad days, movement can be much more severely restricted. It is difficult to understand how such a bland, all-encompassing assessment can be made of an individual's health needs. My constituent's condition highlights a great concern about the tests, which is that they assess claimants only on a particular day and not over a period of time. That is important, because claimants with rheumatoid arthritis, multiple sclerosis and Parkinson's disease all fall into a similar category.

In 2010, an independent review of the tests by Professor Harrington concluded:

> "There is strong evidence that the system can be impersonal and mechanistic, that the process lacks transparency and that a lack of communication between the various parties involved contributes to poor decision making and a high rate of appeals...evidence has consistently and regularly highlighted problems with each stage of the WCA process, which limit both the assessment's fairness and effectiveness."

Atos's own staff have said that the assessments are too harsh. Prospect, the trade union representing 135 Atos doctors, has stated that the target of seeing 10 or more people a day is unrealistic and will lead to inaccurate assessments, especially in complex cases. It should come as no surprise, then, that ESA appeals have increased by 56%. Figures rose from 25,700 in the second quarter of 2009-10 to 52,000 in the same quarter of 2010-11. Almost half of cases were overturned on appeal. Such a degree of failure is staggering and makes a powerful case for change.

Furthermore, the assessments do not consider the context of the claims or the claimants. A representative survey by Ipsos MORI compiled from a face-to-face survey commissioned by DWP found that nearly a third of those going through the ESA process were described as having literacy problems. A further 6% had problems speaking English, 11% had numeracy problems and 22% were described as being in one or more disadvantaged groups, including those with mental health issues, ex-offenders, and those with perceived learning difficulties. An overwhelming 69% of those going through the WCA had multiple health conditions. That is greatly similar to other assessments, such as for special educational needs, which are often made more difficult by multiple health conditions. I acknowledge that that makes it hard for assessments to be as accurate as they should be. It underlines the case for changing the procedure, which is too simplistic and inaccurate.

Those in the support group and in the fit-for-work group had the same number of health conditions, namely 31. In all groups, 81% of people were receiving medical treatment for their condition, with 38% waiting for hospital or additional treatment. Those statistics do not suggest to me that we are dealing with a set of fraudsters pretending to be sick or disabled, or a set of individuals who have been languishing on incapacity benefits for years. In fact, 71% of applicants for ESA were new claimants making their first claim.

Evidence is mounting that the entire process is likely to cost the taxpayer more than the original benefits bill that it is designed to cut. The cost of Atos contracts, tribunals and additional health care caused by the misery and failure of the work capability assessment adds up to higher long-term costs, yet it is all being done under the guise of state efficiency. Despite the overwhelming evidence that WCAs are not working as they should, Atos was awarded a further contract by the Department for Work and Pensions in 2010.

I do not want to be tribal about this. I am perfectly aware that it was the Labour Government who introduced the new system. I am not interested in blame, but in seeing what is wrong put right. I am not saying that people should just be left to rot on ESA. I know all too well, from my own family history, what incapacity benefit did to people's mental health when they were thrown on to it after losing employment in the 1980s. Nor am I saying that it is not right for the state to make sure that only those eligible for the benefit should get it. There is no doubt—the evidence is indisputable—that people who are on ESA, or who were on incapacity benefit before that, for a period of time are more than likely to spend the rest of their days on it, and that is wrong. It always has been and always will be wrong. What I am saying is that the system that has been put in place is not only unfair in how it assesses disability, but too rigid and inflexible. It does not take into account the needs of individuals, and it is more about saving the Treasury money, ironically, than helping the individual.

Another constituent came to see me recently, because he had also been refused ESA. He was a manual worker—a printer—and that was all he knew, in terms of work. He had been in printing all his life. He had emphysema and had suffered a heart attack, which, as I think most of us would agree, would make it very difficult for him to do manual work again. Anyone who knows anything about emphysema will say that it is a disease that kills and that

tends to kill slowly, disabling the individual suffering from it in the process. Those of us who live in the old coalfield areas and in steel communities know all too well what the disease can do. It is terrible. I know, because I have seen members of my family suffer from it. It is a shocking, awful disease.

My constituent needed help to train to do something else. He may only ever be able to work part time, and certainly not in the job that he had been used to all his life. It also has to be said that my constituent desperately wants to go back to work. However, because of the way in which the current system is set up, he was refused ESA and forced to go on to the jobseeker's allowance, and he is now being chased to take any job that comes along, regardless of the potential long-term impact on his health condition, emphysema. There is no support for retraining, which is what ESA should offer, and no recognition of the fact that he, a manual worker, is no longer fit to engage in that type of work. That is not acceptable. We need a much more flexible view of how we help people who often have multiple health conditions and who need help, not punishment. Significant investment would be required, but in the long term I am sure it would pay dividends by way of increased numbers of disabled people back in work and reduced health costs. I look forward to hearing the Minister's response on that point.

I also seek a response on several other points. I would like confirmation of when each of the 25 recommendations in Professor Harrington's report will be implemented, including a change to the form for claimants that would allow them to describe in detail how their symptoms and why their condition make it difficult or impossible for them to work, and allowing them to receive a summary of the report on them that Atos submits.

Will the Minister give us details of what the implementation will mean? How will DWP ensure that the assessment is carried out in accordance with the recommendations and, in particular, is improved to be fairer and more accurate for people with fluctuating conditions? That includes what happens to disabled claimants and those with long-term conditions who drop out of the process. Finally, why has the migration of the 1.5 million people on incapacity benefit already begun without the implementation of the recommendations to which I have referred?

This is a debate of immense importance for disabled people throughout the country and for workers who, for one reason or another—usually because of the form of work in which they have been engaged—have ended up with lung or heart conditions and so on. The issue is important and is causing a great deal of distress. I await the Minister's response, particularly on when Professor Harrington's recommendations will be implemented.

1.16 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): I congratulate the hon. Member for Penistone and Stocksbridge (Angela Smith) on securing this debate. It is a useful opportunity to put on the record, once again, the things that we are doing to make sure that this is a proper, fair and appropriate process.

I should like to correct the hon. Lady on a number of things that she has mentioned where she has not got her facts right or is a little out of date. First, however, I pay tribute to her for referring to the fact that it was the previous Government who introduced this system. She has set out in detail the context for the changes that we are putting in place. I agree with her that the system that we inherited was not adequate. It did not do the job properly and in many cases led to wrong decisions about individuals. I and my colleagues in the Department for Work and Pensions have spent the past year trying to sort all that out, so that we were ready for the start of the migration process. I shall explain to the hon. Lady in some detail how that was done.

I shall begin by picking up on some of the points made about Atos, the contractors. The hon. Lady mentioned that Atos was contracted, but, as she knows, it was contracted originally by the previous Government. We have not sought to change the contracting arrangements because, frankly, it would be massively disruptive to do so in the middle of the process. What we have sought to do is address the issues surrounding Atos that have led to concerns being raised. Let me be clear—Atos has no financial targets. A myth has been circulating for some time that our contractors are incentivised to find people fit for work. That is absolutely not the case and I am happy to put that on the record.

It is also not the case that there is a target of seeing 10 people a day. The only indicators and targets that Atos has relate to the quality of the work that it does for us. We have been careful to make sure that that is the case. It would be absolutely inappropriate to have a situation in which a third-party contractor was incentivised to reach a particular outcome in an area as sensitive as this. The hon. Lady can be reassured that that is not the case.

Before moving on to the details of the Harrington review, I shall address the hon. Lady's query about the internal review, which was carried out by the previous Government, which made a number of recommendations to us, and with which we have decided, after much thought, to proceed. The internal review was carried out over the last 12 to 18 months of the previous Government. It looked at how the assessment was working and made a number of recommendations about changes. It did a number of things in particular, and there are two or three reasons why I decided to accept the recommendations of the previous Government and to implement that set of changes—they were introduced at the start of last month—to the assessment. The first of them related to mental health. The hon. Lady is not right on the mental health issue. This is a matter of great concern to me. I am acutely aware that mental health problems and fluctuating conditions are crucial, as she rightly said. Getting them right is fundamentally important. They are the most difficult areas of health challenge to deal with as we go through the assessment process.

We looked carefully at the impact that changes to the assessment recommended by the internal review would have on people with mental health conditions. The assessment we have carried out shows, in fact, that more people with mental health conditions will find themselves in the support group with long-term unconditional support than would have previously been the case. The set of changes we have just introduced should increase the number of people who receive ongoing unconditional support for mental health conditions. That seemed the right thing to do.

[Chris Grayling]

The second thing we did was to address the fact that people in between periods of chemotherapy could, theoretically, be found fit for work. We did not think that that was right and therefore we have excluded people who are in between courses of chemotherapy from any kind of return-to-work process, as well as those involved in chemotherapy at a particular moment in time. Again, that seemed the right thing to do.

On the change the hon. Lady referred to in relation to people who are blind, partially sighted or in wheelchairs, we had a situation that was inappropriate and wrong. Let us think of the motivation behind these changes. Fundamentally, we are trying to help people with the potential to work to get into work and not end up spending the rest of their lives on benefits. The internal review highlighted that, under the previous system, if someone was a Paralympic athlete with a university degree, there was no obligation for them to look for a job. That is not right. Some people who are blind or partially sighted and are out of work have long since adapted to that condition and have worked before. They should be looking for another job and it is wrong to say that that should not be the case simply because they are blind or partially sighted. I am not suggesting that that is what the hon. Lady was saying, but that is what the previous system provided for. We have introduced an adaptation factor into the assessment, so that a judgment is made about how well somebody has or has not adapted to their condition. That factor will have to be considered.

I want to give the hon. Lady more detailed context on the way in which that consideration now takes place. Over the past few months, we have made big changes to the whole process precisely because of the kind of issues she has rightly identified. I have no interest whatsoever in putting anybody who is not fit for work into a position whereby they are being pushed towards trying to find work. That is not in our interests as Ministers, as a Government, as individuals or as a society. Indeed, if somebody is not fit for work, an employer will not hire them, so we would achieve nothing from such an approach.

We inherited the internal review and looked at its conclusions, which we have implemented. We set up the Harrington review precisely because we had concerns of the kind that the hon. Lady has raised. She has rightly looked at the Harrington recommendations, of which there are 25. As we stand here today, all the recommendations bar, I think, two have already been implemented and the other two are due to be implemented by the end of this month. By the time we get to the point in June when the first big wave of people will be reassessed as part of the incapacity benefit-employment and support allowance migration, all of the Harrington recommendations will be in place. The ESA50 form has already been updated and the various other recommendations have all been put in place. I reassure her that there is no question of waiting for a point much later in the year before all that happens; it is happening now. When Harrington provided his recommendations, something I insisted on with officials is that we cracked on and delivered these changes, so that they are in place for the IB-ESA migration.

The most important of Professor Harrington's key recommendations was about the decision-making process. We had a situation whereby, up until the past few months, the final decision about whether somebody was found fit for work was technically taken by a decision maker who was a senior member of staff within Jobcentre Plus. Those members of staff had tended to view the outcome of the Atos assessment—the work capability assessment—as gospel because it was carried out by a health care professional. They thought such assessments just had to be rubber-stamped.

We have changed that totally and have created a process through which the decision makers are told not only that it is their decision, but that they have to look at other evidence—for example, the hon. Lady referred to GPs' evidence. Our decision makers are expected to look at other medical evidence submitted by the individual concerned and at the GP's and consultant's comments to form a rounded view. Indeed, if they believe that they do not have enough evidence, they have the freedom to go back and ask for more. That is a big change. We have effectively downgraded the role of the work capability assessment in the process. It is an important part of the decision, but it is no longer the only part of the decision. That will make a big difference.

Professor Harrington highlighted precisely the situation the hon. Lady identified surrounding mental health conditions. That issue is a hugely complex and sensitive area that needs to be dealt with carefully. Within the Atos health care professional network, Professor Harrington recommended that we introduce mental health champions to whom the assessors can turn for advice if they are uncertain about how to react to particular responses. Those champions are already in place. In fact, we have gone back to Atos and said, "We'd like some more of them please." The numbers will be increased by the early summer. I am very keen to ensure that we provide a proper focus on and expertise in the mental health field.

Guto Bebb (Aberconwy) (Con): On the decision makers and support for mental health, could the Minister provide some numbers and the geographical basis of those numbers, because it is an issue of real concern in north Wales?

Chris Grayling: In terms of the mental health champions, there are I think about 50 in the network. The number will rise further and is rising; they are being recruited all the time. By the time the process is finished, there will be one champion for about every two to two-and-a-half assessment centres. Someone will be constantly on call. In some cases, those champions will be present and, in other cases, they will be at the end of a phone line. The hon. Lady made reference to the Harrington recommendation on the individualised statement—the summary of the assessment. We want the champions to be involved when the individual concerned picks the phone up and says, "I'm not quite sure about this." That view can be reflected in that statement, which will be introduced later this month. So that recommendation will have been dealt with as well.

Angela Smith: I am very pleased with the fullness of the Minister's response, but will he comment on the situation that threatens individuals with long-term and

sometimes terminal conditions, such as emphysema, who may be fit for some form of work, albeit only for a few hours a week? Those people are currently failed by the system.

Chris Grayling: I will come on to that because I want to make another point in response to the hon. Lady's question about fluctuating conditions. Professor Harrington is currently working on that to see if there is anything else we need to do. However, we are trying to ensure that there is expertise within the Atos network of individuals and that training is provided to both decision makers and Atos professionals about fluctuating conditions.

On the hon. Lady's other point, a crucial part of this jigsaw puzzle is the Work programme that will start in about three or four weeks' time. That programme is designed to provide specialist support for precisely the kind of person she has mentioned. She said that the person concerned wants to work, but that he clearly cannot work in the job he had before. If we put him into the sickness benefits environment and leave him there, he will probably never work again. We can offer him the opportunity to have specialist support through the Work programme, with providers who are contracted on a payment-by-results basis and in a system where we pay different amounts for different levels of challenge. For example, somebody who is coming off sickness benefits will command a higher tariff than somebody who is a conventional job seeker without sickness challenges. The aim is to encourage the providers to work with somebody in that position to find a job that he can fulfil.

I do not regard it as acceptable—I am sure that the hon. Lady and I share this view—to have a situation whereby anyone who has the potential to work is parked on the sidelines and is unable to get the support that they need to get into work. From our point of view, the most fundamental part of the change is not to try to find people who cannot work fit for work. Indeed, those who end up in the support group—the group that needs ongoing unconditional support—will get more money as a result of the change.

The key goal is to identify those people who have the potential to return to work so that, through the Work programme and other support provided by Jobcentre Plus, we can give them the help they need to get into the workplace. That is what this is all about. We will do our best to get it right, but I am sure that we will make some mistakes along the way. We have introduced a reconsideration stage at Jobcentre Plus to try to ensure that we catch our mistakes early. However, it is important to realise that this is all about helping people who could work to do so. Otherwise, the only alternative is for them to spend the rest of their life on benefits, and I do not believe that that is in their interests or in any of our interests.

European Union (UK Permanent Representative)

1.29 pm

Mr Douglas Carswell (Clacton) (Con): I am grateful for the opportunity to have this debate, Mr Leigh, and to the Minister for coming to respond for the Government. I am also very grateful to my colleagues. To allow for those who wish to speak, I will try to limit my comments to less than 10 minutes.

Exactly a year ago today, at an emergency meeting of EU Finance Ministers, the then Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), committed Britain to bailing out the eurozone. The deal he struck has made UK taxpayers liable for more than £10 billion—so far. By any measure, that has been a pretty disastrous deal for Britain. Having spent the past 12 months struggling to cut public spending by £6 billion, we have ratcheted up liabilities worth far more than that.

At a time of austerity at home, the Portuguese component of the bail-out alone could have covered the basic salaries of either a quarter of a million nurses or private soldiers, 114,000 NHS doctors or 160,000 police constables. Why are Ministers about to promote Sir Jon Cunliffe, one of the senior officials behind that disastrous deal, to be the next head of the United Kingdom Permanent Representation to the European Union?

We do not actually know for certain that Sir Jon will be the next head of UKRep. Perhaps the Minister will confirm that in his comments in due course. Indeed, despite attempts through parliamentary questions and letters, and freedom of information requests, we are not even allowed to know that his predecessor, Sir Kim Darroch, is standing down next month, in June; we know or suppose that only on the basis of anonymous Whitehall press leaks.

My point is this: why should we not know? The head of UKRep is a public servant, and yet is almost entirely without accountability to the public in whose name he cuts such deals. Not only should the public have a right to know, but those whom they elect should have the right to approve—or indeed veto—candidates for the role. Through an accident of history, the Prime Minister has inherited, more or less intact, the powers that once attached to the monarch: the award of peerages, treaty-making powers and, most importantly, the power to appoint officials. I propose that those powers should pass to Parliament. The next head of UKRep should be appointed following an open confirmation hearing before the Foreign Affairs Committee.

Now that we have changed the Standing Orders to free Select Committees from the dead hand of the Whips and placemen, the Commons Select Committees are no longer the hiding place for such people. I believe that the Committees are up to the task of holding the Executive to account. They should be given responsibility for confirming key Executive appointments, beginning with that of Sir Jon Cunliffe.

Democratising the appointments process, when it comes to senior officials, is hardly controversial. Indeed, we have been toying with the idea for more than a decade. As early as March 2000, the Commons Liaison Committee issued a report, "Shifting the Balance: Select

[Mr Douglas Carswell]

Committees and the Executive"; which mooted the idea. Indeed, as early as July 2007, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), in his first statement to the House as Prime Minister, promised pre-appointment scrutiny hearings—even if his Ministers chose subsequently to ignore the views of some of us on the Children, Schools and Families Committee regarding the appointment of a new Children's Commissioner.

Guto Bebb (Aberconwy) (Con): My hon. Friend will be glad to know that the Government are taking the issue seriously. Yesterday, the new chairman of S4C, the Welsh television channel, was announced by the Department for Culture, Media and Sport. The Department has agreed that the Welsh Affairs Committee will be allowed to undertake a pre-appointment hearing to see whether it approves the appointment. That is a positive way forward and shows that the appointment has to be scrutinised by Parliament.

Mr Carswell: Absolutely. My hon. Friend makes a very good point. As in many things, Wales is ahead of us. His point also shows that across the board there is an appetite for restoring to the people's tribunes the power to say yes or no to appointments made in the name of the Crown. It is an abuse of Crown prerogative when key appointments are made without those we elect having the right to their say.

Bob Stewart (Beckenham) (Con): Does my hon. Friend think that this could happen with immediate effect?

Mr Carswell: Absolutely. When the chairman of the BBC Trust was appointed recently, it was made clear that he would be appointed only following a confirmation hearing. It is one of those great things—it does not actually require primary legislation, or even a change in the Standing Orders of the House, to bring into effect.

The Liberal Democrats have supported measures to strengthen the legislature over the Executive for as long as anyone can remember; I hope that they remain as committed now that they have joined the Executive. In opposition, the Prime Minister specifically championed the idea of reforming Crown prerogative. In government, he threw his weight behind the idea of confirmation hearings, insisting that Chris Patten face such a hearing before being confirmed as chairman of the BBC Trust. Why not hold a similar confirmation hearing for the man who, more than any other, will be responsible for negotiating our future in Europe? As its own website states, UKRep

"represents the UK in negotiations that take place at the EU level, ensuring that Britain's interests are heard".

Kim Darroch, the current head of UKRep, apparently

"represents the UK's interests at weekly meetings of heads of mission from all 27 Member States."

At what point do those who profess to represent our national interests answer to the nation for the deals that they strike in our name?

We fight general elections with politicians promising, to one degree or another, to change policy on Europe, yet in what sense are those who make European policy answerable to the people's tribunes? The conventional model of accountability for European policy via Ministers no longer works. The Brussels agenda is too vast and all embracing, and the scope of deal making too wide for Ministers to track how it works two or three days a week from London. That leaves too many Ministers signing deals that they did not actually author, and nodding through agreements that they have not properly considered.

Ministers in Brussels might make key decisions about what is on the wine list, but in Brussels the real business is conducted all too often by permanent officials. As the great diarist Alan Clark—some of us may have read his books—commented about a Council of Ministers meeting run by UKRep, way back in 1983:

"A succession of meetings, but no possibility of getting anything changed...Everything is fixed by officials in advance. Ministers shaking hands are just window dressing".

I suspect that very little has improved in the past 28 years.

Mark Reckless (Rochester and Strood) (Con): My hon. Friend speaks as if the appointment of Mr Cunliffe as our next ambassador to Brussels is a done deal. Did he not read two weeks ago in *The Sunday Times* a profile of the Prime Minister by Anthony Seldon, which said that the Prime Minister was taking a close, personal interest in this appointment?

Mr Carswell: I did, and I glean the pages of the newspapers for little hints and Whitehall leaks as to who may fill that vital role. Precisely because we are led to believe that the Prime Minister takes such a keen interest, I have every hope that he may do the right thing and allow the people's legislature to have the final say on whether that man should indeed occupy that important position.

I suspect that if Ministers and ex-Ministers today were as honest and candid as Alan Clark, they would perhaps admit that much the same happened at the two ECOFIN meetings last May, with officials making key decisions that Ministers nodded through. The Economic Secretary to the Treasury, my hon. Friend the Member for Putney (Justine Greening), wrote candidly in a letter dated 18 July to a Lords Select Committee about the decision to participate in a bail-out mechanism:

"While these decisions were taken by the previous Government, this Government judges them to be an appropriate response to the crisis."

I am not sure how easily that sits with the Government's claims that we are necessarily reluctant participants in the bail-outs. Perhaps that conveys the impression that Ministers may change, but the permanent officials and the policy that they determine remain the same.

Requiring Mr Cunliffe—or Sir Jon, I should say—to appear before the Foreign Affairs Committee to explain why he is the best man to negotiate for Britain in Brussels begins a process of changing all that. Regardless of whether Sir Jon is given the job, the process of confirmation hearings would end the appointment and promotion of senior Europe diplomats without scrutiny.

When George Shultz was US Secretary of State in the 1980s, he had a routine for appointing US ambassadors. He would ask them to come into his office and to point to their country on a large map in his office. They would

duly point to Kenya, Uganda, Guinea Bissau or wherever. "Nope," he would tell them while tapping the USA, "this is your country."

It is perhaps no coincidence that the US, which has always had a degree of legislative control over both appointments and treaties, has a clearly defined strategic vision and a readiness to deploy proportionate force in defence of its interests. Nor can it be entirely coincidental that, when Parliament was supreme and our diplomatic service small and subordinate, we, too, were willing to project our interests. Without effective parliamentary oversight, however, our salaried officials negotiating with Brussels last May managed to make us liable to bailing out a common currency of which we are not even a part.

For too long, Westminster politicians have contracted out large chunks of international relations to the permanent functionaries in Whitehall. Regardless of whether they come from a background in the Treasury, the Cabinet Office or indeed the Foreign Office, we should no longer defer key policy making to unelected officials.

Hugo Young, not a man I quote often, was a convicted —sorry, convinced—Europhile, *Guardian* journalist, author of "This Blessed Plot" and perhaps the foremost federalist of his generation. He understood how contracting out policy to permanent officials had profound consequences for the development of Britain's Europe policy. As he perceptively grasped, it meant that Britain's Europe policy was driven by diplomats rather than by their elected, albeit nominal, masters or bosses:

"By 1963, a corpus of diplomats was present in and around the Foreign Office who saw the future for both themselves and their country inside Europe. The interests of their country and their careers coincided. It was an appealing symbiosis."

Sir Oliver Wright, who served as ambassador to Germany and the United States, describes the phenomenon as "déformation professionelle"—the skewing of someone's outlook by his career imperatives. It happens to Whitehall officials as much as to us politicians. The Europeanism of the Whitehall grandee is just one manifestation of his déformation professionelle.

Unchecked by the people's tribunes, our salaried officials negotiating with Brussels have brought home a succession of dreadful deals. If Sir Jon is to get the role of chief deal maker with Brussels, he must come before this House to explain why he is the best man for the job. In doing so, he might at last start to realign the policy that officials pursue in our name with the kind of Europe policy that the rest of the country would like to see.

Chris Heaton-Harris (Daventry) (Con) *rose—*

Mr David Nuttall (Bury North) (Con) *rose—*

Mr Edward Leigh (in the Chair): The hon. Gentlemen may speak if they have had the permission of the hon. Member for Clacton (Mr Carswell).

1.41 pm

Chris Heaton-Harris (Daventry) (Con) I congratulate my hon. Friend the Member for Clacton (Mr Carswell) on securing this 30-minute debate. I come at the subject from a slightly different perspective because, in my former life, I was a Member of the European Parliament and spent 10 years working with some of the officials who performed in the role of the permanent representative. I have a relatively close friendship with the current incumbent, Sir Kim Darroch, who is a brilliant diplomat. We should not underestimate the brilliance and intellect of some of the top mandarins who have pushed themselves forward and have gone into such roles. Nor should we underestimate their independence. We can, however, take something from the European institutions. When we appoint European Commissioners, they must go through a confirmation process in the European Parliament, to which they supposedly answer. The United States, too, has confirmation processes for all the top appointments.

My hon. Friend is not going as far as he should: when we have a change of Government, we need a change in the Administration at the same time. We need to bring in people who truly believe in what that newly elected Government will do, and we need to have proper appointment and confirmation processes for all our top officials. We should not be so timid as to look only at the head of the UK Permanent Representation to the EU, important as it is. We should expand our view to include most top appointments. I have been in trialogues and all sorts of exciting meetings in European institutions; I have seen British representation at its best and at its worst, and I have seen deals done behind the scenes and in front of people.

During the current passage of the European Union Bill through the House of Lords, I noticed a funny noise—the opening of the tombs of the Cross Benchers and all those who had served in our diplomatic service before they reached that place. I then noticed the amazing energy and dislike for the number of referendums placed into the proposed legislation—a distrust of the people and, indeed, of their elected Government—and the desperate attempts to change the legislation passed in this House.

Those people were exhibiting the problem identified by my hon. Friend. They do not like the subtle change going on, with the European Union Bill providing a lot of referendum locks on transfers of competence from Britain to Europe in many policy areas. They are the Hugo Young college of Europe-type persons: they have been through the process, might rely on a European pension and enjoy going out with fellow diplomats everywhere. I worry about the influence of our current top civil servants, so I very much welcome my hon. Friend's ideas.

Mr Edward Leigh (in the Chair): Another hon. Member wishes to speak and I intend to give the Minister at least 10 minutes to reply, which is only fair, so perhaps the hon. Gentleman will bring his remarks to a close shortly.

Chris Heaton-Harris: I had just done so.

1.45 pm

Mr David Nuttall (Bury North) (Con): I am conscious of your comment, Mr Leigh, and will leave the Minister time to make a full contribution. I congratulate my hon. Friend the Member for Clacton (Mr Carswell) on securing this debate. It is absolutely right that the United Kingdom permanent representative to the European Union should be subject to a confirmation hearing before either the Foreign Affairs Committee, as was suggested, or some other appropriate Committee of the House. There are many arguments for holding such a hearing and for

[Mr David Nuttall]

having a confirmation process, but no convincing arguments against the idea. I pray in aid none other than the Prime Minister.

My hon. Friend the Member for Clacton mentioned that the Prime Minister supported such an idea when Leader of the Opposition, in an article for *The Guardian*, published on 25 May 2009:

"I believe the central objective of the new politics we need should be a massive, sweeping, radical redistribution of power: from the state to citizens; from the government to parliament; from Whitehall to communities; from the EU to Britain; from judges to the people; from bureaucracy to democracy. Through decentralisation, transparency and accountability we must take power from the elite and hand it to the man and woman in the street."

Politicians and the senior civil servants and advisers who work for them instinctively hoard power, because they think that that is the way to get things done. We have to kill that instinct, and I know how hard that will be, requiring a serious culture change among Ministers and Whitehall officials, and beyond.

The then Leader of the Opposition went further in his speech on fixing broken politics two years ago, in which he specifically addressed the issue raised today:

"We should also limit the use of the Royal Prerogative, so Parliament is properly involved in all big national decisions—and expand the use of confirmation hearings for major public appointments."

We have heard that the Select Committee on Welsh Affairs is to hold a confirmation hearing for the boss of the Welsh TV channel. If that post in Wales warrants a confirmation hearing, the post of the UK permanent representative to the EU does as well. We have the perfect opportunity to put the Prime Minister's idea into action. I look forward to hearing the Minister agree with what the Prime Minister said two years ago.

1.49 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I congratulate my hon. Friend the Member for Clacton (Mr Carswell) on securing this Adjournment debate and bringing the issue before the House today. I also thank my hon. Friend the Member for Daventry (Chris Heaton-Harris), who has huge experience in all matters European, and my hon. Friend the Member for Bury North (Mr Nuttall) for their contributions. They have obviously spoken on the issue in the past, but my hon. Friend the Member for Clacton has great expertise, and he always brings his passion to bear.

The position of the UK permanent representative to the European Union is important. He and his team play a crucial role in advising and negotiating on behalf of the Government on a wide range of issues, promoting and protecting UK interests in the EU. In promoting and defending national interests, the permanent representative and the representation, in working groups, negotiate important draft documents ahead of councils and European Council meetings. To do so effectively, they monitor closely and interact with other permanent representations and EU institutions, principally the Commission, the Council secretariat, the European External Action Service and the European Parliament.

Let me briefly give some recent examples of where our mission, UKRep, has played an invaluable role, so that my hon. Friends get a flavour of the work done in Brussels. In the domestic sphere, UKRep has helped to defend UK interests by preventing disproportionate legislation on, for example, the pregnant workers directive and the soil directive. Under this Government, it is being extra vigilant in taking pre-emptive action against any job-destroying employment and social measures. It has also helped to secure outcomes in the UK interests on cross-border health care, as well as on a range of environmental legislation dealing with industrial emissions, hazardous substances and limiting CO_2 from vans.

On foreign policy, UKRep has played an instrumental role in forging and maintaining a strong European political stance towards the recent crisis in Libya. It has taken forward with skill the names of people identified by our bilateral posts by successfully negotiating the detail of the sanctions and travel bans for Egypt, Libya and Syria, as well as for Burma and Zimbabwe—in the latter country in particular, we have specific interests.

Mark Reckless: Would the Minister include in that description of UKRep's various diplomatic successes negotiation of the euro bail-out funds around the weekend of 10 May last year?

Mr Edward Leigh (in the Chair): Order. This debate is about the appointment process for the UK permanent representative. It is perfectly in order for hon. Members and the Minister to introduce the subject, but we must now return to the appointment process, which is the subject of the debate.

Mr Bellingham: Thank you, Mr Leigh. I will return to the subject of the debate, but if my hon. Friend the Member for Rochester and Strood (Mark Reckless) writes to my right hon. Friend the Minister for Europe, I am sure that he will provide a detailed response, which I do not have time to do now.

Work continues with the development of a reformed and effective neighbourhood policy on the back of the Arab spring, which will continue to require skilful and proactive negotiation from UKRep. In the area of economic policy, the permanent representative and his team played a vital role in ensuring that the Prime Minister was able to secure positive and robust language in December for the next financial perspectives. They also developed a broad level of consensus for the Prime Minister's joint letter on growth ahead of the spring European Council. Similarly, UKRep played a vital role in preparing the ground for a good set of European Council conclusions on the euro-plus pact.

My hon. Friend the Member for Clacton made various comments and assertions about particular officials and their roles in negotiations on EU issues. The topic for debate today is the appointment process, not the policies, as you rightly pointed out, Mr Leigh, so I will not dwell on the policy issues that my hon. Friend raised, and I will not comment on individual civil servants. However, what is clear to me is the importance of the distinction between the roles of Ministers and officials. Ministers take decisions on policies, and are accountable for them to Parliament. Officials in UKRep then negotiate within the mandates and instructions that Ministers have provided. Those mandates are adjusted and updated

as the negotiations progress, but it is a myth that UKRep has the freedom to operate outside the negotiating mandates that they receive from Whitehall, or to make independent judgments about compromises or deals.

The House of Commons has the opportunity, through its excellent European Scrutiny Committee, which is under the proactive and assiduous chairmanship of my hon. Friend the Member for Stone (Mr Cash), to set out its views on European documents ahead of agreement. The Committee has the right to ask for a debate in Standing Committee or on the Floor of the House. This Government value the work done by Parliament on EU work, as it is fundamental to making the Government of the day more accountable to EU decision-making, as well as to making the EU process more transparent.

My right hon. Friend the Minister for Europe made a statement along those lines to the House on 20 January, and encouraged the Government and Parliament to explore ways in which Parliament's scrutiny role could be further strengthened on EU issues, including on justice and home affairs. That is the right way for Parliament to be satisfied that, through ministerial accountability, officials throughout Whitehall and posts—including the Permanent Representation—are promoting the national interest effectively in the EU.

Mr Carswell: Will the Minister give way?

Mr Bellingham: I do not have long, so I shall carry on. Like other diplomatic service appointments—I am coming to key points about the process—I am clear that the permanent representative's role is to advise Ministers on how to secure the best results for the UK in the EU, and to negotiate to achieve those results for the Government. Ministers decide and are accountable to Parliament for policies on European issues, and for the positions that the UK Government take in negotiations in the EU. The appointment process for the position—the appointment of an official, not a politician—therefore follows the general principles followed for diplomatic civil service appointments, and the code. It is critical that the appointment be made on merit. The civil service and diplomatic service are founded on the principle of impartiality. Officials must be able to serve with integrity the Government of the day, of whatever political party or parties.

Robert Peel said to this House in 1827:

"I may be a Tory—I may be an illiberal—but...Tory as I am, I have the further satisfaction of knowing, that there is not a single law connected with my name, which has not had for its object some mitigation of the severity of the criminal law; some prevention of abuse in the exercise of it; or some security for its impartial administration."—[*Official Report*, 1 May 1827; Vol. 17, c. 411.]

That principle has served successive Governments well, allowing them when they come to office to make use of the continuity of expertise and professionalism of civil servants and diplomats. Indeed, I have seen for myself since I was appointed nearly a year ago that civil servants and diplomats who served the previous Government with great professionalism and integrity now work with Ministers with a different set of priorities. The seamless transition to the new team—the commitment, tireless hard work and dedication—is a huge credit to the British civil service. For those reasons, I continue to believe that to introduce a further stage in the appointment process for the permanent representative or for other senior appointments when a selection has been made would not be consistent with the principles of impartiality and appointment on merit, and could indeed be seen to politicise the appointment process.

I am sorry to disappoint my hon. Friend the Member for Clacton, but I do not intend to propose that Parliament should be offered hearings on senior appointments. That would blur the distinction that I emphasised earlier, by implying that officials in UKRep, however senior, had some sort of independent role, separate from the Whitehall process. As I have said, officials implement the policies and work within negotiating mandates decided on by Ministers, and for which Ministers are rightly always accountable to Parliament.

However, I welcome the House's interest in the issues raised today. I therefore propose that the Foreign Affairs Committee be informed in writing of appointments to the most senior overseas positions at permanent secretary level—obviously including that of the permanent representative to the EU—when the selection has been made, providing a copy of the successful candidate's CV and job specification. In the case of the permanent representative to the EU, I propose sending a copy of that letter to the European Scrutiny Committee. I hope that that goes some way—not the whole way, but a small way—in the direction that my hon. Friend wants.

My hon. Friend is concerned that some questions to the Foreign Office have not been properly answered. I have looked at the correspondence and some of the parliamentary questions that he tabled, and I am satisfied that the issues raised by my hon. Friend have been addressed as fully as possible. Both officials and Ministers have addressed the questions about the nature of the contract and the way in which the permanent representative is tasked and appraised.

Similarly, the permanent representative's personal performance is assessed on a personal basis between him and his line manager. My hon. Friend would like to make the permanent representative more directly accountable to Parliament. I have said that I believe that it is right that Ministers remain accountable to Parliament for policy decisions and for the positions taken and agreed in the EU.

Around 157 years ago, the Northcote-Trevelyan report on the organisation of the permanent civil service stated its principles. It says:

"It may safely be asserted that, as matters now stand, the Government of the country could not be carried on without the aid of an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability and experience to be able to advise, assist, and, to some extent, influence, those who are from time to time set over them."

Those principles held firm 157 years ago, and still do today.

Question put and agreed to.

1.57 pm

Sitting adjourned.

Westminster Hall

Wednesday 11 May 2011

[Mr Mike Weir *in the Chair*]

State Pension Age (Women)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Vara.)*

9.30 am

Teresa Pearce (Erith and Thamesmead) (Lab): It is a privilege to have the debate under your chairmanship, Mr Weir. I asked for the debate because, like many other hon. Members, I have been contacted by many women in my constituency who will be badly affected by the Government's plans to accelerate the timetable for equalising the state pension age. That has come as quite a shock to many of them. They thought that they were nearing the end of their time in the labour market and had been looking forward to and planning for their retirement.

The Pensions Bill is due to be introduced in the House of Commons shortly, so I am grateful to have the opportunity to talk about the proposal in advance of its being spoken about in the Commons. I hope that this debate will also help to raise awareness of the issue among hon. Members and possibly their wives, sisters and mothers, and among other women who will be affected by the change but have not yet realised that.

All the main political parties accept that overall life expectancy is increasing and that the state pension age for women should rise and be in line with the age for men. I do not oppose the equalisation of the state pension age, nor do many of the women for whom I am speaking. In fact, they have already accepted an extension of the date when they will receive their pension. The issue is how the Government are going about accelerating that. Like many others, I think that the Government's accelerated timetable is unfair and will have wider implications for our pensions system and for society as a whole.

It is worth taking a few moments to set out some of the background to the debate. Under the current timetable, women's state pension age was scheduled to rise to 65 to be equalised with that for men in 2020. It was then to rise to 66 for both men and women by 2027, to 67 by 2036 and to 68 by 2046. Under the Government's new plans, the state pension age for women will follow that schedule only up to 2016, when it will rise to 63. It will then rapidly accelerate to 65 by 2018 and to 66 by 2020.

The overall impact of the change means that 2.6 million women and 2.3 million men will have to wait longer than expected to qualify for their state pension. However, there is a small cohort of women who will be hardest hit by the change simply because they were born at the wrong time. I have to declare an interest as one of the 500,000 British women born between 6 October 1953 and 5 March 1955. They will have to work for another one to two years before they reach the state pension age. The women who will have to wait two years stand to lose £10,000 in pension income and up to £15,000 if they would be in receipt of pension credit. Under the Government's plans, we will have a deeply unfair situation in which, for example, a woman born on or before 5 April 1953 will reach the state pension age at 62, but those born on 6 April 1953 will retire at 65. Many of the women who have written to me consider that age discrimination, and they have a point.

It is important to note that the proposal was unexpected—it has been sprung on these women. It was in neither the Conservative nor the Liberal Democrat general election pledges and it was not in the coalition agreement. The women who will be affected by the Government's U-turn will not have enough time to plan for the further change in their circumstances.

Mr Wayne David (Caerphilly) (Lab): Like many other hon. Members, I have constituents who are affected by this issue. For example, my constituent Mrs Janet Davies of Tydfil road, Bedwas, has been to see me and expressed very clearly the predicament that she faces. She was born in February 1954 and, as my hon. Friend said, stands to lose £10,000. What advice would she give Mrs Davies? How should she respond to the situation?

Teresa Pearce: I thank my hon. Friend for his intervention. I totally agree. The unexpectedness of the extension of the time is the problem. I really do not have an answer as to how my hon. Friend's constituent will manage that. I will put some questions to the Minister later.

The accelerated timetable will start in 2016, so the proposal will affect women who would have previously reached the state pension age in about five years' time. The worst affected will have to wait a further two years to reach their pension age, so they are seven years away from their pension date, which is well below the 15 years' preparation time recommended by the Turner commission.

It is important to remember that women are already at a significant disadvantage relative to men when it comes to pensions. The median pension saving of a 56-year-old woman is just £9,100, almost six times lower than that of a man, which stands at £52,800. Women's pensions are traditionally lower because many have taken time out of paid work to raise children or to care for parents.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Like other hon. Members present, I have been contacted by many constituents on this issue, but I suspect that many more do not realise what is to happen or are only gradually realising and will be contacting MPs more and more. Is it not the case that as well as the obvious effects on incomes, what stimulates their anger is that they feel cheated by what has happened? As my hon. Friend said, the proposal was not in the coalition parties' manifestos and it was not even in the coalition agreement, so there is no way the Government can claim that they did not know the financial figures and they have to make this cut. They knew what the financial figures were when they did not include the proposal in the coalition agreement, so this is a double betrayal of many women pensioners. Does my hon. Friend agree that as we are now seeing U-turns from the Government daily, perhaps this issue should be the subject of today's U-turn?

Teresa Pearce: I thank my hon. Friend for his intervention. I agree. As I said, it is the unexpectedness of the change that is the problem. The women affected have worked all their lives and paid into the system,

[Teresa Pearce]

expecting something in return. They feel that they have done their bit, but they are not getting what they agreed to in the first place.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Does my hon. Friend agree that the situation is made more difficult because many of the women have been on low incomes and have not been able to make savings in other ways? Although they may have done the right thing and planned, they are now hit by this double whammy.

Teresa Pearce: I agree. These women have been unable to plan for this change. Already, their pension age was further away than that of the previous generation and now it is being pushed further away again. It seems that the nearer they get, the further away it goes.

Michael Connarty (Linlithgow and East Falkirk) (Lab): My hon. Friend is being very tolerant of interventions. Is this situation not also symptomatic of the flaw in the analysis of why the pension age should be extended? For example, in the debate on Second Reading of the Finance (No. 3) Bill, one of our former Pensions Ministers made the point that if someone has been working from the age of 16, regardless of gender, by the time that they get to 60, they have paid 44 years of national insurance and have probably burned out. Extending the pension age for people who leave university at 25 after a postgraduate degree is not a problem; indeed, they probably have a very good private pension. However, for many ordinary working-class people—men and women—it means that they are being forced to work beyond the point at which their health allows them to carry on working. This is not just a problem for women, although I do not diminish the problem for them at all. It also affects people who have had a long working life in what are probably the hardest jobs in society.

Teresa Pearce: I agree: this is not just an economic issue or a gender issue, but a class issue.

As I was saying, many women have done part-time work or have taken time out of the work force altogether to raise children. Many women worked in part-time jobs at a time when part-time workers were unable to take out a private pension. Those women have worked for 40 years, paying their national insurance contributions. They were looking forward to the retirement that they expected to start at 60. They, and I, were disappointed when it was announced that the age of retirement would go up from 60 to 65 between April 2010 and April 2020, but we accepted that and planned accordingly. Now, these women find that just as they are nearing the end of their time in the labour market, the goalposts have been moved yet again.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Some of the women in my constituency who have approached me about the issue have found out about the changes by reading about them in the newspaper. There has not been adequate information. Does the hon. Lady share that concern?

Teresa Pearce: I certainly do and I thank the hon. Lady for her intervention. It was not that long ago, and it was certainly after the proposal was first made, that if someone went on to the website to look at their pension forecast, it was still set at the old rates. I think that that has been changed now, thank goodness.

As I was saying, there has already been one movement forward so that people have to work longer. Now, there is another one. People are understandably angry about that and feel let down by the Government, because there was a covenant between them and the Government: "If you pay in, we'll do this." These people have done their part, but the other part is not coming forward.

Many people who are approaching state pension age have already taken steps to reduce their hours of employment or have taken on caring duties with elderly parents. Where their children are getting married, they have promised to look after their young grandchildren in the next few years, when their children return to the work force.

One constituent, Susan Harris, from Belvedere, was a teacher for 30 years. In 2005, she took early retirement and a reduced pension. She told me she had made calculations based on when she thought she would receive her state pension. She thought she was making an informed decision—she was planning. Sadly, she is now one of the unfortunate women facing a two-year loss in pension income. It is not surprising that she feels the Government are being unjust and have broken their promise to her about when she would receive her pension.

What assessment has the Minister's Department made of the proposal's effect on the number of unpaid carers and child minders in the UK? The accelerated timetable means that many people who would have taken up caring for relatives or providing child care when they retired so that the next generation could join the work force will not be able to do so, because they will be at work for another two years. The Government must consider that important social policy impact.

I would also be interested to hear the Minister's thoughts on what the proposals will mean for volunteering and the big society. People who have retired are not inactive; they volunteer at local libraries, charity shops and lunch clubs. They also act as school governors and provide much needed care in our communities. If they are kept in the labour market for longer, they are less able to volunteer in those ways. In pushing people to work until they are much older, we are in danger of compromising activity outside the labour market, which we value very much.

It may not be easy for the women affected by the proposal to get another job or to increase their hours to fill the two-year gap, especially at such short notice. I am sure that I am not alone in receiving an increasing number of letters from constituents in their 50s who are willing to take any kind of work, but who are finding it impossible to get a job. It is not easy for people to return to the labour market once they have left, and it is becoming increasingly difficult to hang on to a job in later years, too. If women are expected to work longer, there needs to be work for them to do, and that is particularly important given the current economic situation and the rise in unemployment. In looking for work, these women may well be competing against their own grandchildren in the labour market.

Many women will not have enough savings to fall back on if they cannot hang on in the labour market. Women who have been employed in low-pay work, or who have taken time out to have children or to act as carers, will have few savings to cover them for the period between when they expected to retire and the proposed state pension date. Those women now face an uncertain future. Will the Minister outline the measures the Government plan to introduce to help them work longer? Will he comment on how women who are not in work are meant to balance their finances in the two-year gap, given that they will be eligible for jobseeker's allowance for only six months if they have savings and will not be eligible at all if they have a small occupational pension?

I want to focus for a moment on women who have worked in low-pay or manual jobs, because class differentials need to be taken into account, as my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) said. The Minister has defended the accelerated timetable on the basis of fairness and has said that a balance must be struck as life expectancy continues to rise, because we cannot expect the workers and companies of today to shoulder all the costs. However, while overall life expectancy has increased by 5.5% for women and 6.5% for men, it has not increased uniformly, and there are still deep socio-economic and regional differences in average life expectancy. Office for National Statistics figures show that women's life expectancy at the age of 65 is highest in the royal borough of Kensington and Chelsea, where women can expect an additional 26 and a half years. However, in Greenwich and Bexley—the two London boroughs that cover part of my constituency—the figures are much lower, at 20 and 21 years respectively. Women's life expectancy at 65 is even lower in Glasgow city, where women can expect just an additional 17 and a half years. The 2010 Marmot report into health inequalities found that people living in the poorest areas live seven years less on average than those living in the richest areas.

Women in poorer areas, many of whom are from working class backgrounds and have been in low-income jobs, will be hardest hit by the accelerated timetable. They are the least financially equipped to deal with the change, and their lower life expectancy means they will get less time to enjoy their retirement. There is also the issue of women manual workers, who will struggle to continue to work if their jobs are physically demanding. A constituent in Plumstead recently wrote to me, saying:

"It is particularly hard on me because I am a manual worker. I have already been 'pacing myself' if you like, for my retirement. I don't think I will physically be able to continue fork lift driving and hulking boxes around at the later age. If I'd known I would've changed my job but it's too late now. It's not fair on me."

I was hoping that my right hon. Friend the Member for Croydon North (Malcolm Wicks) would be able to make the debate, because he has done some excellent research on the impact that the accelerated timetable will have on men and women of different social classes. I hope the Minister is aware of that research and that the Government will take it into account.

Although the proposed accelerated timetable directly affects a comparatively small group of women, its impact will be felt more widely. Extended family members may have to contribute financially to help women cover the costs of the period between when they expected to get a pension and when they actually receive it. The change will also affect many men of pensionable age because they cannot claim pension credit until their wife or partner reaches pension age. The change will therefore affect the whole household.

The Government need to think carefully about what they are asking of a small group of women who have worked hard all their lives. These women are being told to pay a disproportionate cost with little notice. They have earned a decent retirement, but many fear they will be too old and frail to enjoy it. A constituent from Belvedere wrote to me recently to say:

"I have been working since I was 16, have paid all my contributions and was looking forward to enjoying my retirement. But now it looks like I will be too old to do anything except watch telly if they keep altering the age. I suppose the Government does not care about the people who vote them in."

Alison McGovern (Wirral South) (Lab): Does my hon. Friend agree that one of the wider consequences relates to trust in the pensions system? When daughters see their mothers being somewhat misled, and when they see the Government change their plans in this way, they lose faith in our pensions system, and we can ill afford that.

Lilian Greenwood (Nottingham South) (Lab) *rose—*

Teresa Pearce: I give way to my hon. Friend.

Lilian Greenwood: I want to pick up the point raised by my hon. Friend the Member for Wirral South (Alison McGovern). A constituent in Wollaton told me that she has always worked full time. She was raised on national assistance as the fifth child of a recently widowed mother. She lived by the rules as she knew them, she saved and she made pension contributions. When she heard the Minister on the radio, she rightly felt that she did not want to be claiming benefits at the end of her life; she wanted a pension that she had contributed to and earned. Is that not absolutely right? As my hon. Friend said, many people will feel that it simply is not worth making contributions to a pension if it is going to be pulled out from under them just when they need it.

Teresa Pearce: I thank both my hon. Friends. That is exactly the point I was coming to. Moving the goalposts at the last minute has implications for public confidence in our pensions system, which has already taken a knock as a result of the changes to public sector workers' pensions. The unfairness of the Government's accelerated timetable could undermine some of the more positive changes in the Pensions Bill. Clauses 4 to 9 are about automatically enrolling people in a workplace pension and creating the national employment savings trust. That is a positive step, which will do much to boost confidence in our pension system and address the low take-up of pensions, particularly among low-income workers.

However, the accelerated timetable will make it harder for the Government to achieve that, because people will note that Ministers are happy to change the pension rules at the last minute. That will undermine confidence in the pensions system, which already suffers from low confidence among members of the public. Like the change to public sector pensions, the proposed change undermines public trust. People are likely to think, "If they move the goalposts again at the last minute, why

[Teresa Pearce]

bother? We may make our contributions now, but who's to say the money will be there at the end when we expect it?" That is the opposite of the Government's intentions on pension reform, but it is a distinct possibility. Will the Minister consider that point? I hope he will address it in his closing remarks.

The proposal has been developed too quickly. In the past, pensions Bills have been the product of detailed reviews that have taken an holistic approach to pension reform. Pensions policy needs to be planned stage by stage and for the long term through reviews such as the current workplace retirement income commission, which is led by Lord McFall. I am concerned that the Government's hasty inclusion of the current proposal in the Pensions Bill will mean that key issues, such as socio-economic and regional differences in life expectancy, are not given the proper consideration they are due.

In making any changes to legislation, the Government should ensure that no group is disproportionately impacted on, and none more so than the post-war generation of women, who have had to battle for rights all their lives—from the Equal Pay Act 1970 to the Sex Discrimination Act 1975 and the Employment Protection Act 1975. Women born in the 1950s have seen so much change that they did not expect to be battling still—battling against a rapid acceleration of the pension age, which falls purely on their shoulders. I ask the Government to pause and look at the bigger picture before making these unpopular changes.

I hope to show today that the campaign against the Government's accelerated timetable has broad support. Earlier this year, I tabled early-day motion 1402 urging the Government to drop the timetable. It has already been signed by 138 Members from all political parties. Charities such as Age UK and companies such as Saga are also campaigning against the accelerated timetable, and it is very rare for the *Daily Mail* to back something that I am saying, so we really do have broad support. Some 10,000 people have signed the Unions Together "Hands Off Our Pensions!" petition, and I can see that many of them have contacted their local MP to ask them to attend the debate today, and I am grateful for that.

I hope that the Minister will consider carefully the points I have raised and those that will be raised by other Members, and, most importantly, listen to the voices of the women themselves. I strongly urge him to drop the unfair plans to accelerate the equalisation of the state pension age—it is a shabby way to treat Britain's grandmothers. People will embrace change, but only if it is implemented slowly and fairly.

9.50 am

Annette Brooke (Mid Dorset and North Poole) (LD): I congratulate the hon. Member for Erith and Thamesmead (Teresa Pearce) on securing this debate. It is not only important, but potentially timely given that we all need to come together to address what I think is an injustice, and one that perpetuates injustice over time.

I feel empowered to speak on this issue because, although I am well out of the age bracket affected by this latest injustice, I automatically signed up for married women's contributions. All Members here will have had women come to their surgeries absolutely distressed because there is nothing that they can do about their pension. It has been said that it was all explained properly and it was a choice—people are told that it was an "informed choice"—but of course it was not, and once someone is in that position, there is nothing that can be done about it. That is how we treated women in the 1960s. Are we doing any better today?

I am sure that other Members have met women who worked part-time in the public sector who had to have their rights recognised through the courts; even then, the publicity, the information and the time scale were not published in a way that was effective for everyone concerned. I agree with the hon. Member for Erith and Thamesmead; as part of the reserve army of the work force, women working part-time have been used, and it has affected their pension rights very badly.

Alex Cunningham (Stockton North) (Lab): I was interested in the reference to public sector workers. Does the hon. Lady agree that there is no such thing as a gold-plated pension for public sector workers, and that the issues that women face are all the greater because they do not really have a pension to look forward to, even if they served 40 years in public service?

Annette Brooke: I made that particular point because those women could get justice and redress only through the courts, which is important.

A more recent instance of an injustice to women occurred during the time of the previous Government. The reduction in the number of contributory years for a full pension, to 30 years, was very welcome—it clearly helped women and so has to be welcomed. When it happened, only three in 10 women who reached state pension age drew a full pension in their own right, so that change alone should have raised the proportion to more than seven in 10—it was a good move. However, again, there was an injustice to a group of women whose birthday happened to be at the wrong time.

Michael Connarty: I am perplexed. The hon. Lady said that she would cite an injustice and then cited a tremendous change by the last Labour Government to give seven in 10 women pension rights after 30 years. As a Liberal Member who is part of the betrayal now, can she find any evidence that this Government will not withdraw the 30-year rights because they are looking to save money now?

Annette Brooke: I ask the hon. Gentleman to wait for me to identify the injustice. My point was about the cliff edge; there could be two women living next door to one another with one day's difference in their birthdays, and there would be a cliff edge. Changes need to be phased in. In 2007, there was no phasing in, so some women missed out on as much as £28,000 over the course of their retirement because of one day. Whenever there is a sharp cut-off date, there is an injustice.

Fiona Mactaggart (Slough) (Lab) *rose—*

Annette Brooke: I want to make a fairly brief speech.

We have a long history of injustice towards women and I am illustrating that with a few examples from the

past. On many of those issues, the Minister has an excellent record in fighting for the cause of women, particularly the married women's contribution and the cliff edge, so I feel that we could get a very sympathetic hearing today.

As the hon. Member for Erith and Thamesmead said, women born between 1953 and 1954 particularly will be hit very hard. Some 500,000 women will have their state pension age delayed by more than a year, 300,000 women will have it delayed by 18 months or more and a small but badly hit group of 33,000 women will have it delayed by exactly two years—just because they happen to be born in a particular month. That picks up my point about the cliff edge of the previous change, because there are parallels with this change. We should not say that because it happened in the past, there will always be a one-day cliff edge. There are always opportunities to look at things again.

Fiona Mactaggart: I agree that there is an injustice for people born within a day of each other when there is a sudden change, but there is a difference between this change and the one to which the hon. Lady refers. That change increased the number of women who had an opportunity to get a full pension, but this change will negatively affect some women. When people feel an injustice, the difference is this—if someone gets a good thing, it is not completely fair, but if all of us get an appalling thing, it is certainly unfair.

Annette Brooke: I am sure that the hon. Lady appreciates that I am trying to show that there are a lot of instances in which women have had a very unjust settlement, and this is yet another instance of that. We all have an opportunity to speak out against it now, when there is time to do so.

Obviously, the proposals to speed up the increase of the pension age will deny large numbers of people the notice they need to plan effectively for a later retirement, and I am concerned that the poorest and the unemployed could face real hardship as they struggle to manage without the state pension and benefits on which they were relying. As other Members have mentioned, this particular change is not in the coalition agreement. I shall give one example of the effects of the change on one of my constituents:

"My birth date is 10/11/1954. I reluctantly accepted the raise of my retirement age to 64 years and 7 months…Now I am shocked to hear I will now have my pension at 66 years of age. I have had no opportunity to plan for this increased time scale, what do I do?????"

That is the question: what do these women do?

"I have no private pension and I am now being forced to work another 18 months after starting work at 15 years of age!!!!! I've already missed out on retiring at 60, like my mum. The older we get, the goal posts are continually being moved."

For me, that says it all.

We know that this is not about a large number of people, so money could be found by the coalition Government. We need to know how much it would cost to even out matters. This is an opportunity for the coalition Government to say, "We really do care about giving equal treatment to the citizens of this country."

9.59 am

Julie Elliott (Sunderland Central) (Lab): It is a pleasure, Mr Weir, to speak under your chairmanship this morning. I warmly congratulate my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce) on securing this debate and on her excellent introduction. I am pleased that so many Members are here to participate; this is an important subject, and many will be affected.

I start by saying how many of my constituents in Sunderland Central have contacted me about this issue. Over the past couple of months, I have been overwhelmed by the number of people contacting me who are worried and anxious, and oppose the Government's plans to speed up the equalisation of the state pension age. Many have written giving their own stories of what they are about to lose.

Average life expectancy in this country is increasing. That is a good thing, but it is why reforms to the current pension system are necessary. No one disagrees with that. We live in an ageing society, and the pension age needs to rise to ensure that people's retirements remain financially secure and enjoyable. However, I cannot support the changes that the Government propose, as speeding up the timetable for equalising the state pension age in that manner is unfair to my constituents.

Yasmin Qureshi (Bolton South East) (Lab): Does my hon. Friend agree that the golden principle running through our legal system is that legislation should not be made that results in offenders not knowing what sentence they are going to get? In a similar way, in civil law those who enter into a contract, such as in employment, should know exactly what the terms and conditions are. Retrospectively to change those terms and conditions is manifestly legally and morally wrong.

Julie Elliott: I totally agree with my hon. Friend. It is that feeling of injustice—almost that people have been conned; they thought that they were contributing to one thing, but were getting something else—that is so stark in these proposals.

I shall give a few examples to explain the problems that the proposed changes will bring to the lives of many women in my constituency—and, I am sure, across the country. The first is of a woman who has worked, planned and saved, but will still be caught out. She has done everything that people are being told to do. She has worked from the age of 16, with a couple of intermissions to have children, although in those days maternity provisions were not as good as they are now.

This woman has three small private pensions from her various places of work; in some ways, she is in a good position compared with many, although two of those pensions will be deferred until she is 60. A couple of years ago, her parents became ill. She did all the calculations; she could release the private pension from her current employment, and she had some savings, so she decided that she could manage with her deferred pensions being paid at 60 and her state pension not being paid until she was 63. She did all that, and left work a couple of years ago.

One could argue that my constituent has saved the state money by looking after her ailing parents. However, she now finds that her state pension will be delayed. She has done everything right—she has worked, saved and contributed—but is being penalised, and will somehow have to find the shortfall. She is incredibly worried about that. She has never been well paid, but has been cautious in her financial planning.

[Julie Elliott]

Another constituent who contacted me is set to lose more than £7,500 of the state pension, something that she has worked hard for over many years. She is now required to work a further 74 weeks. She understandably feels let down by the Government. In her letter, she said that she has worked extremely hard all her life, yet her retirement age seems consistently to move further away. Frankly, the changes to her pension have left her feeling robbed. She is not in good health, and wonders whether she will be fit enough to work those extra years. She may have to go on to benefit, something that she has never wanted.

The third of my constituents to write to me says that she had planned to work until she was 60. She began saving, and started contributing towards her pension when she was 18—38 years ago. She has worked hard and contributed to society; she paid her taxes and her national insurance contributions. At the age of 56, she was looking forward to a relaxed and financially secure retirement. The Government's plans mean that she will now have to work until she is 66, six years longer than she expected. Her health is failing due to the stress of her job, and she is not financially prepared for the change. She wonders how she is meant to prepare for it at such short notice, and why the Government have let her down in this way. I am sure that she also wonders why the Government are going back on their promise in the coalition agreement.

A common theme runs through the letters that I have received from constituents. They do not disagree about the state pension age rising; they recognise that increasing life expectancy makes that logical. However, they say that moving the goalposts at such short notice is creating serious financial harm and causing real worries. As a result, some are considering working beyond their state pension age. However, that should be a choice; it should not be forced on them. Retirement, and especially the age at which people decide to retire, should be about choice, but choice has been stripped from those affected by these changes.

In my constituency of Sunderland Central, 1,100 women aged between 56 and 57 are among the 33,000 women whose state pension will be delayed by two years. I wrote to the Minister, asking about his plans for the state pension age. In reply, he said:

"While overall there are some aspects of the change that will affect women more strongly than men, we consider the effect is not disproportionate".

I disagree with him. No man will have to wait longer than a year, but 500,000 women will. If that is not disproportionate, what is?

When it comes to the state pension, women are already at a disadvantage. The median pension saving of a 56-year-old woman is almost six times lower than for a man of the same age. Women will have decided to have children and work part-time to raise families. That is a valid decision and one for which they should not be punished—indeed, they should be praised. However, under these proposals such women do not have enough time to adjust their financial plans for retirement. Many have already decreased their hours in preparation for retirement, and some will have done so because of ill health.

Retirement is an opportunity for those who have contributed all that they can to society to rest with peace of mind, knowing that their contributions will be recognised and that they will be adequately provided for. However, I worry about the long-term costs for these women. I suspect that there will significant hardship, with anxiety and stress about financial matters. I also worry about the ill health that results from working to an older age.

The Turner Commission recommended 15 years of preparation before such changes are implemented. I would be interested to know why the Minister disregarded that and opted for far fewer years. Current plans will result in very different outcomes for women of similar ages. I know that the line has to be drawn somewhere, but deciding a person's pension eligibility by their birth date suggests that the entire reform is being introduced too swiftly. The Government should stick to the original timetable, with equalisation at 65 in 2020, and not increase the state pension age to 66 until after that.

Once again, I congratulate my hon. Friend the Member for Erith and Thamesmead on securing such an important debate. I look forward to the Minister's response.

10.8 am

Mr Alan Reid (Argyll and Bute) (LD): I congratulate the hon. Member for Erith and Thamesmead (Teresa Pearce) on bringing this important matter before the House.

I start by declaring an interest. As a man born in 1954, I will be affected by the increase in state pension age. However, the extra time that men will have to work is slight, and the change is being brought in gradually. I can therefore accept that change. The real problem created by the Government's proposals is for women born at about the same time as me. They will have to work considerably longer before they can collect their pension, and they are being given short notice to prepare for the extra work.

As others have said this morning, the Turner commission recommends 15 years preparation. The Government have had to make many difficult decisions because of the record-breaking deficit that they inherited from the previous Government. The Government's aim is to eliminate the deficit by 2015, but this proposal will not help them to achieve that goal, because it does not come into effect until well after 2015. Therefore, they cannot put forward the argument that the proposal will help to eliminate the deficit.

The proposal will also not bring any long-term recurring benefits to the public finances. Equalisation and the increase in the pension age to 66 will take effect in the long term and this proposal will only bring a benefit over a few short years. The proposal is not needed for the Government's overall strategy. It is also not in the coalition agreement, which said that equalisation should not take place before 2020.

Mr Gregory Campbell (East Londonderry) (DUP): Does the hon. Gentleman remember the Minister speaking in the House last month? He said:

"If we want to encourage pension saving, the key is getting the state pension system right."—[*Official Report*, 4 April 2011; Vol. 526, c. 795.]

There is an obvious anomaly here and this section of getting the system right has not been achieved. Today's debate gives the Minister an excellent opportunity to rectify what is an obvious anomaly.

Mr Reid: I obviously agree that we must get the pension system right. The Minister has an excellent track record in campaigning for justice for pensioners. As the proposal is not in the coalition agreement and is not needed to eliminate the deficit by 2015, I hope that the Minister will go away and reflect on the matter before the Pensions Bill comes to the House.

10.11 am

Nick Smith (Blaenau Gwent) (Lab): I congratulate my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce) on securing this debate. My constituents in Blaenau Gwent are worried about the Government's plans. At a recent surgery in a supermarket, one constituent told me, "I am one of the people who are affected by the proposed change. Also, having recently lost my job, I am finding it difficult to get another job in the current climate."

In an e-mail, another constituent said:

"I have worked all my life. I have never been a burden to this county and I have always paid my own way. I was widowed 14 years ago so I have no-one else to support me, therefore, I'm dependent on my pension. I work for the Local Authority, so am unlikely in the current economic climate to retain my job until I'm 64."

These women are fearful of what their future holds and angry that the goalposts have been moved.

The House of Commons Library estimated that about 800 women in my constituency will be affected by the proposals. Age Cymru said:

"These proposals are unfairly discriminating against women of this age group, as they are not providing them with an adequate amount of time to plan for these changes."

I hope that the Minister listens to those important concerns today.

10.13 am

Rachel Reeves (Leeds West) (Lab): I congratulate my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce) on securing this debate on such an important and unjust matter and on her early-day motion 1402, which has secured 138 signatures from across all the main parties.

I also congratulate Age UK on the campaign that it has been running. Those of us who get the tube to work in the morning and come up the escalators and into Portcullis house will have seen the posters that adorn the walls. They tell the stories of some of the women who will be affected by these changes. Some of those stories have been related by hon. Members from all parties this morning.

My hon. Friend spoke about some of the organisations that have provided support on this matter, such as Age UK, which I have already mentioned, and Saga. There have also been supportive articles in the *Daily Mail* and *The Guardian*. There is a broad coalition against the proposal, and we hope that the Government will take on board some of criticisms of the Pensions Bill, especially of clause 1 and the increase in the state pension age.

People who are approaching retirement say, "This is a bit like a horizon. You can always see it in the distance, but you can never quite get to it." As my hon. Friends the Members for Sunderland Central (Julie Elliott) and for Blaenau Gwent (Nick Smith) have said, the goalposts just keep moving, and that does not seem fair, especially when people are trying to make the right decisions. They plan, contribute, bring up families and care for relatives, yet they are being penalised.

Yvonne Fovargue (Makerfield) (Lab): Does my hon. Friend agree with my constituent who said that she felt discriminated against when she started work 30 years ago because she was barred from joining a personal pension scheme? She feels discriminated against now because of her date of birth and the fact that her pension will be delayed.

Rachel Reeves: I could not agree more. That is a big issue and one that I will address later. For a number of reasons, this group of women are particularly ill-equipped to deal with the changes that the Government are trying to force upon them.

I want to pick up on a couple of points raised by the hon. Members for Argyll and Bute (Mr Reid) and for Mid Dorset and North Poole (Annette Brooke). The proposals go against the coalition agreement, which states:

"The parties agree to...hold a review to set the date at which the state pension age starts to rise to 66, although it will not be sooner than 2016 for men and 2020 for women."

These changes bring forward the equalisation of the state pension age to 2018, which is not mentioned in the coalition agreement, and they raise the state pension age for women to 66 in 2018—two years earlier than promised in the agreement.

Although there is increasing pressure on the Liberal Democrats to stick with the coalition agreement, there is no obligation on the Minister to support this breach or for coalition MPs to vote for it. No one in the country voted for this at the general election a year ago, and it is not what coalition MPs signed up to when they made their promises in the rose garden. We have heard a great deal from Liberal Democrat Members today. I hope that that means that people who are approaching retirement can feel that their MPs will not support these proposals.

To reiterate points that have already been made, 2.6 million women and 2.3 million men will have to wait longer for their state pension than they previously had been told. Some 500,000 women will have a delay of a year before they get their pensions and about 300,000 women will have a delay of 18 months or more. Unfortunately, 33,000 women who were born between early March and early April 1954 will have to wait another two years before they receive their state pension. I have been lobbied by a huge number of women on these issues, not least by my own mother who was born on 30 March 1954. She very much hopes that the Minister will be listening to every word that I say today.

There is fewer than five years' notice before these changes take effect. The Turner report says that people should be given at least 15 years' notice, and the Pensions Policy Institute believes that these changes do not give enough notice. Women need longer to prepare for changes in the state pension age because they tend to become part-time workers sooner than men of the same age.

[Rachel Reeves]

As of April 2011, the basic state pension is worth £102.15 a week. Pension credit is worth £137.35 a week. Those women who are seeing a delay in their state pension age of two years face a loss of pension income of more than £10,000. For those in receipt of pension credit, that loss is closer to £15,000. That does not take into account the passported benefits that come along with a pension.

Longevity is increasing and Members from all parts of the House welcome that, but we cannot move the goalposts every time an actuary changes his forecast. Six months before the election, the Minister himself said:

"Pension policy needs to be stable and predictable years ahead, not made up on the back of a cigarette packet."

I agree with the Minister. Although his words are still on his website, he is now making policy up on the back of that cigarette packet and it is hitting women particularly hard. Indeed, the recently published Green Paper on the flat rate pension consults on reasoned mechanisms for increasing the state pension age, which is a recognition of the unfairness that is being imposed on women by the Pensions Bill, which is just about to come to the House. That Green Paper does not include consultation on arbitrary changes with five years' notice. The reason that it does not consult on those types of changes is because the Minister, his Department and the Government know that they are unfair. So why is he forcing them upon women who are 56 or 57 years old?

My hon. Friend the Member for Sunderland Central talked about the savings of women who are 56 or 57. There is something particularly perverse about targeting that specific group, because those women who are 56 or 57 now have average pension savings of £9,100, compared to the average pension savings of men of the same age of £52,800. At retirement, pension savings of £9,100 work out at £564 a year or £11 a week. The reasons for the difference in the average pension savings of men and women are varied, but the key point is that these women I am talking about are not in a financial position to absorb the changes being proposed at such short notice.

These women have earned far less during their lives than men of the same age. In 1980, the gender pay gap was 28.5%. When these women were in their 20s, they were earning on average almost 30% less than men of the same age. The gender pay gap has been closing since 1980 and it is now about 16%, but the point is that these women have suffered inequality throughout their working lives. They now face a double whammy and are paying the price for getting us there too quickly.

In addition, a lot of these women have worked part-time at some point in their life, particularly when they were bringing up children. In fact, many of them are also working part-time now, to help to care for elderly parents or grandchildren. As other Members have said already, these women are the big society. They are doing the caring work that we value as much as their work in the workplace. Of course, many of them have also had interrupted careers and have not paid full national insurance contributions. The Minister's own Department estimates that women are entitled to receive £30 less in their basic state pension than men. All those points show that these women are more reliant on the state pension than their male equivalents, first because they have much lower private occupational pension savings and secondly because they are in not such a good position as men to increase their savings in the next five years.

The Minister of State, Department for Work and Pensions (Steve Webb): The hon. Lady quite properly raises the issue of the big society by talking about volunteering, caring and so on. Under our proposals, the equalisation at the age of 66 will be in 2020. Under Labour proposals, it would be in 2026. In 2026, every single point that she has just made would also be true, would it not?

Rachel Reeves: The point is that these women will have time to prepare for changes if they happen in 2026. Changes in 2026 were legislated for in 2008, which meant that the people we are talking about today had 18 years' notice of any changes. That is very different from the changes that the Government are introducing because they will start in 2016, giving people just five years' notice. That is the point that Members are making today. We are not saying that we do not think that there should be any changes to the state pension age, because with increasing longevity it is right that people should work longer, but it is not right to move the goalposts and leave people so little time to prepare for changes.

As I said earlier, the loss of pension income for someone who has to wait two more years for their state pension is about £10,000, or it can be up to £15,000 if they are on pension credit. It is not feasible that that group of people can make up that difference in a five-year period, yet that is what the Minister is asking them to do.

Jessica Morden (Newport East) (Lab): In Newport, 1,500 women will be affected by this change. Some of them have contacted me to say how betrayed they feel about it. Presumably, however, hundreds of them are unaware that it will happen. Is it not true that many women are not only not being given enough time to prepare for the change but are unaware that it is coming in a very short period of time?

Rachel Reeves: Yes. That is another point that my hon. Friend the Member for Erith and Thamesmead made earlier. Many of the women who will be affected by this change have written to us, but even more women have not done so. The reason they have not written to us is not because they are happy and fine with these changes. By and large, it is because they are not aware of them. They are aware that they will have to work for longer than they had previously thought, because of the changes made in 1995 that will equalise the state pension age for men and women by 2020, but they do not know that those additional changes are coming down the line. So they are making changes now—as I said before, many of them are moving to part-time work so that they can care for elderly parents or young grandchildren—unaware that these additional changes are coming down the line. I think that people will be particularly worried or scared about what the future holds for them.

Mark Durkan (Foyle) (SDLP): I thank my hon. Friend for giving way. Does she agree that, if those women do not hear the Minister say that he is revising these proposals because they represent an unintended anomaly,

they can only conclude that they are being selected as the victims of an intentional injustice and that they are to suffer a drive-by hit on their pension rights?

Rachel Reeves: Yes. The hon. Gentleman's intervention also touches on a point that my hon. Friend the Member for Wirral South (Alison McGovern) made earlier when she talked about the importance of people having trust in the pensions system. Unless we trust the pensions system and can have some certainty about what the future holds for us, it is very difficult for people—both men and women—to prepare for the future.

I want to quote something else that the Minister has said. In October 2009, he said:

"The Tories still seem to think that as long as women have husbands they don't need to worry about their pensions."

I wonder whether he has changed his views now that he is in government with the Conservatives. As the hon. Member for Mid Dorset and North Poole said earlier, women have been consistently badly served by the pensions system, both occupational and state. In opposition, the Minister campaigned for women pensioners, but now that he is in government he is hurting them hard. I wonder why he is doing that, when he is under no obligation to do so. I repeat that these changes were not in the coalition agreement, so he has no reason to support them.

Of course, the Minister has claimed that these women have jobseeker's allowance to fall back on. But as hon. Members have already said, that does not seem to be the point. Talking about JSA is an insult to those who have worked their entire lives, especially because JSA only provides about half the income that the pension credit provides and about two thirds of the income that the basic state pension provides. These women do not want a handout. They legitimately want to receive the pension that they have contributed to on the date that they were promised it. Again, that brings us back to the issue of trust. It is so important that people have trust in the pensions system.

We have heard a lot of stories today about how these changes will affect great numbers of women, because every one of those 500,000 women who will have to wait an additional year before they receive their state pension has a personal story. We have heard some of those stories already. I want to tell Members two stories that I have heard that I think are particularly powerful. The first is from Barbara Bates, who says:

"From the age of 15, I have worked every day of my life, apart from a few years when I stayed at home to care for my disabled husband until his death in 2003. Since 1995, I have thought that I would retire in 2018, when I will be 64. I have based all my plans for the future on this. I now have to wait an extra two years to retire—in April 2020, when I will be 66. I feel robbed—robbed of two years of freedom, and robbed of more than £10,000 that I would have received as my state pension. The basic state pension will be my only retirement income, and I have no extra means of coping financially. I will have no option but to try and carry on working. I have osteoarthritis in my thumbs and wrists now, which makes the lifting and cleaning work in my job harder: I'm not sure how I'll manage to the age of 66."

I will read out another story, from Linda Murray:

"I started working at 16 and have worked full-time ever since, apart from a brief period of part-time work when I was caring for my mother. I work in a very physically demanding job, at a dry cleaners, for 46 hours each week just to make ends meet. I have never had the means to save for a private pension. When I started work, private pensions were not readily available for ordinary workers. We paid our contributions and assumed that we would draw a state pension and that it would be sufficient. Due to my circumstances, I know that full retirement is no longer an option. My plan was to greatly reduce my hours when I received my pension and return to part-time work. Now I estimate that I would need to save at least £12,000 just to be able to work part-time from the age of 64. Saving anything is impossible. I will not be able to continue working these demanding hours until the age of 66 and I am deeply worried about my future."

It is people such as Linda and Barbara who I think most of us went into politics to serve, yet the Minister, who in opposition campaigned so much for women, is now hitting them hard, as I said earlier. These are stories, not numbers, and they hit home hard. It is wrong to hurt a group of women disproportionately, by giving them such little notice of a change when they have such little chance of making up the difference in income that they will lose.

Labour accepts and celebrates increasing longevity and therefore we accept that there is a need to increase the state pension age, as we did when we implemented the recommendations of the Turner report. However, making changes to pensions must be done in a fair way, giving people enough time to prepare for them.

What Labour now proposes is no more changes before 2020 and, if the Government accept the amendment to the Pensions Bill that they rejected in the House of Lords, we will support the state pension age increasing from 65 to 66 between 2020 and 2022. That would achieve a £20 billion reduction in expenditure, would affect equal numbers of men and women and, crucially, would affect 1.2 million fewer people than the Government's current plans. It would give people nine years—not just five—to adjust to the changes, and no one would have to wait more than a year longer than expected to claim their state pension, to which they had contributed throughout their lives.

We will not let this matter go and nor, do not think, will the women affected. We must hold the coalition to account on its agreement.

Lindsay Roy (Glenrothes) (Lab): Has my hon. Friend been given any indication as to why this group of women has been so unfairly targeted?

Rachel Reeves: We will hear from the Minister in a moment, but we heard the arguments being rehearsed when the Pensions Bill was debated in the House of Lords. We are told that we first need to reduce the budget deficit but, as other Members have said, these provisions will not change that deficit in this Parliament and if the Government's plans to eliminate the structural deficit in this Parliament come true, I do not see why changes on this scale will be needed in the next Parliament.

The Government's other claim is about longevity, but longevity is not especially increasing for women aged 57, so why are we particularly targeting women of that age? If the Government wanted to look more broadly at longevity and increases in the state pension age, they would, I think, get cross-party support for that. It is particularly unfair and disproportionate to harm a group of women who have five years to prepare for the changes and have so little chance of making up the difference in lost income, which is what the women who have been writing to all of us are saying.

My final quote from the Minister is:

"a pension promise made should be a pension promise kept."

[Rachel Reeves]

He and his colleagues should heed that, and we are not alone in our thinking. Age UK, the unions, Saga, *The Guardian* and the *Daily Mail* are all arguing for the Government to think again, and Age UK has organised a mass lobby of Parliament for a week today.

Yasmin Qureshi: The change to the pension provision was not in the coalition agreement and will do nothing to reduce the deficit by 2015. It will, however, as my hon. Friend has said, hit 5 million hard-working people, 500,000 of whom are women who will suffer particularly harshly. Does she agree that this is another example of hard-hearted Tory policies hitting the ordinary working person?

Rachel Reeves: I agree, but I would also go a bit further: not only was the change not in the coalition agreement—reached just a year ago—but it contradicts it. The agreement states that the state pension age for women will not start to rise to 66 before 2020, but under these proposals that rise will start in 2018. For that simple reason, coalition MPs from both the Liberal Democrat and the Conservative parties are under no obligation to support the changes.

The lobby of Parliament organised by Age UK for a week today will give a voice to those who are adversely and unfairly affected, and I hope that the Minister will spare some time to meet some of the women who are hit by the changes and are coming down to Westminster to oppose them.

The Bill has had its First Reading in the Commons and we are awaiting its Second Reading. I once again urge the Minister to honour the coalition agreement to which he signed up, to admit that the impact of the proposals is unacceptable, and to revise the timetable so that no one has their pension delayed by more than a year and trust can be restored in the pension system, a system which the Minister, in his heart, believes is so important.

10.34 am

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate the hon. Member for Erith and Thamesmead (Teresa Pearce) on securing this debate, and I very much welcome the fact that so many Members from both sides of the House have attended. I agree that the matters we are debating are important, and the hon. Lady has made her points in a measured and thoughtful way. I will try to respond to each of those points in turn, and also to some of the other contributions that have been made.

I shall start with what appears to be an element of consensus, although the more one looks at it the less of a consensus it seems. It has been welcomed that people are living longer, and there is an acceptance that state pension ages need to rise, and as far as I can see that is about the limit of the consensus. The current schedule for raising the state pension age, which is to 66 in the mid-2020s, 67 in the mid-2030s and 68 in the mid 2040s, is incredibly slow relative to the improvements in life expectancy that we are seeing. The Turner commission, which has been mentioned, said that one could look at a principle for raising the state pension age, for example fixing the proportion of life spent in retirement, but the schedule that we have inherited does not deliver on that. We need, therefore, to look at more rapid increases in the state pension age to 66, 67 and 68.

It has been implied that what we are doing is somehow extreme, but if we think back to 1990, for example—before the Pensions Act 1995, which increased the state pension age from 60 to 65—the typical woman retiring at the age of 60 would get a pension for 24 years. Even with our plans, in 2020 the typical 66-year-old woman will get a pension for 24 years. That context is important, because the improvement in life expectancy to which we are responding is astonishing. It is not just that we are all living a bit longer and life will carry on as before. Life will not carry on as before, not for the Government, society, the health service or the pension system. We are moving into a totally different world, to which very gradual incremental change will not respond sufficiently. The previous Government did not grasp that fact, and simply pushed it off into the middle distance.

Rachel Reeves: Is there any evidence that 56 and 57-year-old women's longevity is going up particularly fast compared with everyone else's? If not, why is the Minister disproportionately affecting that group of women?

Steve Webb: We had to take a judgment about not affecting people who were within a few years of retirement, those who were 58, 59 or so and were set to get their pensions in their early 60s. We took the view that change for them would be too soon, which is why nothing at all changes before 2016. However, having gone past that initial point, the crucial group—the one-month cohort, which a number of Members have mentioned—will, assuming that the Bill gets Royal Assent this summer, get six years and eight months' notice of the change. I accept that notice, which has been mentioned by several Members, is the key issue.

Dr Whiteford: The issue is not only the pace of change. It is the context of a lifetime of low pay and inequality faced by many women, and the old-age problems that are a cumulative effect of that. The Government had an opportunity here to tackle women's inequality in old age, but so far they have, instead, arbitrarily targeted women born in 1954.

Steve Webb: I am grateful to the hon. Lady for raising the position of women in the pension system. Assuming that some of the pension reform proposals in the Green Paper that we published last month go ahead, for example the single flat-rate decent state pension, the group of women most affected by this change would be the first group of women to benefit, and potentially very substantially. At the moment, women draw a state pension of £40 a week, on average, less than men, but under the single-tier pension proposal, which I have been very involved in introducing, many women would be the main beneficiaries.

Various Members have raised the important issue of women whose pension rights have been hampered by time spent bringing up children or caring for relatives, and under the single-tier pension proposal a year spent at home with children or a relative will be worth just as much to a state pension as a year spent running a FTSE 100 company. So much do I take the view—in government as I did in opposition—that the work that men and

women do, whether paid work or bringing up a family, is of equal value, that for the first time we are proposing that that be manifest in the pension system, and that will be transformative, particularly for women.

Fiona Mactaggart: Will the Minister agree to publish figures? I am interested in what effect the single-tier pension will have on women, and I am finding it difficult to work out how many women will be affected by the abolition of the state second pension and the cost of their different contributions. I am unaware of any figures working out how many women and men will be affected by the change respectively. I am not as sanguine as he is that all women will benefit. There are many women whose contributions to the state second pension are important to their retirement.

Steve Webb: On how the proposed single-tier pension will work, it is a Green Paper with options, so the sort of detailed figures for which the hon. Lady asks will be produced when we have identified which of the two options we will go for and refined the proposition. That information will be made available when the proposition is refined further.

To clarify, at the moment, many women in the age cohort that we have been discussing will have spent time at home with their children before the state second pension was introduced. Whereas the state second pension offers protection for time at home with children, the state earnings-related pension scheme did not. That set of women is approaching pension age. People have accused me of moving the goalposts. I am indeed moving the goalposts for those women, but in their direction. They will draw a state pension—yes, later, but for an average of more than 20 years. Compared with when we first started debating the changes in state pension age last summer, that is a significant difference.

Angela Smith (Penistone and Stocksbridge) (Lab): If the Minister is so confident that the changes that he is introducing will be so beneficial, have not the Government failed to communicate that fact? Throughout the election campaign, I met women on the doorstep who were angry about what he describes as the changing of the goalposts, because they felt that it was against their interests, not in favour of them.

Steve Webb: I accept entirely that although what we propose is a lot simpler in a sense than what came before, that is not massively well understood because pensions are so complex. As we refine the proposition, we will have a lot of communicating to do. However, it stands to reason, for example, that paying a flat-rate state pension rather than an earnings-related one will, on average, benefit women. It must, because women earn less on average. Crediting years at home with kids towards the full pension, not just the basic pension, will and must benefit women on average. There can be no doubt that the options presented in the Green Paper would substantially benefit women, on average, out of the overall pensions budget. I look forward to the hon. Lady's help in communicating that to her constituents.

Nick Smith: Given that the Minister is confirming that the Government are determined to ram through the proposals, what important measures will he take to raise awareness of the measures with that group of women so that they can plan for their retirement?

Steve Webb: I am grateful to the hon. Gentleman for raising that point, and for his self-restraint in making a brief and thoughtful contribution in order to allow others to speak. He is right that we need to make people aware of the changes. Our dilemma is that none of this is law yet. We must tell people that it may happen, but we cannot say on Government websites, "These are the new rules," because Parliament has not approved them yet. The current website describes the current legislative position, as we are required to do, and then it says, "However, important changes are being discussed in Parliament. Click here if you want to find out what is being proposed." As soon as the changes go through—this summer, or whenever—we will, of course, publicise them. We routinely write to people before they reach state pension age, and in a time of change we do it more.

I agree entirely that we need to communicate. One frustration of mine is that I get letters saying, "You've put my pension age up by six years." Anyone who is going from 64 to 66 had their state pension age raised from 60 to 64 some 15 years ago, but they did not notice, because when they were 42 or so, they were not interested in pensions. That is our challenge. People close to pension age are interested in pensions and follow such matters; younger people turn off as soon as they hear "pensions". Communicating to people further ahead is a challenge.

Angela Smith: I thank the Minister for giving way again; he is being generous. Surely the fact is that if the pension generally will improve, as he says, it will improve for everybody. I was born in 1961—I am not afraid to admit it—and my retirement age is still 66 under the proposals, as it was before the election. I will benefit from the more generous pension that he plans to offer, but women born between 1953 and 1960 are still being singled out, in that they will have to wait longer than they planned before getting that more generous pension. They will still lose out, and they are still being discriminated against.

Steve Webb: I suspect that the hon. Lady will not benefit from our proposals, as I imagine that she would have received a full basic state pension anyway, whereas the proposals will help some women who would not have received it. By being employed here, she is also contracted out of SERPS, resulting in a deduction from the £140. I do not actually think that she would benefit.

I do not dispute for a second that that set of women will be affected by the changes, but the pension that they will get under our proposals will be significantly better on average than that received, for example, by women who retired a few years earlier. We can do all sorts of comparisons between this group and that group. Some things will be better for some and some will be worse. What I am saying is that several hon. Members have said, "You used to campaign for women's pensions, but you don't care any more," but I have spent all my time as a Minister working on proposals that will benefit women pensioners specifically.

Alison McGovern: Will the Minister answer a specific point? He made it clear that the reason why he felt compelled to introduce further changes was that what he inherited did not meet the terms of the Turner review. The Turner review advised allowing people 15 years

[Alison McGovern]

to plan for changes, but women in our constituencies have had much less time than that—barely five years—to plan. That is not fair. Will he explain why his Government are doing that to women in our constituencies?

Steve Webb: The things that Turner recommended are not consistent with each other. We cannot, for example, have a consistent percentage of income during life in retirement and give 15 years' notice at the same time, because longevity is increasing much faster than that. Something somewhere has to give.

One point that has been missing during this debate—the only time that it was mentioned was when an hon. Member quoted me from last week's debate—is that if we delay till 2020, as the hon. Member for Leeds West (Rachel Reeves) proposed, we will have to find £10 billion. My hon. Friend the Member for Argyll and Bute (Mr Reid) raised an important point, and he is analytically correct: that does not help us in the comprehensive spending review period or help the long-term structural deficit, because the age would have been 66 anyway. However, it does do one thing: it takes £30 billion—or rather, £10 billion; the whole change amounts to £30 billion, but the difference between the two of us is £10 billion—off the national debt. As he knows, servicing the national debt is one of the most crippling things that this Government must do. That is why such difficult decisions must be made.

Our changes will take £30 billion off the national debt. I do not know what the interest rate on the national debt is, but let us say 5% for the sake of round numbers. That is just to make the numbers add up; I do not suppose for a minute that it is 5%. That is £1.5 billion extra every year to spend on services or whatever rather than on the national debt. I think that that would be the hon. Lady's preferred solution.

Julie Elliott: In those calculations, has the Minister taken into account the number of women who will end up on benefits to cover the shortfall during the time when they had planned for a pension, as in the examples that I quoted?

Steve Webb: Yes, we have. All our costings make assumptions about the proportion of people who would find themselves on benefits. Hon. Members have asked what people will live on between 64 and 66. Clearly, there will be a range of responses. Some people will go on working longer. Seven out of 10 people in the cohort that we are discussing—those born in 1953 and 1954—are in work at the moment.

Several people raised the important issue of different socio-economic groups. Across the socio-economic scale, life expectancies are rising. We cannot use the fact that there are differences between different groups—as there have been probably for ever, and certainly for the past century—as an argument for doing nothing. That argument would apply under the proposals of the hon. Member for Leeds West. If we raised the age a year to 66 in 2020, it would have exactly the same impact on the different socio-economic groups. Her proposal would have exactly the same impact on the numbers of carers and volunteers aged 64 to 66. Many of the points made by hon. Members in this debate about the impact on that age group would apply exactly, only four years later, or six years later under her proposals. We need to make a distinction between things that will be inevitable as the state pension age rises and the consequences of doing it more rapidly, which has been the focus of this debate.

Members have asked about caring responsibilities. We might not have expected this, but it is striking that the number of women within this age cohort who say that they have caring responsibilities is falling, partly because of social and demographic change. In 1993, of the women who are now in the 55 to 59-year-old age cohort, 15% had caring responsibilities, but, in 2010, the figure halved to 7.1%. Again, that suggests significant changes and that people are living longer and working longer. I suspect that caring responsibilities are being taken on, but that that is happening later in life than it would have previously.

Teresa Pearce: Does the Minister agree that it is possible that the percentage of those with caring responsibilities is falling because they already have to work longer to get their pension? It is not because their lifestyles have changed or because they are different types of people, whether older or younger. The fact is that they cannot take on that responsibility, because they already have to work well into their 60s.

Steve Webb: That does not apply to the figures I quoted, which relate to the difference between 1993 and 2010. All of the women in 1993 had a state pension age of 60, but all of the women whom I was talking about are under 60—they are currently in their late 50s. A diminishing proportion of the women about whom we have been talking have caring responsibilities, although that may change.

The issue of moving the goalposts has been mentioned and I think that one Member said that we are happy to change the pension age at the last minute. We have set out in our Green Paper a consultation on how we should do this beyond 66 in the longer term. In other words, what is the right balance between notice, keeping up with longevity, and fairness for those who have to pay national insurance for the increased longevity? There is a dilemma. Ideally, we would give people huge amounts of notice.

Angela Smith: That is what we did.

Steve Webb: That is not what the previous Government did. We would love to be able to say to people who are 40 or 45 years old, "This will be your pension age." However, if we said that to 45-year-olds, who have another 20 years or more before they retire, and another 20 to 25 years of life in retirement, we would be locking in what we know about longevity now for pensions that we will still be paying in 50 years' time. That is just not viable.

Alison McGovern: Will the Minister give way?

Steve Webb: In a moment. The pace of improvement in longevity is breathtaking. Between 2004 and 2008—the longevity projections of 2004 are, I think, what the previous Government's legislation was based on, and those of 2008 are what we have now—life expectancy at pension age increased by well over a year in just four years. It is almost like a runaway train. We can always

say, "Let's wait another decade," but one of the problems is that there is a trade-off, because, as I have said, what has been missing from this debate is the people who have to pay.

Delaying for 10 years, which is what I think the hon. Member for Leeds West is suggesting, does not mean a free lunch. It would mean a £10 billion national insurance hit on today's workers and today's firms. If she were wearing another hat, the hon. Lady would be saying, "The recovery is fragile and we need to do more for jobs and to boost the economy," but what she is saying is that we should levy another £10 billion of national insurance on today's workers, including low-paid women who do not have much pension, and today's firms, which may have to lay off people who will not then be able to build up decent pensions. There will be no free lunch if we delay.

Rachel Reeves: Will the Minister give way?

Steve Webb: There is a queue. I shall give way to the hon. Member for Wirral South first.

Alison McGovern: If, as figures last week suggested, the Government fail to meet their own target to balance the books over the course of this Parliament and we still have a deficit for which the Government have not planned in 2015-16, will we have more pensions Bills to push people's pensions further back in order to incorporate what the Minister has said about being fair to those who are paying now?

Steve Webb: We have made it clear that the age-66 changes are in the present Pensions Bill, which will be legislated for long before the end of this Parliament. We are also consulting in the Green Paper on a systematic mechanism for going beyond 66 that takes account of all the factors that we have talked about. That will try to strike a balance between notice, which is important, and fairness for those who bear the cost of increased longevity. The intention—this is something that no previous Government have done—is for the further changes to do it in a more systematic way. The 60 to 65 equalisation was a response to a legal case. The previous Government's plans for 66, 67 and 68 were not ad hoc exactly, but there was no mechanism in place to respond to subsequent improvement in longevity. What we are trying to do as part of our reforms, which we are consulting on at the moment, is give people the certainty that future Governments will not just pass a law and change things, but that there will be a structure in place and that they will know how it is going to be.

Angela Smith: I was on the Committee for the Bill that became the Pensions Act 2008, which, as the Minister has said, set out the changes recommended by the Turner report. He says that the approach that he wants to introduce is systematic, but does it not mean a constant shifting of the goalposts that will leave most people, however much notice they are given, with a constantly changing picture of when they should expect to retire?

Steve Webb: I hope that the hon. Lady will respond to our consultation on the right process. She raises the important issue of how we strike a balance. The fact is that one in six of us alive today will live to be not 88, but 100, and that figure is increasing all the time. How do we strike a balance between that and giving people notice? We could have a principle of always giving people x years' notice, which would mean that it would not matter if longevity improved dramatically after that point. That is part of what we are consulting on and there are trade-offs. I hope that the hon. Lady will respond to that.

We are moving into a world in which pension ages will not be the rock-solid certainty that they have been in the past, because they cannot be. The hon. Member for Bolton South East (Yasmin Qureshi), who has left the Chamber, said that this is like someone starting a job but having their contract changed halfway through. On that basis, people start paying national insurance at 16, have a guaranteed pension age for the next 50-odd years, and have another 20-odd years after they start drawing a pension. Therefore, the second that they are in the system at 16, nothing can change until 70. That is economic madness. There has to be some adjustment, but I accept that it has to be done in a measured way, which is why we are consulting on an appropriate mechanism.

Rachel Reeves: I fear that, at this rate, the Minister will start sending pensioners back to work if they live too long. Returning to the review, would it not have been better to have done it and find out what the right trade-off is before increasing the state pension age for 57-year-old women with such little notice?

The Minister says that Labour is saying that we have to find another £10 billion or £30 billion for these changes. This is about cutting spending—the Government are cutting £30 billion of spending. I do not want additional spending. First, Labour wants to halve the budget deficit in this Parliament. Secondly, our proposals would cut £20 billion-worth of spending, so we are not asking for additional spending. I would like that put on the record.

Steve Webb: Unless there is some free money to be had somewhere, delaying for 10 years must cost somebody something. It is fantasy economics to think that we can get 10 billion quid from somewhere. The hon. Lady must agree that that £10 billion would have to be paid by today's workers and today's firms. It has to come from somewhere—perhaps the hon. Lady thinks that it could be magicked from the air—and there is a trade-off between today's workers and today's pensioners.

Time is short, so I will conclude my response to the debate. I welcome and recognise the point that, ideally, we would give people more notice than we have. I fully accept that. The difficulty is that delay, which is always the easy option, has a huge impact on the state of the nation's finances and on our response to a world in which people are living substantially longer. Our goal is to strike a fair balance. I will certainly reflect further on the contributions of my hon. Friends and other Members. As has been said, throughout my career I have campaigned for a fairer pensions system for women. I believe that some of the proposals that we are talking about for the next generation of retiring women will make a huge difference to their quality of life. Some of the points that have been put on the record today have been made forcefully and effectively.

Car Insurance Premiums

10.59 am

Mr Roger Godsiff (Birmingham, Hall Green) (Lab): I welcome the opportunity to initiate this short debate under your chairmanship, Mr Weir. The cost of car insurance concerns everybody who owns and drives a car, not least my constituents who live in the B11 and B12 postcodes of Birmingham. I will explain later why I mention those specific postcodes.

I am aware of the detailed report on car insurance produced by the Select Committee on Transport and of the recommendations that it has made to both the Government and the insurance industry. I commend the Committee's work and welcome its recommendations on personal injury claims and referral fees, uninsured driving, fraud, and the whole question of young drivers, whose driving habits are one of the industry's biggest justifications for the overall increase in the cost of motor insurance.

The Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), made it perfectly clear when giving evidence to the Transport Committee that the responsibility for the level of premiums rests with the market and not the Government. I accept that. However, in some other countries—and not least in one of the Canadian provinces—motor insurance has been socialised or run by a Government agency because the market was unable to handle its responsibility, despite having a captive audience of motorists who were rightly obliged by law to insure their vehicles. I shall not attempt to lead the Minister down that path because I suspect that he would not wish to follow, but I make those points to place them on the record.

After reading the Transport Committee's admirable report, I was struck by the sheer weight of submissions from insurers, solicitors, claim management firms and their associations—all of whom, purely by chance, are part of the referral system. I got the distinct impression from reading the report that the motor insurance industry was trying to convince the Committee—and, indeed, perhaps itself—that it was not making any money out of the motor insurance business and that it was taking on the onerous burden of insuring motorists only out of some sense of public duty. Indeed, the Committee was told:

"insurers currently spent around £1.20 for every £1 collected in premiums".

I am sure that the Government would say that those are the economics of the mad house and will lead to bankruptcy. However, the motor insurance industry has apparently kept going purely to help out motorists. The Committee was told:

"the underwriters of motor insurance had been loss-making since 1994".

I drive to and from my constituency, and I am sure that motorists throughout the whole of the United Kingdom would like to say a heartfelt thank you to the motor insurance industry for being prepared to shoulder such losses for 16 years and for their altruistic attitude towards the whole business.

In case hon. Members think that I am seeking to pillory the insurance industry, I should say that I am not. I recognise that the industry is an important part of the UK's financial services sector and that, in general terms, it provides competitive and tailored products, such as building, household, personal and holiday insurances. However, all those are optional, whereas motor insurance is, rightly, compulsory.

I pick my words carefully when I say, to put it bluntly, that having read the report, looked into the issue and considered many representations I have had from constituents whose motor insurance premiums had gone through the roof, I think that the motor insurance industry is just milking the motorist. Instead of tailoring insurance premiums to individual driving records and the personal circumstances of the motorist and the vehicle they are using, the industry is taking the cheap and easy option of postcode charging and having box-ticking premiums. It is giving scant regard to an individual's personal circumstances because it knows that to drive on the highway, someone has to have insurance. Motorists are trapped and the industry can do what it wants.

The motor insurance industry and its lobbyists, some of whom may be here today, are very quick off the mark. My e-mail account was totally inundated and blocked by thousands of representations when those concerned saw that this debate was taking place. I applaud their rapid-response approach to the matter. The Association of British Insurers has said to me:

"the market remains competitive, despite recent rate increases, and some of the best deals may be found by phoning insurance companies or brokers directly rather than by using price comparison websites."

I will give a couple of examples to show not only that that is incorrect, but that the motor insurance industry uses postcode premiums and gives minimal regard to personal circumstances.

A constituent who lives in Sparkhill, which is in the Springfield ward—one of the wards we gained last week at the local elections from the Liberal Democrats—has been driving since 1987 and has a 10-year no-claims bonus. He has a public service vehicle licence and is a bus driver. His postcode is B11 and he was quoted £1,200 a year for his motor insurance. That is for a PSV holder and bus driver, with 10 years' no claims. He then used the address of one of his relatives who lives in an adjoining postcode. Apart from that, he supplied exactly the same details. How much was he quoted? Some £276, which is four times less. He is being penalised because he lives in B11. As I said—10 years' no claims, PSV holder, bus driver. However, he lives in the wrong place and is charged four times as much.

Jim Shannon (Strangford) (DUP): Further to the hon. Gentleman's last remarks, in Northern Ireland we are subject to higher prices for insurance than in other parts of the United Kingdom—England, Wales and Scotland. In the whole of Northern Ireland, we pay higher prices than everyone else because of our postcode. Does the hon. Gentleman agree that better competitive prices for insurance should be available across the whole of the United Kingdom and that Northern Ireland should not be excluded?

Mr Godsiff: I entirely agree with the hon. Gentleman. However, motor insurance is not being discriminatory; it milks the motorist wherever they live in the United Kingdom.

Another constituent who lives in Sparkbrook, B12, has had a driving licence for 38 years and no claims for 10 years. His insurance has been between £250 and

£300 for fully comprehensive and his best quote is now £600. He then got quotes for exactly the same driving history but with a Solihull and a Warwick and Leamington address, and they were less than £300. So he is being asked to pay double because he lives in the wrong postcode.

Those are just two examples, but I have many others about how my constituents are being penalised. The motor insurance industry takes the cheapest and easiest option of using postcodes, rather than individual circumstances, to set its premiums. It does so at a time when there has already been a 29.9% rise in motor insurance for all motorists, and young men and women have been subject to rises of 46.6% and 58.8% respectively. That is ridiculous.

Let me give you another example of how the motor insurance industry exploits its monopoly position. I know a person who spends part of his time in the UK, and one or two months abroad every year. He checked recently with his insurance broker to find out whether he could save money by avoiding paying insurance premiums for the months that he was out of the country, and his car was off the road and garaged. He was told by his broker:

"it used to be the case that the Insurance Industry would allow you to not pay premiums for months when your car was garaged and you were abroad but they no longer allow this".

I contend that that is yet another example of how the motor insurance industry milks motorists, rather than seeking to tailor its policies to their personal circumstances. I am not suggesting for one minute—I would not dream of it—that there is collusion between motor insurance companies, but the fact of the matter is that they openly say that they share information regarding fraud—quite rightly. But it is disingenuous to believe that they do not share information concerning their charging policies and postcode premium policies.

I end by saying this: I do not expect the Minister to bring about a revolution in motor insurance overnight, and I know that he will consider the recommendations of the Select Committee very seriously. However, motorists, like the wider population, are under increasing economic pressure and many people still have to rely on the use of their cars for their daily lives. Furthermore, if young people are priced out of using a car because of the massive cost of insurance, then, I regret to say, there will be an increase in the number of uninsured drivers. That would not be a good thing, and I agree with the Minister about that.

The motor insurance industry has to realise that it is in the privileged position of having a captive audience. Instead of whingeing about not making money out of car insurance—which is not true; everybody knows that it is not true—it should be developing insurance policies that reward careful drivers with a proven record of not claiming, and take into account personal driving history. It should also scrap the unfair and discriminatory policy of penalising everybody in certain postcodes and allow motorists who use their cars only for a certain number of months a year to pay insurance for those months only, instead of being charged for the whole year.

I know that the Minister has listened carefully to what I have said, and I hope that he will depart from his brief and address those two specific points. Those points concern motorists in my constituency, his constituency and throughout the country. I do not see why motorists should be milked by the motor insurance industry.

11.13 am

The Parliamentary Under-Secretary of State for Transport (Norman Baker): The Minister who normally deals with these matters, the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead (Mike Penning), is, unfortunately, elsewhere today, so I am happy to stand in for him. I discussed the matter with him prior to the debate and I will ensure that the comments made by the hon. Member for Birmingham, Hall Green (Mr Godsiff) are passed directly to him, so that he is aware of the specific points that have been raised today. My civil servants will confirm that I am not averse to disappearing off my brief to respond to points in debates. I am happy do so today in response to the points that the hon. Gentleman has made, in so far as I am able to within the responsibilities of the Department for Transport.

First, on the point that the hon. Gentleman made about the nature of the motor insurance industry, motor insurance is sold in a competitive market. There are many players, many different companies, and motorists are able to shop around and find the best deal that suits their needs. How premiums are set is a commercial decision for individual insurers according to the risks that they believe are posed by the drivers concerned, including factors such as experience, age, the type of vehicle and the driver's record—for example, whether he, or she, has penalty points or disqualifications.

The Department is not aware of any evidence that the market is not working. There are certainly a large number of players who have, in theory at least, an opportunity to carve out a better position in the market by offering different kinds of products to different kinds of drivers. If the hon. Gentleman believes that there is evidence of collusion in the market, then he needs to bring that to the attention of the Competition Commission; it can investigate the market if it believes that there is prima facie evidence that collusion is taking place. I should say that the Department is not aware of any such evidence.

On the issue of postcode charging, the hon. Gentleman gave one or two striking examples involving the B11 postcode. I will ensure that my colleague the Under-Secretary is aware of that issue and that he takes it forward in his discussions with the motor insurance industry.

My experience of this issue relates to the year 2000, when there were problems with flood insurance in my constituency of Lewes in the aftermath of flooding, and with how the insurance industry responded to that challenge. It was certainly the case at the time that, in my constituency, the insurance industry applied a broad-brush approach to insurance premiums, based on postcodes—in that case, the BN7 postcode.

The BN7 postcode encompassed houses that had been flooded and houses, way up a hill, that obviously had not been and would never be flooded, even in the worst possible scenario. The houses up the hill were being invited to pay higher premiums because they were in the same postcode, so I entirely understand the hon. Gentleman's point.

[Norman Baker]

In that case, the insurance industry has moved on, and one or two companies were able to offer different premiums on a more selective basis, based on their detailed analysis of where was, and was not, flooded. They were able to carve out a market from that, which demonstrated that in that case the industry was working and able to respond, through individual initiative by individual companies, to the circumstances that pertained. I would have thought that there was an opportunity for an insurance company to offer more reasonable premiums in 311 in order to undercut those who apply a crude postcode approach. That is, however, a matter for the industry.

Mr Godsiff: I hear what the Minister says, and I know the logic of what he says. I assure him that my constituents are very price-conscious and, particularly in this day and age, very careful with their money. They have searched every alternative. If they had found an alternative, then believe you me, not only would they have taken out insurance with it, but they would have alerted all their friends to the benefits of going to another company. The alternative is not there, despite what the motor insurance industry likes to make out.

Norman Baker: I hear the hon. Gentleman's comments. Obviously, he has looked into the matter in his area much more than we will have done at the Department for Transport. All I can do is repeat the comments that I have made. First, if he believes that there is collusion in the industry, he needs to draw that to the attention of the Competition Commission. Secondly, the Under-Secretary, my hon. Friend the Member for Hemel Hempstead—the relevant Minister for this area—will, I am sure, be interested in his comments and look at the issue of postcode charging. We would like to ensure that the motorist gets a fair deal and is not subject to improper procedures. We want, therefore, to ensure that motor insurance costs are kept reasonable, as far as it is possible for us to influence them.

We recognise that the high cost of motor insurance can cause a number of policy problems and we are working with the industry to help address them. People are dependent on their cars to travel to work, leisure facilities and so on, so this is an important issue for a great number of people. My hon. Friend the Under-Secretary is speaking with the insurance industry on a number of issues, particularly tackling uninsured driving, automatic access for insurers to check the driver's record held by the Driver and Vehicle Licensing Agency, and addressing the problems of high premium costs faced by young drivers, to which the hon. Gentleman referred.

One area of concern for us is that people may be tempted to drive uninsured. The insurance industry estimates that uninsured driving costs each motorist approximately £30 on their premiums each year.

The Government introduced the continuous insurance enforcement scheme to deal with uninsured drivers. A new offence has been introduced of keeping a vehicle without insurance unless it is kept off the road and a statutory off-road notice declaration has been made to the Driver and Vehicle Licensing Agency. The new scheme regularly compares the DVLA vehicles database with the motor insurance database, which holds all motor insurance policies.

From that comparison, we are able to detect a greater number of uninsured vehicles, rather than relying solely on the police spotting uninsured vehicles in use on the road. We anticipate that the scheme could reduce uninsured driving by 15% to 20%, by taking out the softer evaders and leaving the police to target on the road hard-core offenders who continue to drive uninsured. Obviously, getting uninsured drivers off the road would be of benefit not only to road safety generally, but to those who legitimately and properly pay their insurance and who quite rightly feel aggrieved about having to pay extra in their premiums to deal with the uninsured. I think that that agenda is shared throughout the country—except by uninsured drivers. I hope that it is shared, so that we can get some fairness into the premiums.

The scheme is planned to commence in late June. Under it, keepers of vehicles that appear to be uninsured will be sent reminder letters by the Motor Insurers' Bureau. If keepers take no action, they will receive a fixed penalty notice and a fine of £100, followed by enforcement action which, in extreme circumstances, might be wheel-clamping, impounding of the vehicle and, ultimately, prosecution. The DVLA will be responsible for enforcement action on behalf of the Secretary of State.

We are also concerned that significant rises in the cost of insurance might increase fraud, with some drivers prepared to make false statements about their driving record to obtain cheaper insurance, such as on how many penalty points they have, whether they have been disqualified and so on. The insurance industry estimates that 40,000 claims are declined already each year at the underwriting stage, on the grounds of non-disclosure or misrepresentation, and that 200,000 claims are adjusted.

Others might be tempted to declare younger drivers as named secondary drivers on their parents' insurance when, in fact, they are the main driver of a vehicle. We are working with the insurance industry with a view to allowing it access to the driver details held by the DVLA. That will to help to tackle fraud and prevent situations in which drivers might give inaccurate information, consequently invalidating their insurance. The timetable for delivery is yet to be finalised with the insurance industry, but we expect a project of such a size to take between 18 and 24 months to complete all stages of the work, from specification and design to development, and through to a fully operational system.

Jim Shannon: Up until now, in response to the hon. Member for Birmingham, Hall Green (Mr Godsiff), the Minister has indicated that everything is about catching those who are not paying insurance and so on. The Government response has indicated nothing about incentives for those who drive well. Not only in Northern Ireland, but all over the United Kingdom, people who drive well and who have passed advanced driving courses should qualify for a reduction in their insurance risk. Is that something that the coalition Government are considering? If so, what discussions have they had with the insurance companies?

Norman Baker: Personally, I believe it is right for drivers who drive well to be rewarded, and that occurs in a sense with no claims bonus systems, which are well established in car insurance. Generally, submitting no claims drives down the costs year on year for a driver relative to other drivers.

Whether insurance companies ought to identify further opportunities to reward good drivers is a commercial matter for them. For example, I know about some schemes that benefit older drivers with clean licences, or others for people driving an historic vehicle. Premiums can reflect guarantees to drive less than a certain number of miles each year, or that drivers of an historic vehicle probably want to take care of that vehicle, so they would be less of a risk to the insurance industry than they might otherwise be.

I come back to my central point, which I made at the beginning: the market is competitive, including a large number of insurance companies. If I were running an insurance company, I would want to look for the niche market and the opportunity to identify a set of safe drivers who are less likely to make a claim. We could then offer that group a good premium, pulling one big market in and collecting together all the low-risk drivers, and so benefiting from paying out less. Insurance companies in a commercial market have such opportunities, and can identify them better than I can. Any business worth its salt would reward good drivers, because they are better business for the insurance company than are bad drivers, for whom they are paying out.

One particular concern of the Government is the impact of high insurance costs on young drivers. I accept that the higher premiums faced by younger drivers reflect the cost to insurers of covering the risk for two main reasons. First, insurance companies' figures suggest that as many as a fifth of newly qualified drivers make a claim within six months of passing their test. Many are relatively minor bumps and scrapes, but the overall cost to an insurer of even modest damage is likely to be higher than a young driver will have paid in his or her annual premium. We recognise that the cost of damage claims affects all insured drivers, although groups that are over-represented in claims, such as young or newly qualified drivers, are likely to cost insurers more.

Secondly, insurers have to make special provision for young people. A minority of accidents can unfortunately lead to catastrophic claims, in particular when one or more claimants might require long-term or even life-long medical care. The problem with young drivers is not simply that claims are more likely, but that such costs are liable to be much higher if the claimant is young. In addition, only a limited number of big insurers can afford provision against such claims, which in this area limits the market in which young people can buy insurance. The usual recommended option of shopping around for the best price, therefore, is less effective for young drivers than for older drivers. If the hon. Member for Birmingham, Hall Green has researched that aspect, we would be interested in hearing about his specific examples of how young drivers in his constituency are affected in insurance terms.

One effect is that young drivers, including learner drivers, often find that rises in insurance costs are increasingly prohibitive. Many young people depend on a motor vehicle to obtain better access to education and employment, and they often learn to drive for such reasons. We do not want to deprive people of that opportunity.

Some insurers have argued for the Government to impose additional regulation on newly qualified drivers so that they would not be allowed to drive in high-risk circumstances, which might improve road safety. Other specific restrictions have been proposed, including those in other countries where driving is permitted below the minimum age here. We are, however, reluctant to impose more regulations on young people, because doing so would bear down on those who want to be safe and responsible. It might reduce access to employment and education, while enforcing regulations might involve significant costs. There is also a risk of perverse consequences; for example, limiting the carriage of young passengers might prevent a sober driver providing transport for companions who have been consuming alcohol.

The Department has been working on alternative approaches, such as measures to improve driver training and testing, and is considering whether further measures should be developed. Training should focus not only on the test, but on the challenge of independent driving, including, for example, an understanding of the risks of particular driving conditions, and of distraction and impairment. A range of measures have been taken already, including a voluntary foundation course in safe road use to help pre-drivers and learners, which is aimed primarily at 14 to 16-years-olds. We also intend to work with the insurance industry on whether new or existing insurance products can be developed, with discounts if young drivers choose enhanced training before and/or after the test, or are happy to accept in return restrictions such as not driving at night.

In addition, my Department is in regular contact with vehicle manufacturers and suppliers on developments in new vehicle technology, including driver information systems and parental controls. Such technology might demonstrate how young drivers are driving and could provide important information on behaviour and their insurance and casualty risks. The insurance industry is already making use of technologies and new products when young drivers are willing to accept restrictions or training. The Government are keen to work with the industry on such matters.

The number of personal injury claims has increased at a time when the number of casualties has reduced, which we believe has had a consequent effect on costs incurred by insurers. There have been concerns around high legal costs in civil litigation, in particular under no win, no fee conditional fee agreements. The Government are committed to addressing such concerns and welcomed Lord Justice Jackson's final report on those matters, which made a broad range of significant recommendations for reducing costs in the civil justice system.

The Ministry of Justice published "Proposals for Reform of Civil Litigation Funding and Costs in England and Wales—Implementation of Lord Justice Jackson's Recommendations" on 15 November 2010. The Department announced on 29 March 2011 that it will abolish the general recoverability of the CFA success fee from the losing side; abolish the general recoverability of after-the-event insurance premiums; and introduce the package of associated measures set out by Lord Justice Jackson. Through the Legal Services Board, we are also considering the issue of referral fees.

Finally, we should recognise that the most effective way of controlling costs is to reduce the number of road accidents and casualties. The Government are strongly committed to improving road safety and we are setting out our plans in a strategic framework published today.

11.30 am

Sitting suspended.

Legal Aid

2.30 pm

Dr Julian Huppert (Cambridge) (LD): I hope that this debate on legal aid—a vitally important component of our legal system—will prove timely. It is opportune because although the Government consultation, which has received around 5,000 replies, has closed, the Government have not yet published their response. I hope, therefore, that the Government will have the chance to listen to concerns from both sides of the House before publishing their final recommendations. I am delighted to welcome the Minister to respond to the debate, and more particularly to listen to it. He and I spent some time debating in 2005, and although I did not always agree with his position, he showed that he would listen to an argument and I hope he will show the same character today.

One of the basic pillars of our legal system is supposed to be that the law is accessible to all, not only to those who can afford it. Members of another Committee are seeking to reform the law of libel to ensure that success goes to those who have truth on their side, rather than to those with the most money. Legal aid is the manner in which we ensure that all have a fair chance to access the law and see justice done.

The Government have been at pains to emphasise their commitment to access to justice. We would all, I hope, agree with their stated position that

"access to justice is the hallmark of a civil society."

Indeed, many of us would go slightly further and say that it is the hallmark of a civilised society. The Green Paper that announced the proposals suggested that the Ministry of Justice believes that legal aid has expanded far beyond its original intentions. I recognise that there is often waste, and that unnecessary costs could be eliminated or reduced, but we should avoid simply caricaturing the current legal aid system.

In my opinion, as it currently stands the legal aid system seems broadly to represent what Lord Rushcliffe intended in his 1945 report. He argued that public funding for legal aid should not be limited to those "normally classed as poor", but should also include those of "small or moderate means." According to the Ministry of Justice, under the current legal aid system 29% of us are eligible for publicly funded advice. One could ask whether that goes far enough. Given our unequal income distribution, even the median wage could well be described as "small or moderate means" in some parts of the country.

I accept that the wider fiscal situation and the rapidly growing nature of the legal aid budget allow room for consolidation through reductions in the budget, and there is a balance to strike between access and cost. This debate is largely an opportunity to discuss how such reductions can be achieved without harming the most vulnerable people in our society. A large portion of my speech will deal with the scope of the Government's proposals, but I also hope to draw the Minister's attention to the viable alternatives that have been proposed. Given the number of hon. Members from all parties present in the debate, I will try to be brief to allow others to speak. I am sure that one could easily fill 90 minutes with more detailed analyses of every issue that I cover.

It is easy to forget the recent history of legal aid, and it is important to look at the context behind the debate this afternoon and remind ourselves that legal aid underwent substantial changes under the previous Government—Labour launched about 30 consultations and reviews to try to sort the system out. Since the formation of the coalition, we have had Sir Ian Magee's "Review of legal aid delivery and governance", and the family justice review chaired by David Norgrove, both of which are pertinent to the debate. I am glad that the Government delayed their response to the consultation on legal aid until after the interim report of the Norgrove review was published. It is always useful to get expert advice before making decisions.

Hon. Members should be in no doubt that I appreciate much of what the Ministry of Justice has done since the formation of the coalition. In general, I admire the liberal proposals on sentencing that have stemmed from the Secretary of State and his team of Ministers—they may not thank me for that praise of their liberalism. It has been particularly good to see a renewed emphasis on evidence and reinvestment in justice, moving us away from an obsession with prisons and punishment, and renewing our desire to see criminals rehabilitated. We want less crime, not just to be harsh on criminals after the event.

There are, however, problems with the Government's proposals, many of which will be familiar to hon. Members following this debate. If they have not already done so, hon. Members might want to familiarise themselves with the excellent report from the Justice Committee—chaired by my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith)—the large majority of which I agree with. I want to focus on the effects of the proposals concerning access to advice on social welfare law, in particular with regard to immigration law, family law and children and young people. I will also highlight what I believe are the unintended consequences of the Government's proposals for citizens advice bureaux and other organisations.

It is worth questioning the central decision at the heart of the Government's proposals. From the off they considered it impossible to pare down any further expenditure on criminal legal aid. Like many others, I remain unconvinced that we should leave criminal legal aid entirely untouched when it accounts for more than half the total budget, even if it has previously come in for close attention. Obviously, we do not want to deny people access to justice in criminal trials, but I believe there may be further scope for savings in that area. I hope the Minister will heed that note of slight uncertainty and address it when he responds to the debate.

In other areas, my uncertainty is more than slight. One such area is family law, and I have received many representations from organisations and individuals across the spectrum, from those who need legal aid to those who provide it and almost everyone in between. I cannot over-emphasise the concerns that people have about the possible effects of the Government proposals. Time and again I have heard the same criticism: the Government have brought forward proposals without properly researching the effects of the current system, and without adequately justifying their stance. As a result, the unintended consequences of the proposals, if implemented, could be regressive and widespread.

Annette Brooke (Mid Dorset and North Poole) (LD): My hon. Friend makes a strong case. Does he agree that there is a danger that people in a host of vulnerable groups, including those with mental health problems, those suffering domestic abuse—as opposed to domestic violence—those with learning disabilities, and others, could be disadvantaged in front of the law? Would it not be better to raise the bar for legal aid, and look at the situation case by case?

Dr Huppert: My hon. Friend raises a number of issues, some of which I will come on to talk about. There is no doubt that this issue is a challenge, and there is no easy solution with which to protect all those vulnerable groups. Ideas such as that mentioned by my hon. Friend, or those suggested by the Law Society, may provide a better option.

Andrew George (St Ives) (LD): My hon. Friend makes an excellent case and I congratulate him on that. Does he agree that rather than being largely budget driven, the review should begin with an understanding that legal justice is inextricably linked to social justice? Homelessness, for example, will be narrowly defined by these changes at a time when the Government's policies on homelessness, housing benefit and other areas are already having a disruptive impact in that area. We need a legal aid system that is flexible enough to assist those who will find themselves on the margins of society.

Dr Huppert: I thank my hon. Friend for his valuable contribution to the debate. He is right: social justice lies at the heart of much of what is happening. The lack of social justice in this country, and the widening disparity between the rich and poor, already existed under the previous Government. That disparity is a sorry blight for us all and affects much of public policy. We know that one of the worst problems is the effect that social injustice and deprivation have on health. That is a much more fundamental problem to be solved than exactly what happens in an A and E hospital, and the same goes for the examples provided by my hon. Friend.

Family law particularly concerns me. I am indebted to a number of people for drawing my attention to the issue, and I would particularly like to thank Jo Miles, a Fellow in Law at Trinity college Cambridge, where I used to be a Fellow. She has made great efforts to produce evidence-based assessments of the proposals in the Green Paper, and she has also been in touch with Ministers.

The Green Paper's reforms for family law constitute a radical reduction in the number of private family law issues for which legal aid will be available. That policy is based on two premises. To say those are outright false is perhaps going too far, but they are questionable and not well justified. The premises are first that spending on legal aid fuels litigation, and secondly that mediation is the clear alternative.

In some cases, there is no doubt that lawyers on each side—I declare an interest as a non-lawyer—ramp up the case to earn fees, and make a tense situation worse for the individuals as well as expensive for the state and of course for the side that does not have legal aid. However, it is not clear that that is common or regular. In fact, it is probably because clients can currently see a solicitor that litigation is avoided in many cases. Solicitors can play a very important role in guiding their clients towards agreed resolutions or advising them that their case is too weak to fight. Without professional guidance, badly founded and prepared litigation conducted by the client in person will surely follow and grow. That will mean an inevitable and probably substantial rise in the number of litigants in person in the family courts and the associated costs. I have seen no evidence for the Government's assumption that there will be no significant impact on court operating costs. I strongly suspect that what is saved in legal aid may simply be spent in court costs.

The result will be that, as ever, those with money will have access to justice. Those who do not have the cash and who also lack the energy and resources to litigate by themselves will simply not have access to justice. Those who have not been able to enforce the other party's private law responsibilities will have to fall back on the state for housing and other support—another cost to the Exchequer.

Therefore, the removal of public funding from the areas of family law that we are discussing may have the opposite effect on the finances to that which is intended. On a related note, it may also hamper successful mediation. Studies have shown that one of the main reasons why mediation has been successful has been the threat of litigation. That encourages people to adopt sensible positions and so to settle. Will that still work in the absence of litigation as a plausible threat?

Mrs Helen Grant (Maidstone and The Weald) (Con): I declare an interest in the debate, having been a legal aid family lawyer. I want to pick up the point about mediation. Does the hon. Gentleman agree that mediation can be quite useful, but it is no panacea and frequently fails when there is an imbalance of power, which is often the case in family matters? I am concerned that the Government's proposals rely on mediation. I am concerned also about where all the mediators will come from and who will pay for them.

Dr Huppert: I thank the hon. Lady for her comments and bow to her greater expertise in this area. She is absolutely right. There is no doubt that mediation is fantastic, but it does not solve every problem. It is a great thing where it works. Where it does not work, there must be alternatives. She also raises the important point about the number of mediators. We are trying to turn to more and more mediation and arbitration in relation to a range of areas of law, and there is a real question about how we can train enough people.

I hope that the Government will revisit their proposals on reducing the scope of family law. We share the objective of controlling costs while preserving access to justice. I hope that the Government will be able to reach a better balance than they did in their original proposals.

Let me now turn to another element of family law, which has had almost as much attention from the same organisations—domestic violence, which my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) mentioned. That is a blight that is far more common in our country than many of us would like to believe. It is a very private crime and therefore difficult to measure, but estimates based on available data, such as the British crime survey, suggest that as many as one in five adults have experienced it in some form.

[Dr Huppert]

The Green Paper takes a narrow view of what domestic violence constitutes and how it can be evidenced. The Government seem to be counting only physical violence under the definition of domestic violence and then only where relevant legal proceedings have been started or orders obtained in relation to it. There are a couple of concerns about the consequences of that. First, it provides a perverse incentive for people to allege domestic violence just to gain access to funding for their other issues. In other words, it will encourage court proceedings. It is not clear whether that would involve people admitting what is actually happening or would lead to false allegations, but either way, it will increase court proceedings. Secondly, a huge amount of research shows that many victims of domestic violence do not disclose their abuse at all. For all sorts of reasons, they are reluctant to take legal proceedings in relation to the abuse. We should not make that harder.

All that would be bad enough. I hope that I need not convince anyone here that domestic violence cannot refer simply to physical violence. We must all be concerned about people suffering the threat of violence and mental torment. I hope that the Government will take seriously the criticisms that they have received on that point and will clarify and strengthen their definition of domestic violence so that those at risk have access to justice and are protected.

There is a particular issue about those people—normally women—who are in the UK on a spousal visa with no access to public funds and are subjected to domestic violence. I have met such people in the Cambridge women's refuge. I am delighted that the Government are taking some steps to support them—for example, by extending the funding for the Sojourner project, which I hope will continue even longer. Everyone will work together to help such people. There will be legal aid funding for them to obtain an injunction against their ex-partner, and the UK Border Agency will fast-track their visa application—but there will be no support for them to apply for the visa that unlocks their future support. Surely that is not right.

Women will be disproportionately affected by the changes in legal aid. They are more often the recipients of it and less often have their own finances in place. Children and young people will also be disproportionately affected, partly because women make up the majority of primary care givers, although of course not all. I have received a considerable amount of evidence from a number of organisations suggesting that the proposals could deny many thousands of children and young people access to justice. The Liberal Democrat youth policy includes a commitment to providing young people with access to specialist support and advice on their legal rights and responsibilities—something that I hope would attract universal support. I therefore urge the Government to think again more carefully about their proposals for young people. They are clearly a group of people who are generally vulnerable and less able to represent themselves. It seems to me, then, that the current scope of legal aid should remain available to children and young people even if it must be reduced somewhat for adults. In addition, we should try to target funding and support better towards that demographic group in the future.

Similar concerns apply in relation to disabled people, whether young or old. For example, the Government plan to remove legal aid relating to matters of special educational need. The Government sought to justify that proposal in the Green Paper because there are alternative sources of support, they do not consider parents and carers bringing SEN appeals to be particularly vulnerable and they believe that the education of children should not be accorded the same level of priority as other, more critical issues. The last point is the most concerning. The coalition Government have taken some good steps to support families with disabled children—for example, the SEN Green Paper from the Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), is a great step forwards. However, the change that we are discussing in this debate would send entirely the wrong message to those families. Access to education is a right for all children and is a vital mechanism for removing some of the barriers facing disabled children and young people.

Mr Robert Buckland (South Swindon) (Con): On the point about special educational needs, does my hon. Friend further welcome the proposals in the Green Paper to move to a system of mediation to resolve many of the problems that parents and children have in challenging decisions made by local authorities? Should not that system of mediation be put in train with any changes to legal aid so that we do not end up with the good intentions of the Green Paper being frustrated by a lack of co-ordination between two Departments?

Dr Huppert: I thank the hon. Gentleman for his comments. Yes, mediation can play a good role. There are a number of cases in which we need to move away from the legalistic approach to resolving problems and towards mediatory approaches. However, as I said in response to the point raised by the hon. Member for Maidstone and The Weald (Mrs Grant), mediation does not always work, and where will we get all the mediators from? We must ensure that there is a fall-back—a safety net—for people.

I cannot deal with all the issues relating to this area now. I assume that the Government have seen the briefings from the Children's Society and the Special Educational Consortium and I hope that they will consider what they say. I am sure that other hon. Members have seen them as well.

Andrew George: My hon. Friend is being very patient in allowing me to intervene again. The theme underlying this is public service and its improvement. There is an important link, which must not be lost by the Government. They must ensure that those people seeking to benefit from public services see an improvement in them. We have found this in the Select Committee on Health, which has been considering clinical negligence. The removal of legal aid is proposed in that area. How can a service move on, learn lessons and improve if those who are served poorly by it do not have access to the right kind of justice?

Dr Huppert: My hon. Friend makes an excellent point. I hope to talk later about the effect of the Jackson changes, how legal aid will work then and the double whammy that people may face with the two changes being rolled up together.

Lastly on the subject of special educational needs, I am sure that other hon. Members have had constituents coming to see them, as I have. My constituents take special educational needs appeals for their children very seriously. They are very concerned. A number of people have come to see me. They are terrified both about what will happen to their own children and about the future. They see education as critical to their children's future. I could talk about other aspects, but time moves on apace.

Hon. Members may be aware that I have a passionate interest in matters to do with immigration and asylum. I chair the all-party group on refugees, as well as being a member of the Home Affairs Committee, which is chaired by the right hon. Member for Leicester East (Keith Vaz), and it is a great pleasure to see him here today. I am of course pleased that asylum will remain within the scope of legal aid, but it is extremely concerning that other immigration cases have been excluded. Even under existing arrangements, immigration legal aid providers are struggling to remain viable; if we confine legal aid to asylum, it is doubtful whether good quality practitioners will continue to be available. There is already a surfeit of poor quality lawyers and advisers working in this field, and we would all benefit from better provision because many of them are not up to scratch.

Jeremy Corbyn (Islington North) (Lab): I congratulate the hon. Gentleman on securing this debate. Is he aware that many of the legal aid practitioners that used to deal largely with immigration matters in inner London have gone under? I frequently represent people at immigration appeal tribunal hearings, and I know that a disturbing number of claimants with strong cases are completely unrepresented, and that all kinds of family breakdowns and misery result. It is not necessary to invest a great deal of money in order for the most vulnerable to get reasonable access to justice.

Dr Huppert: I thank the hon. Gentleman for his comments. He is right. I am not an expert on the position in London, but I know the Cambridge area and I realise that there is a shortage of good people. I see that with my constituents time and again.

Keith Vaz (Leicester East) (Lab): I am most grateful to the hon. Gentleman for giving way. I pay tribute to him for the work that he does as chair of the all-party group on refugees and as a member of the Select Committee.

Further to the point made by my hon. Friend the Member for Islington North (Jeremy Corbyn), if that specialism disappears—and immigration cases are dealt with by specialist legal aid lawyers—vulnerable constituents may go to unscrupulous immigration advisers, be charged huge sums, and, at the end of the day, be left with no recourse except to go to Members of Parliament, who are not really qualified to give them that advice.

Dr Huppert: I thank the right hon. Gentleman for his comments. I am astonished at how many constituents I see who have been poorly advised. The most extreme example was a lady who applied for asylum through a lawyer and got leave to remain, but when she went to renew her passport she discovered that the whole thing was a forgery. We are still trying to resolve that case. We need decent, good quality lawyers, not the rather shabby and disreputable people whom we sometimes see in their place.

The main point that I want to make is about the approach taken by the UK Border Agency. Its attitude is a well-known sticking point. It rarely allows scope for negotiation or mediation. It seems to take the view that it will stick to its decision until a court tells it otherwise almost regardless of the evidence. In so many cases, applications for the right to work were ignored until the agency was ordered to deal with them by higher courts.

Many applications for refugee reunion that are refused are then overturned on appeal, and it seems that the appeal system is being used by the agency as a safety net. Under the Government's proposals, those cases would no longer be in scope for legal aid, and there will be no opportunity to fix the agency's errors. I urge the Government to listen to practitioners and the representatives of asylum seekers and refugees. The Government should ensure that asylum support remains in scope as a high priority. They should also ensure that applications for family reunion are treated as extensions to a claim for asylum and thus be within scope for legal aid purposes.

There are certainly cases in which applicants with a poor case abuse the system, looking for appeal after appeal in a fruitless quest for victory. However, those with a strong case are also forced to jump repeated hurdles to get justice. The key solution is for the agency to get more decisions right first time, as was accepted by the Minister for Immigration, when I raised the matter in the Chamber.

I could say more about that, but I want to give a brief example of the impact that the Government's proposals may have on service providers, and I shall then allow others to speak. I have spoken to service providers about the possible impact of the proposals on various vulnerable groups. I have received comments from a range of organisations and individuals that provide support. I wish that I could have talked to all of them, but I shall focus on the role of Citizens Advice, as I suspect that all Members will appreciate the vital role that it plays in our constituencies, not least in preventing the flood of case work that we all receive from becoming even more torrential.

Citizens Advice has produced detailed briefings showing the unintended consequences of the Government's proposals on social welfare law work. Its cost-benefit analysis makes a strong case for retaining and even strengthening its role. For instance, its research found that for every £1 of legal aid spent on housing advice, the state potentially saves £2.34; on debt advice, the state saves £2.98; on benefits, it saves £8.80; and on employment advice, it saves £7.13. With impressive understatement, Citizens Advice suggests that the Ministry of Justice

"gets a good return from expenditure on legal help in these areas."

It estimates that if funding were no longer available for these categories of law, at least £172 million of additional costs would accrue for both state and society.

What effect would the proposals have on the Citizens Advice service more widely? More than half of the bureaux surveyed in December last year said that the changes to legal aid scope and the reduction in fees

[Dr Huppert]

would pose a real risk to the continuation of their local advice service as a whole. Again, I do not need to remind Members of the havoc that that would wreak in our communities, or of the large amount of extra work that would almost certainly come our way as a result. In passing, I praise the excellent work done by Rachel Talbot and the staff of the Cambridge citizens advice bureau, who are always there to help me and my constituents. I also praise Cambridge city council, which last year provided it with a 25% increase in grant. I wish that all councils did that, rather than pulling resources from such a vital public service.

Time is running short, but I wish to raise two brief points. The first, raised earlier by my hon. Friend the Member for St Ives (Andrew George), is about the effect of combining the legal aid proposals with Lord Jackson's proposals on clinical negligence cases. Lord Jackson was clear about it. He said:

> "I stress the vital necessity of making no further cutbacks in legal aid availability or eligibility...the maintenance of legal aid at no less than the present levels makes sound economic sense and is in the public interest".

Will the Government take account of that plea, and avoid a double whammy? Legal aid changes and the Jackson proposals together would mean that those who have suffered through error would not be able to continue with their cases.

Secondly, I flag up a concern raised with me by Andy McGowan, the access and funding officer of Cambridge university students' union. He is one of those rare people on free school meals who got to Oxbridge—the Government would like to see more of them—and he wants to practise as a criminal legal aid solicitor; he is driven by a motivation that I am sure we would all endorse to help the most vulnerable in society. He asks how he can fund the legal practice course in the absence of the training contract grant scheme, knowing that he will be unlikely to be as well paid as those lawyers for whom money is the principle motivation. If we lose people like Andy from the profession and from public service, we will create a less fair future for many years to come.

It is not my intention to attack the Government's proposals without offering an alternative. That is not a helpful or effective way of approaching such debates, and I am always disappointed when others do not say clearly what they would do differently. There is clearly much in the Government's proposals that is sensible. I cannot claim to be an expert on legal aid, and I have relied heavily on the hard work of many other people in preparing this speech. I am grateful to them for all that they do to preserve what is good about the present system, and for their wider struggle to provide access to justice for all, especially for the most vulnerable. The case that I have attempted to build draws on the research and evidence of others. The same is true of the alternative that I offer the Government.

The Law Society, which for a long time was officially responsible for legal aid, has continued to play a major role in shaping the debate on this important subject. It has produced an alternative set of proposals that aim to go beyond the savings that the Government have set out. It projects savings of £384 million, which could even reach slightly more, yet at the same time it claims to be able to protect the vulnerable about whom I have said so much. The Government are duty bound to look seriously at those proposals and, if they are workable, to adopt them. If the Government are serious about access to justice, they must listen to those who know what is necessary to provide it.

I look forward to hearing what other hon. Members have to say, and to the Minister's response. I hope that he will signal a willingness to modify the proposals in the light of the concerns that have been raised.

Several hon. Members *rose—*

Mr Mike Weir (in the Chair): Order. Five Members wish to speak, and we have about 40 minutes before the wind-ups. I ask them to do the maths and to be as brief as possible.

2.58 pm

Yvonne Fovargue (Makerfield) (Lab): As always, Mr Weir, it is a pleasure to serve under your chairmanship. I congratulate the hon. Member for Cambridge (Dr Huppert) on securing this debate.

Many quotations have been used in support of legal aid, from the Magna Carta onwards. I have one from George Washington, who said:

> "The true administration of justice is the firmest pillar of good government."

I firmly believe that the current proposals to reform legal aid risk rocking the very foundations of that pillar, and I submit that I am not alone in that.

More than 5,000 responses to its consultation were received by the Ministry of Justice. A number of common concerns were raised, one of which is the loss of most early intervention advice, with access available solely through a telephone gateway. I believe that such proposals will disadvantage the most vulnerable in our society—the disabled, the elderly, those on a low income with a pre-paid mobile phone who often ring about debt issues, those with mental health issues, those whose first language is not English and many others. Expansion of telephone advice is welcome, but it should not be the sole means of contact.

That leads me on to another issue—where will we refer the people who are found to be ineligible? The assertion is that advice and help are available from other sources, but that is inaccurate. Many of the organisations that were identified in the Green Paper do not provide, or do not have the resources to provide, specialist, face-to-face advice. Government delivery agencies such as Jobcentre Plus and independent tribunals do not, and cannot ever, provide independent advice. In the absence of alternative provision, I fully expect that many more social welfare and other legal problems will turn up at MPs' surgeries and casework services.

Civil legal aid has been disproportionately cut, especially social welfare law, and that will disproportionately affect the not-for profit providers, which provide more than 75% of the social welfare law advice under contracts with the Legal Services Commission. It is no exaggeration to say that when the cuts in legal aid are taken in conjunction with the other reductions in funding at primary care trusts, local authorities and central Government, the effect on the sector will be catastrophic.

More than 50% of citizens advice bureaux surveyed said that they did not expect to survive or would certainly be much reduced. Again, where will the people who use these much loved and much trusted services go? They could seek help from other statutory agencies as they move from coping with assistance to not coping. They could end up at MPs' surgeries, where we have neither the knowledge nor the resources to help them all, or they could become litigants in person, pursuing their cases without assistance or advice and causing huge backlogs in the courts and tribunal system.

As the Minister has often asserted, these cases are not simple and they sometimes involve issues of liberty. I have previously mentioned a case from Wigan citizens advice bureau in which a client had been convicted of benefit fraud. With the assistance of a specialist adviser, they appealed and were able to reduce the amount owed from £27,000 to £236.

Debt problems are often complex; they require advisers to understand time orders, unfair credit relationships, bailiffs and insolvency law. Indeed, removing help from debt cases will inevitably lead to more calls on the health service. I refer hon. Members to a paper on debt-related suicide, which was produced by Zacchaeus 2000. Its case studies provide tragic examples of the effect that debt can have on an individual's state of mind. Taking away legal aid for people in debt will mean that 110,051 fewer people will have access to such advice. There will still be the fee-paying debt management sector, which seeks to make a profit out of misery while often providing a poor-quality and inappropriate service.

The proposals will not save money in the long run; they will merely move the expenditure to other Departments. I urge the Minister seriously to consider many of the suggestions on saving money from the independent advice sector and the other consultation respondees, and not to take social welfare law out of scope. There have been many suggestions, such as reducing bureaucracy and looking at the services that are provided. As the Legal Action Group said,

"The personal, social and economic consequences of removing access to justice for so many people is unknown"—

and unforgiveable.

3.3 pm

Mr Robert Buckland (South Swindon) (Con): It is a pleasure to serve under your chairmanship, Mr Weir. I will bear in mind your exhortation about brevity. I congratulate the hon. Member for Makerfield (Yvonne Fovargue) on following your strictures, and I shall do likewise.

I speak as a former practitioner in legal aid, at the Bar for nearly 20 years, and as someone who has had wide experience of criminal, family and civil legal aid. It has been a changing picture. I hesitate to use the phrase "permanent revolution", but it has felt like that at times, especially over the past 10 or so years, when the previous Government bombarded the profession with consultation after consultation and literally made it revolve on the spot with the number of questions that they kept on asking of the system.

The reality is that whoever had been elected to Government last year would be dealing with the legal aid issue. Whoever was sitting in the Minister's seat now would no doubt be putting forward proposals that would involve a reduction in expenditure on legal aid. It is important that we take out party politics from this issue. I do not believe that that either helps the debate or puts it in a proper context.

I am a member of the Justice Committee. As was mentioned by my hon. Friend the Member for Cambridge (Dr Huppert), whom I congratulate on securing this debate, the Committee produced a report in recent months, which was based on a series of evidence sessions on the Green Paper. I commend the report to the Chamber. It is the result of a lot of hard work from Committee members. Its conclusions and recommendations are being carefully considered by the Minister. I must say that the Minister has, at all times, been extremely open to suggestions, proposals and counter-proposals about the future of legal aid, and I pay tribute to him for the work that he is doing.

The report is a challenging read. One of its fundamental points is the dearth of evidence at case level to work out the key cost drivers of legal aid expenditure in England and Wales. In other words, there is precious little evidence to help decision makers come to a view on why we spend more on legal aid per head as a percentage of GDP than other comparable countries. It is the strong view of the Committee that far more academic research needs to be done domestically to work out the reasons for that expenditure on legal aid.

During my research into the subject, a couple of facts shone out. First, many more cases tend to be prosecuted in England and Wales than in other jurisdictions. Secondly, some of our processes of law are much more complex than those in other countries. One example is in the field of welfare benefits law, which, without the guidance and help of a lawyer, can be a real minefield for litigants and lay people.

An important fact that we must not overlook is the global view of expenditure on legal processes. It is wrong to look at legal aid in isolation; we should be considering the cost of prosecutions, court processes and the judiciary. When we consider those three areas together, the Council of Europe's most recent report, which offers comparators between England and Wales and other European countries, shows that our expenditure as a percentage of GDP per head is equal to the average. Suddenly, the assertion that we spend more on legal aid compared with other countries becomes a little hollow. Perhaps, therefore, we should be careful before we base any policy developments on assertions such as that.

Having said that, it is quite clear that there are a number of areas in which we can make reforms to reduce expenditure on legal aid. We were particularly struck as a Committee by the evidence of Sir Anthony May, the president of the Queen's Bench Division, who reminded us that when it comes to the scope of judicial review, there was a case for saying that, for the merry-go-round of appeal on appeal in asylum cases—as a Lord Justice of Appeal described it—legal aid should be removed. A substantial saving could be made there. As my hon. Friend the Member for Cambridge said, it is incumbent on Committee members or Members of Parliament to come up with constructive proposals that can offer real and effective savings.

The problem does not, however, begin and end with the law. As has been said, the quality, or lack of quality, of Departments' decision making has led to an explosion

[Mr Robert Buckland]

in appeals, and the Department for Work and Pensions is a notable example. One statistic that came before the Committee showed that 92% of appeals against DWP decisions were successful, which speaks volumes, I am afraid, about the poor quality of the decision making.

The Committee's view was that we should adopt the "polluter pays" principle and award costs against Departments that make poor decisions that result in successful appeals; in other words, we should place an incentive on Departments to get their decisions right in the first place. The counter-argument is that that merely involves transferring money from one Department to another, but we really need to get the incentives right so that we avoid the need to go to law in the first place. We should encourage such an approach across the piece when it comes to poor decision making.

The report raised many other points, some of which have been covered, and I will not repeat them. However, the Minister will forgive me for repeating something that he has heard me say many times before, and I make no apology for saying it again. Adopting a narrow definition of domestic violence and a narrow reliance on previous court orders, as opposed to undertakings or promises made by people to the court, opens up a host of problems when it comes to ensuring that people have fair representation in what are often quite serious cases. The definition is not a good one to rely on, and the report submits that it should not be relied on—or that it should, at the very least, be expanded to include domestic abuse. Indeed, I would go further and refer to a course of conduct representing domestic abuse to avoid the Government's quite proper concerns about one-off situations being characterised as something more serious.

For all those reasons, I argue that more work needs to be done to improve the ambit of the Green Paper and to ensure that any changes to the legal aid system do not disadvantage those who genuinely need it.

3.12 pm

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): It is a great pleasure to serve under your chairmanship, Mr Weir. I will truncate my remarks because other Members wish to speak.

I do not wish to trump the hon. Member for South Swindon (Mr Buckland), but I have 35 years' experience of family and criminal legal matters, and I have been publicly and privately funded. However, I totally agree with most of what he said, and when people agree across the House, there is obviously something to worry about because there is a problem. The hon. Gentleman laid out some important facts. Like me, he is a member of the Justice Committee, and he made several of the points I was going to make.

I really wish that the Government would slow down. Many of their proposed changes, including those we are discussing today, are being rushed, and there is not adequate time for real consultation. Yes, there have been 5,000 consultees in this case, but the consultation has been a rushed job, and it has left a real fear out there. For example, Desmond Hudson, the chief executive of the Law Society, has said:

"If the government persists with these proposals it would represent a sharp break from the long-standing bipartisan consensus that effective access to justice is essential to underpin the rule of law."

To that I say, "Hear, hear."

Given the time constraints, I will confine myself to family law, although I recognise that there are problems in relation to immigration law, welfare law, housing law and many other parts of the social welfare legal system. As has been said, a mistake has been made, albeit one whose consequences were not imagined at the time. The way in which the qualification criterion relating to violence has been framed is utterly unworkable. As a practitioner, like the hon. Member for South Swindon, I have seen accusations made for various reasons, and it is as sure as the fact that I am standing here that people will make accusations of violence simply to avail themselves of a legal aid certificate, that being the only way in which they will be able to get representation.

Victims of violence may be brought to court by those seeking to continue their control over them. As has been said, we need to look at the definition. It could cover abuse, including mental abuse and all kinds of other dominant abuse. It will not always be male on female, but it will mostly be. To use European parlance, there will be an inequality of arms, which will, in effect, mean that if one party can afford a lawyer, and the other party is honest enough to say that there has been no violence, that party will not avail herself—it will probably be a woman—of any assistance. That must be wrong.

I accept, by the way, that mediation is a good step forward in some ways. It has been tried for many years in relation to a great number of issues, including some that are as far from the one we are discussing as multimillion-pound shipping contracts; indeed, it seems that London is the mediation capital of the world, and good luck to the lawyers involved. However, the issue before us is an entirely different kettle of fish.

I have received dozens, if not hundreds, of letters from lawyers practising in this field. Every time a lawyer claims that the loss of legal aid will damage members of the public, that is thought to be special pleading on behalf of the lawyer. Let us cut to the chase: legal aid lawyers have not had an increase in fees for the past 11 years, so anyone wanting to become a fat cat would not open a legal aid practice. As a lawyer yourself, Mr Weir, I suspect that you know that, too, although you should not get involved in the debate. This is not a question of self-serving special pleading; the people we are talking about are dedicated to providing a service, and as anyone will know if they have been in court when there has been the possibility that a family will be permanently broken up and one party will never see the children again—I have been in court on such occasions—such cases are very fraught and emotionally charged.

Mrs Grant: The proposals also rely on judges, chairmen of tribunals and magistrates having the time to give advice to litigants in person. Does the right hon. Gentleman agree that that time simply does not exist? Judges already have back-to-back lists. To give an example from Kent, there is already a five-month waiting list to see a judge for parents who are being denied access to their children. That is totally unacceptable for any parent.

Mr Llwyd: Yes, that is absolutely right. That is partly because of judges' time, but it is also to do with the Children and Family Court Advisory and Support Service and various other things. I should add that if a person seeking legal aid to protect their relationship with their child is denied legal aid, they will not walk down the road and say, "Tough. That's it. I'm not going to have anything done about this. I'll walk away." That person will go into court, very often without the expertise, knowledge and learning to do the job properly, and they may even do themselves down.

When he gave evidence to the Committee, Sir Nicholas Wall said that people do not give up easily in matters involving a child, and nor should they. As he and others have also said, the courts will be flooded out with litigants in person, and any conceivable saving that the Government are looking at will be swallowed up in dealing with that issue, let alone anything else. As we know, there is the "no order" principle in the Children Act 1989, and it will drive people to go to court to ensure that they have contact with their children.

I urge the Minister, by the way, to look at section 64 of the Family Law Act 1996 as some kind of backstop. That provision, for which I was responsible, would give the children independent representation. Nobody in this Chamber or anywhere else would want the children to suffer, because they are what this process is all about. When parents break up, they might throw things at each other and do whatever they want, but ultimately the damage is done to the young person or persons in the middle. I do not want to stand idly by and see that sector of society not being looked after properly; anything short of that is downright uncivilised.

Jim Shannon (Strangford) (DUP): Will the right hon. Gentleman give way?

Mr Llwyd: Very briefly, because others wish to speak.

Jim Shannon: In my experience over the past 30 years as a councillor and so on, I have found that those who need legal aid most are those who come looking for it. Does the right hon. Gentleman agree that if we are not careful, the changes that the Government are proposing will lead to a two-tier system—one for those who can afford it and one for those who cannot?

Mr Llwyd: I am sorry to say that that is exactly it. We are rapidly reaching that point, and one might argue that we are already there. Some people will get access and others will not, and that is abhorrent. We are all equal before the law, and are all entitled to equal access to the law and its procedures. It appears that these measures will definitely limit that scope. There will be law for some and not for others. I urge the Government again to look once more at the issue.

I will not go beyond the changes in family law today, for obvious reasons. The National Association of Guardians Ad Litem and Reporting Officers—if it does not know what it is talking about, nobody does—says that the changes are premature, that they have no sound evidence base and that children have not been considered as stakeholders for the purposes of the impact assessment.

In conclusion, I merely refer to page 71 of the Justice Committee's report, the main part of which the hon. Member for South Swindon mentioned, about domestic violence as a criterion. In fairness to the Minister, he said when he came before the Committee that he would look at the issue again. With respect, he has had time to look at it again. Will he tell us today whether he has a better definition that will not work against the best interests of the children we are here to protect?

3.24 pm

Tom Brake (Carshalton and Wallington) (LD): I congratulate my hon. Friend the Member for Cambridge (Dr Huppert) on securing the debate and setting out succinctly many of the challenges that the coalition Government face in both reining in the budget and minimising the impact on those reliant on legal aid. What is not in dispute today is the fact that budget reductions need to be made. Given that the Ministry of Justice's budget consists principally of staffing costs, prisons and legal aid, there are not many areas to which the Government can go to identify savings. It is also true that a number of organisations that I, and I am sure other Members, have met have confirmed that their view is that there are potential savings. The Law Society and others have set out ways in which those savings could be made.

I will not run over the growth in expenditure on legal aid in recent years, because it is well known. It is clear that the budget reductions will have an impact on many organisations. I do not know whether the Minister has read all 5,000 submissions; I doubt he has, and we would not expect him to have, but he may have read a sample of them and I am sure he has had a large number of meetings with a range of organisations, so he will have heard the main concerns. I thank him for meeting me with my local citizens advice bureau and Citizens Advice to hear their concerns about some of the proposals.

Given the limited time, I will restrict my comments to telephone advice, medical negligence, the impact assessment and savings. I think that telephone advice can play a key role. It is accessible to people who do not feel able to access a face-to-face contact because they are put off by it in a way that they might not be put off by telephone contact. However, there remain many queries about how telephone advice will work.

There will clearly be people, as other Members have said, for whom telephone advice is inappropriate, and therefore a clear pathway from initial contact, to a referral, to a face-to-face contact will need to be provided by that service. How will urgent inquiries be dealt with? What referral process will be used to ensure that the calls are passed to the relevant organisation to deal with them? Can the Minister do any more to flesh those details out? I know many organisations that would be interested to hear more.

I am sure that many Members have been lobbied about medical negligence—particularly those cases involving children who have been most seriously affected by it and how they can continue to be supported. As an aside, the Minister might want to talk to Health Ministers about whether introducing a duty of candour—in other words, requiring health professionals to confirm when an accident has taken place—could play a role in reducing the need for cases to go to court in the first place. Other Members have referred to family law, so I will not touch on that.

[Tom Brake]

As the impact assessment confirms, because black and minority ethnic communities, women and low-income groups are more represented in the group of people who receive legal aid, the impact on them will be disproportionate. However, I hope that the coalition Government will still want to redress that, not simply accept that it is the case—put more emphasis on ensuring that those groups are not disproportionately affected by the change because they are disproportionally represented in the group that receives legal aid.

Other Members, including my hon. Friend the Member for Cambridge, referred to the savings that we can derive through providing advice services: £1 of legal aid expenditure on housing advice saves £2.34, and employment advice saves £7.13. I hope that the Minister, if not now then later, can provide some analysis of the impact of the measures that we, as a coalition Government, are proposing, to ensure that we do not see the cost-shunting that many people believe will arise as a result of the changes. Simply passing costs on to other organisations or Government Departments will not be helpful.

Finally, my hon. Friend the Member for Cambridge referred to the proposals from the Law Society. How will those concrete, detailed suggestions be taken on board as part of the consultation process? I am sure that the Minister is also aware of the proposals that Keir Starmer, the Director of Public Prosecutions, put forward on how costs can be saved in the wider legal arena.

I hope that the Minister will respond to those points. The Government clearly and quite rightly have to address the budget, but there are ways and means of addressing it most effectively. I hope that they are looking carefully at the proposals on the table from a range of organisations about other ways to address it and that they take those proposals on board where appropriate.

3.27 pm

Jeremy Corbyn (Islington North) (Lab): I congratulate the hon. Member for Cambridge (Dr Huppert) on obtaining the debate and on how he introduced it. It is a valuable subject. I apologise in advance to the Minister as I might miss part of his reply because I have a delegation from Disability Action in Islington to meet just before 4 o'clock. I hope that he understands that I need to be there to see them.

This is not the first or, I suspect, the last debate that we will have on legal aid. I hope that the Minister will give us an idea of when the Government will respond to the consultation. I hope that there will be adequate time for us to digest their response and a full day's debate on the Floor of the House long before any legislation or changes are put in place.

It must be almost unprecedented to have 5,000 replies to a consultation of this nature—I am sure that the Minister has read all of them. I hope that he read the one from Jeremy Corbyn, MP for Islington North, because it was greatly laboured over. It did not involve only my views; I called a consultation meeting of local legal aid practitioners, advice agencies, the local authority and others, so what I put forward is on their behalf as much as my own. They have extremely strong views about the situation, as one can imagine.

The knock-on effects of legal aid and Ministry of Justice budget support to advice agencies are very important indeed. I do not believe—any more than anybody else does—that people should litigate for the sake of litigation. However, effective citizens advice bureaux play a very important part in giving people access to justice ahead of the danger of going to law. Cuts in CAB budgets or advice budgets are simply not very sensible at any time—particularly now, when many people are facing economic difficulties.

I pay enormous tribute to Islington council, which has just managed to reopen the CAB in the borough. It reopened on 1 April and it is already heavily overloaded, as we had predicted, but it is doing its best in the circumstances. Commendably, there is a liaison arrangement between the CAB, Islington Law Centre, Islington People's Rights and the local authority, to ensure that they share out responsibility and specialist knowledge to offer any particular help that is required. That is very good as it ends the idea of competition between advice agencies, particularly where funding is concerned.

There are many issues to be covered in this debate, but I want to be brief as the Front-Bench spokesmen obviously need to respond. Housing issues are massive and they are faced by people in inner city communities, such as the one that I have the honour to represent, probably more than by anyone else. I will just quote from an e-mail that I received from Anne Baxendale of Shelter about this issue:

> "The government is proposing to remove all housing benefits cases and a third of other housing cases from the scope of legal aid. Shelter is alarmed that this is happening at the same time that huge changes are taking place within homelessness legislation, social housing tenure and the housing benefit system."

People are already coming to my surgery or advice bureau about this issue and the same is true for Islington People's Rights, Islington Law Centre and the CAB. Those people are being told that their housing benefit, or housing allowance, is insufficient to meet the new rent levels; even with the transitional payments, they are nowhere near meeting them. In some cases, they are £100 a week—or even more—light on the demands being made of them. The only alternative for them is to move to somewhere else that is cheaper—if they can afford to do so, given all the associated uprooting. These people are scared, even terrified, and they desperately need access to good-quality legal representation to protect themselves at a time of emergency. Taking legal aid away from such people is simply grossly unfair—it would be unfair at any time, but it is particularly unfair at this time.

I will be very brief on the issues relating to children, as there is not much time left. The question of children and immigration issues is a very great one indeed. I understand, appreciate and welcome the fact—indeed, I applaud it—that asylum cases have been removed from this picture. Contrary to what the hon. Member for South Swindon (Mr Buckland) said, I do not believe that there is an endless merry-go-round of appeals. What I have found is that there is an incredible degree of inefficiency at the Home Office and the Border and Immigration Agency, such that asylum cases often hang around for years.

I am embarrassed to tell people that they must wait a year for a reply to a letter and that if they phone up the Home Office they will only make things worse. That is

not how a Government Department or any public service should ever deal with or respond to anybody. I say to the Minister that he should keep legal aid for asylum cases, but he might ask his colleagues at the Home Office kindly to reply to letters and not lose files. I have said that to every Government I have had dealings with, so it is not a party political point; I said it to my own Government and I will say it to any Government.

The decision to give legal aid only for cases of detention is simply unfair. If legal aid is given, an application is made and the person is then released from detention. However, they then lose legal aid; they might end up back in detention where they might get legal aid again, so that they are on a merry-go-round. It is simply not credible that such an arbitrary distinction can be made between support for detention and support for immigration cases. Immigration cases should either be supported or not; I do not see how a simple distinction can be drawn in that way.

John McDonnell (Hayes and Harlington) (Lab): My hon. Friend and I are part of a 10-year campaign to try to get the proper inspection and registration of immigration advisers. These measures could take us back to those back-street advisers again, whereby the most vulnerable people are exploited in dreadful ways and wind up in detention as a result.

Jeremy Corbyn: I was just talking to my hon. Friend the Member for Makerfield (Yvonne Fovargue) about the exploitative individuals—and, frankly, the chancers—who have now become involved in immigration law. Basically they are spivs, who charge very vulnerable people very large sums of money for writing letters. They do no more than that. Some of them are not even qualified.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) is absolutely right. For many years, we campaigned in this House for proper registration of immigration practitioners and for an end to immigration advisers, who in any case are often unqualified. The late Bernie Grant, the former MP for Tottenham, was extremely active on that issue and we basically got rid of most of those immigration advisers. However, they are all back now, big-time, and they are making a great deal of money out of extremely vulnerable people. I am sure that the Minister is aware of that problem. It has been reflected in many of the submissions made to him and I look forward to a response from him that recognises that.

The final point that I want to make about children is about the removal of legal aid for education cases. I have a distressing number of immigration cases in my constituency involving education. I do not have a vast number of them, but they are often very distressing and the people involved need representation. That is because some children who are suspended or expelled from school then have to go to another school. Unfortunately their representation and their files often follow them around and they end up being almost totally excluded from the whole education system. That is not good for them and it is not good for anybody. Proper representation would often prevent that situation from happening.

The number of cases that are dealt with by legal aid in this country at the moment is 934,000, apparently. Unless the Minister is going to give us some very good news at the end of the month, or whenever the reply to the consultation comes, the cuts being proposed will mean that more than 600,000 people will not have access to legal aid. If we want a fair, decent and just society, everyone must have access to the law. We are seeking not a litigation society, but a justice society and I hope that the Minister will understand the strength of feeling expressed in the representations that he receives on this matter.

The vast majority of solicitors and barristers acting on legal aid cases do not make much money out of that work. They make far more money on commercial cases, libel cases, media cases or "personality"-driven cases. The majority of solicitors I meet who deal with legal aid cases that are hard to sort out are paid very little. They work very hard and they are doing us a lot of good.

Furthermore, the loss of training contracts means that many of the solicitors of tomorrow will not be around to represent people. Many young people are studying law in universities and colleges at present. We want them to use their skills and we want them to represent the hardest-hit and most vulnerable people in society. I ask the Minister to think carefully about the very thoughtful and very carefully prepared representations that I know he has received on this subject.

3.37 pm

Mr Andy Slaughter (Hammersmith) (Lab): May I start, Mr Weir, by saying what a pleasure it is to serve under your chairmanship? I also want to congratulate the hon. Member for Cambridge (Dr Huppert), not only on securing this debate but on making a very thorough and persuasive speech.

It was in November last year—six months ago—that the Minister first produced his proposals to restrict the scope and availability of legal aid. A lot has happened since then. In fact, this is our third debate on the issue in this House and I know that the Minister has also debated it outside the House with others, including my noble Friend Lord Bach. The other place is debating the issue again next week. As a result, many of the arguments should be familiar to the Minister, but what we have not had so far is any effective response to those arguments.

Several Members have already spoken in the debate. We have heard from Members from all parties who are committed to legal aid and understand its importance in our system. Among the many good points that the hon. Member for Cambridge made was one about viability; he asked whether the cuts will actually leave a viable legal aid service at all.

My hon. Friend the Member for Makerfield (Yvonne Fovargue) drew on her own experience to make the point that telephone advice, however important it is, cannot be the only entry point to the system. She said that the alternative provisions that have been suggested are not adequate and that the alternative providers suggested by the Government are not equal to the task that has been set them; they have said so themselves.

In addition, the hon. Member for South Swindon (Mr Buckland) nailed the allegation that legal aid is hugely expensive in this country. As he said, spending on legal aid as a proportion of the costs of the legal system is not high. Clearly, it must be restrained but I

[Mr Andy Slaughter]

think that there have been false arguments that it is disproportionately higher than similar spending in other jurisdictions.

The right hon. Member for Dwyfor Meirionnydd (Mr Llwyd), who has, I think, more experience in this field than any other Member here, urged the Minister to think more slowly and carefully, and to make the decision not in the rushed way that has been portrayed so far, but in a way that takes account of all the views that have been expressed. That, perhaps, is the key point coming out of this debate. My hon. Friend the Member for Islington North (Jeremy Corbyn) talked about housing—a subject very dear to my own heart as well—and the effect on our constituents in London, and the hon. Member for Carshalton and Wallington (Tom Brake) talked about the false economies that there will be in making the cuts to legal aid.

All those arguments might be familiar, but the Minister needs to respond to them today. He has had the benefit of the report from the Justice Committee, which took evidence from senior judges, the Minister himself and leaders in civil society, and criticised the lack of an evidential basis for the Minister's proposals. On issue after issue, from the increase in litigants in person to the additional cost to the public purse and the inability of alternative providers to pick up the pieces should the proposals come into force, the Select Committee told the Minister to slow down, do some research and come back with revised proposals.

Other organisations, in particular practitioner organisations, have done the work that the Minister and his civil servants have not done, in providing evidence of the effect of the changes. I mention in particular the Legal Action Group, which took the original figure of 500,000—my hon. Friend the Member for Islington North said it was more than 600,000—and added in the most up-to-date figures for the past financial year and for the telephone advisory service. The resulting figure was nearer 725,000, which is almost 50% more than the Government initially said.

The Legal Aid Practitioners Group has considered the point about viability. The fact that the entry point has to be through telephone advice has its disincentives. Many people will not be able to cope with the telephone system; they rely on face-to-face advice, and will simply not access the system at all. The figures by local authority area show that if we relied on such a system, the reduction in the service that could be provided face to face would bring the service down to something like 7% to 10% of existing levels, which would not be sustainable. Purely by way of example, in my own borough of Hammersmith and Fulham that would take us from the current 1,600 case starts to 155 under the new system, which would not be sufficient to pay one person's salary for a year. If that situation were replicated across local authority areas, there would be no service at all.

The Law Centres Federation has looked at the impact of cuts that have already taken place, including local authority cuts, which are at 53% in law centres—61% in London and 100% in my own borough. Those figures ought to be considered before any legal aid cuts are brought into effect this financial year. A Citizens Advice survey has shown that more than 50% of its members do not believe they will be financially viable once the cuts take effect.

I ask the Minister to listen to those hugely experienced and articulate voices. Labour Governments over the past 65 years have fielded a good record in this area, setting up the legal aid system, funding the first law centres and increasing spending on advisory services such as Citizens Advice, and on social welfare legal aid. But we also restricted the growth in legal aid funding from 2003 onwards, and would continue to do so if we were still in government.

I am at a loss to understand why the Government have abandoned some of the plans that we had to restrict that growth further, particularly in the tendering process, and particularly in the criminal legal aid field. Social welfare legal aid is only 5% of the total legal aid budget, and I hope that the Minister is giving a lot of scrutiny to that area in deciding on the revisions to his plans. Removing social welfare legal aid from scope will, I believe, give the whip hand to large public and private corporations, and will allow an inequality of arms that is unacceptable in our civil and criminal justice systems.

I would like briefly to deal with the issue of who is most affected. The Minister has said previously that it is inevitable that poorer people will be affected because it is they who are in receipt of legal aid—but that is a slightly glib answer, if I may say so. The excellent brief prepared for this debate by a young legal aid lawyer drills down into the figures and shows that, were the proposals introduced, 44% of people who received representation last year and 68% of those who got legal help would not now receive that assistance, and that more than 80% of people who would lose the assistance are in the poorest fifth of the population. Also, 80% of people who will be affected by the eligibility changes are in the poorest fifth of the population. Not a lot has been said about those changes, but they are highly significant.

When one looks at the discriminatory effects of what the Minister proposes, one sees that 31% of those affected by the scope changes in housing are from the black and minority ethnic population, compared with 8% in the general population; some 63% of those affected by the scope changes to welfare benefit legal aid are disabled, compared with 18% in the general population. The Minister might say that that is a truism, but his Government should be ashamed that changes of that kind are being proposed, given the disbenefit that they will have. It is a myth that representation is not for legal purposes, but for general advice—people need it to understand complex legal issues and to make appeals to higher courts—and that the people who currently benefit are in a position to represent themselves.

The Minister has heard from both sides of the House today, including very eloquent speeches from Government Members who have many years' experience of this issue. I notice that Joanna Lumley has joined the growing campaign, which should provide the Minister with pause for thought, given her track record on such matters. I do not expect a full response today, but when the Minister finally comes to respond to the 5,000 responses—compared with the 50 received in the last consultation on legal aid by the previous Labour Government—I hope that, even if he has not read each response, he will

have considered the overwhelming weight of opinion on the effect that the measures will have, not only on very vulnerable people and on those of us who still try to provide an advice service with very limited means, but on the whole criminal and civil justice system. That will be in jeopardy if we take away access to justice, removing the right of anyone with a meritorious case to get the initial advice, representation and assistance that they need to bring the case to court.

That is not, I hope, something that the Minister, given his background, would wish to see. I hope that he will give an indication in his response today, and a fuller indication in that formal response—the date of which he will no doubt provide now—that the Government have been listening to all those voices and will respond with a more sympathetic and pragmatic attitude to the continuation of legal aid.

3.48 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I congratulate my hon. Friend the Member for Cambridge (Dr Huppert) on securing the debate. I am always pleased to debate with him. Many important points have been covered by the hon. Member for Makerfield (Yvonne Fovargue), the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd), my hon. Friend the Member for Carshalton and Wallington (Tom Brake), the hon. Members for Islington North (Jeremy Corbyn) and for Hammersmith (Mr Slaughter) and my hon. Friend the Member for South Swindon (Mr Buckland).

I of course recognise the strength of feeling about our legal aid system and the importance that Members here attach to that system, and to access to justice. I share that feeling, and can assure Members that the Government do not look to reforming legal aid lightly. As Members know, the context of the Government's overall reforms is to recognise the need to tackle the deficit that we inherited on entering office. It is hard to overstate how serious the situation we found was. Robust action was essential to maintain market confidence and to create conditions for recovery, which is why the Lord Chancellor agreed with the Home Secretary to significantly reduce real-terms spending in the broad area of justice and law and order, and why the Department is playing its part in taking the necessary steps to get our economy back to growth and stability.

Last month's spending review set out the considerable scale of the challenge for the Ministry of Justice: it has to reduce its budget by £2 billion in 2014-15. We are looking for savings in various ways. Legal aid, one of the three big areas of spending in the Ministry of Justice, will need to contribute substantially to that reduction, as I believe the coalition parties—and indeed the Opposition—accept.

However, as I have mentioned in previous debates, our policy cannot and will not be determined simply by the need to deal with the deficit. One need not be well acquainted with our justice system, legal structures or legal aid system to see considerable potential for reform. Financial considerations and the need for reform come together, which presents us with an opportunity to develop new policies that secure access to justice and a legal aid system for the future. The coalition Government's aim is a more efficient and effective justice and legal aid system, not just a more affordable one.

In that context, we make our proposals to reform a legal aid system that has grown considerably over the years. Since the modern legal aid system was established in 1949, its scope has been widened far beyond what was originally intended. Without indulging in caricatures, as my hon. Friend the Member for Cambridge put it, the facts of the matter show that by 1999, legal aid funding was available for virtually every type of potential issue, including some that should not require any legal expertise to resolve. Legal aid forms a vital part of a justice system of which we can all be rightly proud, and the Government are committed to maintaining and safeguarding that system, not least by ensuring that legal aid is appropriately targeted and set at levels that are sustainable in the long term.

The scheme now costs more than £2 billion a year, making it one of the most expensive in the world, even—I say to my hon. Friend the Member for South Swindon—taking jurisdictional difference into account. We must understand that, even after reform, we will still have one of the most expensive schemes in the world, if not the most expensive. In developing our legal aid reform proposals, we went back to basic principles in order to choose which issues are of sufficient priority to justify the use of public funds, subject to people's means and the merits of the case.

The proposals in the consultation paper aimed to take into account the importance of the issues at stake, litigants' ability to present their own case, the availability of alternative sources of funding and routes to resolution and our domestic and international legal obligations. I can confirm to my hon. Friend the Member for Cambridge that help for the most vulnerable will be prioritised under our proposals. As hon. Members will be aware, the consultation closed on 14 February. Since then, we have been considering all the responses received, around 4,800 in total. I also received during the consultation many letters from hon. Members representing their own views and informing me of their constituents'.

This is our third debate in the House on legal aid. I welcomed the helpful input in the recent report of the Justice Committee, and I can confirm to hon. Members that we in the MOJ are listening hard. We expect to announce our way forward in the next few weeks. I hope that hon. Members will see then how the coalition Government's response shows that we are committed to working with them and stakeholders to ensure access to justice and a legal aid system fit for the future.

I am, of course, unable to give details about the Government's response today, but it might be helpful for me to recap some of our proposals. In order to focus financial support where it is most appropriate and necessary, the proposed reforms involve significant change to the scope of legal aid funding, about which many hon. Members have raised concerns. We did not propose any changes to the scope of criminal legal aid. It was also proposed that legal aid should remain routinely available in civil and family cases where people's liberty is at stake or where they are at risk of serious physical harm or immediate loss of their home.

For example, we proposed to retain legal aid for asylum cases, for debt and housing matters where someone's home is at immediate risk and for mental health cases. It will still be provided where people face state intervention in their family affairs that might result in their children being taken into care, in cases involving domestic violence

[Mr Jonathan Djanogly]

or forced marriage and in immigration detention cases, where the appellant's liberty is at stake. We also proposed that legal aid should remain available for cases in which people seek to hold the state to account by judicial review and cases involving discrimination that are currently in scope. Legal help to bereaved families in inquests, including for deaths of active service personnel, would also remain in scope.

I can confirm, particularly to the hon. Member for Makerfield and to my hon. Friend the Member for Carshalton and Wallington, that we are looking closely at telephone advice proposals. I maintain that to a great extent, our proposals will help rather than hinder access to justice, particularly for the disabled and those in rural areas. That will be covered in our response. We openly accept that there will remain times when face-to-face meetings are required.

The Government further proposed to remove claims of clinical negligence from the scope of the civil legal aid scheme. In many cases, alternative sources of funding are available, such as no win, no fee arrangements. We also proposed to remove from scope the categories of employment, education, immigration, some debt and housing issues and welfare benefits, except for cases involving risk to anyone's safety or liberty, risk of homelessness or discrimination. In many such cases, the issues are not necessarily of a legal nature, but resolving them requires information, practical advice or other forms of expertise.

We recognise that international or domestic law require some cases within the areas of law that we proposed to remove from scope to be funded by the taxpayer. We therefore proposed a new exceptional funding scheme for excluded cases. In those cases where it is appropriate to keep supporting with legal aid funding, it is important that the Government secure the best possible value for money in procuring legal services. The consultation paper therefore announced the Government's intention to introduce price competition for legal aid in criminal proceedings and, in the longer term, for civil and family cases, too. Further, more detailed consultation on criminal competition will follow later in the year.

In the meantime, the paper proposed more immediate changes to criminal fee schemes that should encourage cases to be brought to justice more quickly and efficiently. They include harmonising the guilty plea fee paid for certain either-way cases regardless of venue and for other Crown court guilty pleas regardless of the stage in the proceedings. We also proposed to reduce all fees paid in civil and family matters by 10% and to exert greater control over the rising costs of expert fees. We proposed to increase the proportion of advice delivered by telephone through the existing community legal advice helpline, as I have discussed.

We recognise that the proposals would affect funding for not-for-profit legal aid providers such as Citizens Advice. I have had numerous helpful meetings in recent months with representatives of not-for-profit organisations to discuss the impact of the legal aid proposals and listen to their concerns during the consultation, although I must say that in the past, I have queried the Citizens Advice figures mentioned.

However, legal aid is only part of the picture. Local government, not the MOJ, is the largest single funder of the not-for-profit advice sector, and several other Departments provide significant funding. Indeed, legal aid accounts for only about 15% of the total income of citizens advice bureaux. Around half of bureaux do not receive any funding from legal aid. That is why a cross-governmental approach is needed.

I can confirm that the Ministry of Justice is working actively with colleagues in the Cabinet Office, the Department for Business, Innovation and Skills and other Departments that fund advice providers or deal with the impact if people do not receive the advice that they need to identify how best to work across Government to examine the issue. I have had several meetings with ministerial colleagues to consider how that can be achieved.

In the very little time remaining, I will try to cover some of the specific points raised. My hon. Friend the Member for Cambridge mentioned immigration. We proposed to keep legal aid for asylum cases. In the consultation paper, we proposed to remove immigration cases from the scope of legal aid, except in detention cases where a person's liberty is at stake and cases before the Special Immigration Appeals Commission in which a person may be removed or excluded from the UK on the grounds of national security or other public interest. The tribunal process in immigration cases is designed to be straightforward, and interpreters are provided. I can confirm that, separately from the legal aid consultation, we are piloting the provision of legal advice earlier in the asylum process to help to improve the quality of asylum decision making. We are currently considering the responses to the consultation on that issue and will publish our own response in due course.

On the relationship between immigration and domestic violence, the consultation paper did not propose to make an exception for immigration cases under the domestic violence rule. Although we recognise that domestic violence victims may need more help with forms and procedures than other immigration applicants, what is needed is not necessarily specialist legal help. We are currently reconsidering responses on that issue, and we will come back to the House. However, I confirm that we proposed that legal aid should remain available to those seeking an injunction to prevent domestic violence, regardless of their nationality or immigration status.

My hon. Friend the Member for Cambridge mentioned domestic violence in the context of private family law and asked whether the definition of domestic violence was too narrow. That was also mentioned by my hon. Friend the Member for South Swindon, the right hon. Member for Dwyfor Meirionnydd and others. In the consultation, we proposed that private law family legal aid should continue to be available where there is objective evidence of domestic violence. We have asked for views on what might provide objective evidence and therefore trigger private family law legal aid. We have been giving careful consideration to the points raised in response—

Mr Mike Weir (in the Chair): Order. I am afraid that we have run out of time for this debate.

Avon Ring Road (M4 Link)

4 pm

Chris Skidmore (Kingswood) (Con): The Avon ring road, or the A4174, runs through the Kingswood constituency like a spine, passing alongside Emersons Green, Kingswood, Warmley and Longwell Green before joining the A4 at Hicks Gate junction near Keynsham. It is, for many constituents, a vital transport network that allows quick and efficient access to most areas of the constituency.

Recently, the local, Conservative-run South Gloucestershire council has invested heavily in improving congestion on the ring road, including the introduction of traffic light signalisation on two roundabouts in Warmley and Longwell Green, with the promise of further investment, with traffic lights to be added on Tower Lane roundabout at Barrs Court. Having doubled the road budget, which suffered for so long from chronic lack of investment under the previous administration, the local area is finally witnessing real change for the benefit of local residents and commuters alike.

Many of my constituents in Kingswood will be familiar with the proposal for an M4 link to the Avon ring road. For many years, since the completion of the A4174, which runs within a few hundred metres of the M4 near the Westerleigh roundabout, local residents in the Kingswood constituency, particularly Emersons Green, have had to face lengthy morning commutes to get on to the M4, either by travelling on the Avon ring road to the M32 in Hambrook, which is about 3½ miles away, or by taking a 7-mile trip along minor roads through Pucklechurch to Tormarton. Not only does that add several miles to their journey, but the ring road in the morning is frequently heavily congested, with cars at a standstill.

An M4 link to the Avon ring road—what was once proposed as junction 18A—would help to solve that problem by giving the local community and east Bristol easy access to our motorway network, which is already enjoyed by those living in north Bristol.

Sadly, the proposal for a new link road and a new junction on the M4 is by no means a new idea. It was first put forward by the former Avon county council as far back as 1985. It was accepted in principle by the then Department for Transport, but it was never included in the Government's trunk road programme. Responsibility for the scheme later passed to South Gloucestershire council following local government reorganisation.

Mention of a possible junction 18A on the M4, linking the A4174, was last raised in Parliament in 2000, when the then Minister acknowledged:

> "The Council subsequently carried out a review of a number of major road schemes in their area in the context of current Government transport policy and emerging development plan policies. As a result, they decided in 1999 not to pursue this particular scheme."—[*Official Report*, 13 November 2000; Vol. 356, c. 496W.]

The decisions, or, rather, mistakes, made more than 10 years ago by a previous administration of South Gloucestershire council are now coming back to haunt local residents. Despite that, over the past decade, Conservative councillors have fought hard for an M4 link to the Avon ring road to be considered. In July 2005, an amendment was tabled in full council that, when considering the joint local transport plan for the west of England,

> "the M4 Link should be specifically named as a potential JLTP Major Scheme Bid."

Sadly, that amendment was voted down by the previous administration.

In thanking those who have fought at a local level for the M4 link to remain a possibility, I pay tribute to local Emersons Green Councillors Colin Hunt, James Hunt and Dave Kearns, for their commitment to standing up for local Emersons Green residents, who know just how much easier their daily lives would be with an M4 link road in place. Another strong and vocal supporter of the M4 link was the late Ian Morris, who was a councillor for Emersons Green and who would have taken a keen interest in today's debate. He was a passionate champion for Emersons Green who understood the community's need for greater infrastructure.

The reason why I have called this debate today is to make the Minister aware that the need for transport infrastructure in my local area is greater than ever before. Not only has Emersons Green expanded in size to a population of nearly 9,000 residents, but the Emersons Green East development will start shortly and will provide an additional 3,000 homes to the region. As was made clear in the consultation response to South Gloucestershire council's core strategy document:

> "There is a need for a new M4 Junction to serve the increased population."

There is also a strong economic case for the link road, which was considered by the "Greater Bristol Strategic Transport Study" in 2006. Overall, it found that an M4 link road would have a net present value of £247 million and a benefit to cost ratio of 12. In other words, the M4 link would pay for itself many times over.

Since that study, the economic case for the M4 link to the Avon ring road has become even stronger. The reason for that is the exciting and vital prospect of the £300 million Bristol and Bath science park, which is currently under construction in Emersons Green. The science park points to the future for our local area. Not only does it have the potential to create 6,000 new jobs in the local neighbourhood, but it will be at the cutting edge of manufacturing in the local area, housing test-bed facilities, laboratories, office space and semi-industrial workspace for a range of science and technology businesses. It is intended to provide a stepping stone for fast-growing, innovative new companies, particularly those emerging from the region's universities.

Recently, I had the opportunity to visit the excellent National Composites Centre at the site. It is one of the first buildings that will be operational, and it will act as the main hub for research and development into carbon fibre technology in the UK. It was recently named as one of the Government's high-value manufacturing, technology and innovation centres. The Deputy Prime Minister has praised these centres—there are currently only seven—as

> "a major early milestone in our ambition to rebalance the economy"

and the Business Secretary also recently visited the National Composites Centre.

Currently, corporate inward investors from across the globe are considering whether to invest in the Bristol and Bath science park. They are attracted to the science

[Chris Skidmore]

park by a number of factors: access to educated and talented graduates; existing managerial talent at local corporations; the culture and lifestyle that the region offers; and the business eco-system of the science park itself, which will provide state of the art facilities, buildings and landscape.

Science park representatives are currently speaking to a number of prospective international occupiers who would create centres of excellence in applied technology on the site and potentially fund early stage research at the universities. The majority of jobs at the site would be newly created and would require a high education and skill level. However, transport access is also a significant part of creating an attractive offer.

For international companies, transport links to the science park are vital, particularly from Heathrow. They seek assurance that, upon arrival at Heathrow, their international senior executives will have easy and straightforward access to a local operation. Most prospective occupiers have undertaken due diligence and are fully aware of the long-standing need for an additional junction on the ring road from the M4 between junctions 18 and 19. Above all, they can see from visiting the science park themselves that the M4 is literally a stone's throw away.

A new junction 18A connecting the ring road to the M4 would ensure that the science park would be able to thrive in the international climate of corporate investment and become a world-class facility for the region, promoting growth and investment to the benefit of the local economy and, above all, generating local jobs. It is not just the science park that would benefit from an M4 link; the nearby Emerald park, the Harlequin business park and the Emersons Green treatment centre are also close by, and one of the main hubs for Avon and Somerset police will shortly be moving into Emersons Green.

The Bristol and Bath region is rich with both leading businesses and academic research, but it is clear that the infrastructure—both transport and digital provision—has not kept pace with the potential now available. In addition to the science park, the university of the West of England, Airbus and BAE Systems, to name a few, are considering the development of new business parks on their sites in the west of the region. All those developments have the potential to create thousands of new, high-value jobs. The attractiveness of those developments to investors, employers, employees and residents could be in question if investment in new infrastructure were to be ruled out indefinitely.

I thank the Minister for his correspondence with me over the possibility of an M4 link to the Avon ring road. I am a realist and am fully aware that, for the time being, in the current comprehensive spending review period, the funds are not available for a link road. However, all that I ask is that the proposal is not ruled out indefinitely, and that the Department seriously considers the prospect of a junction 18A and a link road to the Avon ring road from the M4. I also want to use this opportunity to launch a petition of local residents to join the campaign for an M4 link. I hope that, when the signatures are finally gathered, the Minister will kindly accept that petition.

This campaign is not merely about getting a road built. It is about encouraging economic growth and enterprise in the Kingswood area, which, as the local MP, I am absolutely determined to drive forward. We need the infrastructure in place to ensure that both business and the local community can grow. An M4 link to the Avon ring road would be a vital part of that infrastructure, and I hope that it can be considered for the future in due course.

4.9 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): Congratulations, Mr Weir, on a marathon session in the Chair today. I also congratulate my hon. Friend the Member for Kingswood (Chris Skidmore) on securing this important debate and on representing his constituents so diligently in the matter. There are two strands to my response: first, the process for prioritising the funding of local major schemes in the spending review period up to 2015 and beyond; and secondly, the importance of local authorities considering a range of options for addressing transport problems in the short and longer terms and what short-term options he might consider to try to deal with the situation that he describes so eloquently.

Of course, my hon. Friend will not need to be reminded of the economic situation that the Government have inherited and that the main priority is to reduce the deficit and promote sustainable economic growth. The emergency Budget last June and the October spending review were part of that strategy. However, in the spending review, the Government recognised the importance of transport infrastructure and its ability to help the economy to grow. There is a clear link and he is right to draw attention to that link in general and to the specifics of his constituency's science park, to which he referred.

We are committed to investing capital of £6 billion over the next four years in local transport, including £1.5 billion in local authority and major schemes. Nevertheless, over the next four years, we simply cannot afford to deliver every scheme that is being proposed. We inherited from the previous Administration a completely unrealistic pipeline of schemes that could not have been delivered, even if the economy were in its most buoyant form. We have therefore had to take tough decisions to prioritise schemes. My Department has set out a process for delivering a programme of local major schemes over the spending review period. The long lead time for developing major transport schemes means that we have only considered schemes that had already secured conditional approval or programme entry funding approval, or that had a bid for programme entry already lodged with the Department prior to the suspension of major scheme activity on 10 June 2010. That is when the portcullis came down, if I can use an appropriate metaphor for the House.

We have been keen to ensure that we get value for money and we have driven down the costs of schemes that we have been considering in the pool. That will enable us to proceed with more schemes than would have been the case if the previous Government had simply accepted the estimates available to them. We announced on 4 February this year the schemes we were approving, those we were not going to take forward and those that are in the development pool. Promoters of schemes in the development pool have until September to come back with best and final offers and we shall announce in December which ones are approved.

Despite what may have been said elsewhere, I must make it clear that the road that is the subject of this debate has, I am advised by officials, never been put forward officially to the Department for Transport for funding as a local authority major scheme. Indeed, South Gloucestershire council's core strategy talks about the road only being a reality post-2026. So I hope that my hon. Friend would accept that it is unfair to consider funding it within the current spending review period given the process we have been through. For the record, again, despite what may have been said elsewhere, the scheme has certainly never been promised funding by the Department for Transport. I am not aware of the comments made by my ministerial predecessor some years ago, but I have asked officials to dig them out for me and let me have copies, so that I can see for the record what was said.

The Department for Transport is working on the development of a policy for prioritising and funding local authority major schemes beyond 2015. We recognise that it is not possible to progress many schemes in this period that, nevertheless, have merit and ought to be considered properly post-2015. It is our intention to move to a more devolved funding framework for major schemes, with local enterprise partnerships and others being more relevant in the process. That framework will be developed further during 2011 and I have no doubt that the Secretary of State will make a further announcement in due course about exactly how that will operate.

To answer my hon. Friend's specific point, I can say that his proposal has not been ruled out indefinitely, but that it cannot proceed within the present time frame that I have identified up to 2015. It is certainly up to him and others to make further representations, collect local support directly from residents and also perhaps through local councils, the local enterprise partnership and others, so that when the next round of transport schemes is considered, the case has been well advanced. If he wants to do that, I encourage him to do so. In the meantime, if he wants to present a petition to me, I will certainly be happy to accept it from him and his constituents.

Moving on to the second strand of my speech, I encourage promoters of schemes to consider a range of solutions for addressing transport problems. As part of the case that my hon. Friend wants to build up and may well be building up—I encourage him to do so—it is worth drawing attention to some of the comments made hitherto about the road, so that he is aware of them. The "Greater Bristol Strategic Transport Study", which was produced in 2006, was commissioned by the Government office for the south-west to consider the case for building the link road. For the benefit of those who have not had a chance to read the document, let me read the concluding paragraph of the section that considers the link road:

"Although the new M4 to A4174 Link road scheme has a strong economic case, mainly derived from travel time savings for journeys from outside the study area, it is not being recommended by the study. The new link would alter flow patterns in the congested area between M4 J20 and M4 J19, M32 J1 and the northern stretch of the A4174 Avon Ring Road, putting additional strain on the A4174 and causing congestion problems on the M4 to the east of the new junction with the strong likelihood that the widening of the M4 between Junctions 18A and 18 would be necessary. The improved linkage to the M4 is likely to encourage long-distance commuting to and from developments in Emersons Green and Pucklechurch, which would go against the principles of sustainable development."

I stress that those were the comments of the Government office for the south-west in 2006. I read that out partly for the record, but also because if my hon. Friend is keen to promote his scheme, he will need to address the arguments that will be made.

However, I want to be optimistic about the short term, as well as looking at the longer-term possibilities. My hon. Friend might be interested in looking at options that provide short-term benefits. In the development pool of major schemes, to which I have referred, one is being promoted by South Gloucestershire council in conjunction with the West of England Partnership and Bristol city council. If approved, that scheme may help to address some of the congestion issues to which he has referred.

The scheme I am talking about is the North Fringe to Hengrove package, which includes a series of complementary projects that would facilitate the development of three new rapid transit routes linking the North Fringe, East Fringe and South Bristol areas via Bristol city centre. The promoters argue that the rapid transit network will provide a fast, frequent and reliable public transport service, where services run on a combination of segregated busways and bus lanes separate from car traffic. Services would be given priority over other road users at traffic signals.

Promoters argue that the scheme would provide a high-quality passenger experience, with ticket machines at stops, user-friendly electronic information displays, high-quality stop design including CCTV and lighting, and safe and secure access to stops. The network would also provide improved pedestrian and cycling measures, including new footways and cycleways and appropriate modern and safe crossing points. A decision will be made on Government support or otherwise for that scheme in December. I am not clear about whether my hon. Friend believes that that is a useful scheme. If he does, it is on the table at an advanced stage and he may want to make representations in favour of it before we take a decision later this year. I referred to that today for background. I stress that no decision has been made for or against the scheme at this stage.

The West of England Partnership has also submitted a bid to the Department for funding from the local sustainable transport fund, which I launched with the White Paper, "Creating Growth, Cutting Carbon," earlier this year. The promoters argue that elements of that bid would help to ease congestion in the area we have been talking about by promoting an integrated package of low-carbon alternatives to single-occupancy car use. The full bid document can be found on the Travelplus website. The Department will make a decision on that bid at the end of June this year. I stress again that no decision for or against has been taken; it has not been evaluated properly. However, if that is something that my hon. Friend supports, he may want to make representations about that before we take a decision in June—not very far away.

On a more general point, I would like to mention the local transport White Paper, "Creating Growth, Cutting Carbon", which I launched in January. It shows how the Government are empowering local authorities, from streamlining transport funding from 26 to four grants—

[Norman Baker]

reducing all the unnecessary, bureaucratic streams that the previous Government had—to powers in the Localism Bill. The White Paper also sets out a number of sustainable transport choices that local authorities can make for their areas, from making public transport more attractive to car-sharing clubs; from improved cycle networks to bus partnerships; and from community transport to travel planning. Those are the sorts of things that allow people to travel freely without hindering economic growth or increasing their carbon footprints. I urge local authorities to consider those options in developing solutions to transport problems. There is a further tranche of money available after tranche one.

To conclude, we have set out a process for prioritising local major transport schemes over the next four years. Consistent with our localism and decentralisation agenda, it is our intention to move towards a more devolved framework for prioritising and funding local major schemes beyond 2015. That suggests that local people's views will perhaps be more important than they have been hitherto in deciding the priorities for local schemes. Garnering local opinion, therefore, may well be a useful exercise for my hon. Friend in the meantime. Beyond that, the local transport White Paper sets out the wide range of sustainable transport options for local authorities and others to consider to support economic growth and to reduce carbon emissions. Those two objectives are and remain the central objectives of the Department for Transport.

4.21 pm

Sitting suspended.

Women Offender One-stop Shops

4.27 pm

Mrs Madeleine Moon (Bridgend) (Lab): It is with great pleasure that I speak in this debate under your wonderfully impartial chairmanship, Mr Weir. I am pleased to see, yet again, my colleague from the Ministry of Justice, with whom I participated in a recent Westminster Hall debate on coroners. I hope that this debate on women in the criminal justice system is equally consensual, and that we reach a partnership in the same way.

I asked for the debate today because I am extremely concerned about the disconnect between the Government's stated aims and policy on alternatives to prison, to which I am very committed, and the lack of sustainable and increased funding for the network of organisations that could help the Government achieve their long-term aim.

I have long felt that it is a national disgrace that we jail more women than any other country in the western world. The number of women in jail is increasing more quickly than that for men, yet the offences women commit are often petty, small in nature, requiring short sentences. In the past decade, the number of women entering prison has increased by 44%. The rise is not driven by an increase in criminality among women but by the courts, increasingly sentencing women to jail for minor crimes. My focus today is on the funding for women's centres, the one-stop shops, which provide a cheaper and often more effective rehabilitative outcome as an alternative to prison for women.

The most common reason for women to be imprisoned is shoplifting, and 64% of women sentenced to jail are serving short-terms of less than six months. Female prisoners are much more likely to be serving short-term sentences than men, and are much more likely than men to have been imprisoned for non-violent, acquisitive crimes. To put it bluntly, if men had committed many of the offences that these women have committed, they would not have been jailed. All of the recent expert reviews of the criminal justice system, by Baroness Corston, Lord Bradley and the Fawcett commission, have come to the same conclusion: prison is not the answer. I am pleased that we also often hear that statement coming out of Government.

We need services providing interventions to help and support women in turning their own lives around, services such as those provided by one-stop centres for women offenders, which are also known as women's centres. Building on the excellent work done by charities such as the Asha centre, the Calderdale women's centre, Together Women and the women's turnaround project in Cardiff, in 2009 the Ministry of Justice invested £15.6 million. There is now a national network of almost 50 women offender one-stop shops around the UK but, sadly, that is not enough: coverage is patchy, particularly in rural areas.

The way in which each such centre works is unique and the services available to women can vary, as the centres are often run by local or regional charities, with their own ethos and practices. Such centres work with women at every stage in the criminal justice system. What they have in common is that they will take women referred to them by the courts, police or social services who have offended or are at risk of offending, helping

the women to take responsibility. The centres do not only contain them, they get the women to take responsibility for their own lives.

Juliet Lyon of the Prison Reform Trust said to me that, when women are sent to prison, they do not have the opportunity to address the underlying reasons for their crimes. They are not encouraged to take responsibility for their everyday lives: for sorting out somewhere to live, paying bills, cooking meals or looking after their children. Prison takes women away from their lives, and refuses them the opportunity to take responsibility for themselves or to address their problems.

One-stop shops for women offenders operate as hubs, offering back-up and support to ensure that appointments are kept and that courses dealing with the issues taking women into the criminal justice system in the first place are completed.

Mr Andrew Smith (Oxford East) (Lab): I congratulate my hon. Friend on securing this enormously important debate. Does she agree that, as a consequence of the comprehensive nature of the support from women's centres, we are seeing dramatic reductions in the rate of reoffending? That is of benefit not only to the women, but to the children and to society, and makes the centres extremely cost-effective. If we look at the issue in the cold terms of cost per crime avoided, a concept that might be applied more generally in the criminal justice system, women's centres are extremely good value, as well as the right thing to do.

Mrs Moon: Absolutely. That is very much the direction in which I am hoping to take the debate, demonstrating exactly those points made by my right hon. Friend.

In many cases, we find that prison allows women to opt out of responsibility; to opt out of the life experiences that have often brought them into the criminal justice system. The one-stop shops get the women to the stage of beginning to see what they want for their future, beyond coping with the moment. That is an incredible thing to do; to help people move on from coping with the moment to seeing a life and the potential in the future, not only for themselves but for their children.

Many women offenders are also the victims of crimes that have left them with enormous problems in their lives, so a prison sentence presents a unique problem and difficulty for women. Up to 50% of female prisoners have experienced violence in the home, and one in three has been the victim of sexual abuse; up to 80% of women in prison have diagnosable mental health problems; 70% of women coming into custody require drugs detoxification, compared with 50% of men; 16% of the female prison population self-harm, compared with 3% of men; and the rate of suicide is higher among female prisoners than male ones, despite the opposite being the case in the general population. Women prisoners are also less likely than male prisoners to have settled accommodation, qualifications or experience of working, and they are more likely to have been living in poverty. Because there are so few women's prisons, they are often situated further away from their children, friends, families and support networks, so they receive less help and support during their sentences and when they leave prison.

Fiona Mactaggart (Slough) (Lab): Does my hon. Friend agree that the issue she is coming on to, how prison takes women away from their families and from contact with and responsibility for their children, is one of the ways in which prison does not work for women offenders, because it does not enable them to take those responsibilities in the future or to manage normal lives, which is what those women need to learn how to do?

Mrs Moon: My hon. Friend is absolutely right. Even more devastatingly, prison sets up a future generation who, potentially, because of that trauma, will end up in the criminal justice system. That is the great failure we have to tackle.

In a lot of cases, many of the factors I have talked about—the sexual abuse, the violence experienced, the mental health problems, the drugs—are all experienced by individual women. It is not only a case of one woman having a mental health issue and one a drugs problem, with another having experienced sexual abuse: many will have all three combined. If they are to be rehabilitated, they will not be able to do it by themselves. Housing such women in a prison will not tackle those major issues, which is why we must deal with the problems that caused the offending if we are to look at rehabilitation and reducing reoffending. If we do not deal with the effects of these women's life experiences as victims of abuse and suffering, we will not change their lives or the lives they are helping their own children to build. More importantly, we are doubly punishing those women, doubly victimising them—they are victims of abuse in their childhoods, then victims as adults in society.

Two thirds of women prisoners are mothers, and one third are lone parents. Only 5% of the children of women prisoners remain in their own home while their mother is in prison. Ninety-five per cent. must leave their home, to be looked after by grandparents or family friends, or to go into care. Eighteen thousand children live away from their home because their mother is in prison, setting up a future generation of damaged, disadvantaged and traumatised children. We could say, "Well, it's only six months—such women mainly undertake short sentences," but the sentence can be catastrophic for women and their families. The 2007 Corston report made the case for a completely new approach:

> "a distinct radically different, visibly-led, strategic, proportionate, holistic, woman-centred, integrated approach."

I recommend watching a short film on the Prison Reform Trust's website called "Smart Justice for Women". It makes a strong case for alternatives to custody, and sets them out visually so much better than I can in words.

Mrs Helen Grant (Maidstone and The Weald) (Con): Does the hon. Lady agree that the public need more confidence in community sentences, and that we must deal with the scepticism, and show that they are not fluffy options, but intensive interventions that challenge women to change their lives?

Mrs Moon: It is not just the public we must convince; we must convince the courts, and ensure that they know of the centres' work, their success, and that turning a life around is a hard choice. It is much easier to remain in the victim status, and to live life in that way. We all know that. If someone has been the victim of sexual abuse, been physically abused, or has a mental health problem, or a drug or alcohol problem, tackling those issues is not a soft option. It is a hard option, and that is what we are asking the Government to make available—not

[Mrs Moon]

a soft option, but a hard option. I thank the hon. Lady for her intervention because it is crucial to get the message across.

The sort of work carried out by one-stop shops for women offenders is clear, as is the fact that they are effective at reducing reoffending and improving the lives of these women, and that they are cost effective. Evaluation in 2009 found that between July 2007 and July 2008, only four out of 87 women who accessed the Evolve integrated women's project at Calderdale women's centre reoffended. The rate of self-reported reoffending in the first year of operation of the Together Women projects was 7% in the north-west, and 13% in the Yorkshire and Humberside region. That compares with a national reoffending rate of 33%, and is a clear demonstration of success.

The SWAN project in Northumberland has achieved a 70% reduction in the rate of reoffending by women who have engaged with the project. The sort of intensive support that is provided in these projects needs specialist training and specialist resources. That is why, although there are huge savings to be made, they require investment. We cannot afford to lose the skills base in those centres. We cannot afford to see people moving away from working in those centres to other areas of the criminal justice system because of funding instability.

Bridget Phillipson (Houghton and Sunderland South) (Lab): I congratulate my hon. Friend on securing this important debate. My experience of women who are released from custody and the associated costs is that it is often difficult to find accommodation for them. When I managed a women's refuge, we would often take women released directly from prison, who may have had electronic tags or other reporting requirements. The difficulty is that when those women have a prison sentence behind them, many accommodation projects will find it difficult to accommodate them, and will refuse them, thus compounding the damage that can be done.

Mrs Moon: My hon. Friend is absolutely right, and what is so sad is that when they go to prison, some of those women have accommodation where they can look after their family and children. Instead, they lose that accommodation, and build up debt, which makes them unattractive to landlords in the future. Their children go into care, sometimes at a cost of up to £30,000 a week per child. All that could be saved if, instead of a prison sentence, those women could stay in the community and tackle the issues that led them into crime.

It can cost £50,000 a year to keep a woman in prison. The cost to taxpayers and society through the criminal justice system, policing, social services and the benefits system of not addressing the problems that bring women into offending is enormous. Research has shown that intensive community order support costing £15,000 can save the public purse up to £264,000 over five years.

What I am looking for today is a consistent source of funding, so that projects can be established and maintained with the confidence that they are sustainable. Funding for most existing centres for 2011-12 has been secured through the Ministry of Justice and the Corston Independent Funders Coalition, and I am extremely grateful for that. The National Offender Management Service will be responsible for commissioning those services in 2012-13 if the centres are shown to be effective in diverting women from reoffending. But we do not have information about when and how decisions will be made, and what criteria will be used for assessment. The centres do excellent work, and the women who benefit from them need to know as soon as possible what measures they will be being judged against.

Prisons are not an optional extra in the criminal justice system, and we do not expect them to have to fund themselves year on year to keep going. Women's centres should not be considered to be optional extras, or be funded in that way. They need to be part of the bedrock of our criminal justice system, with continuous funding guaranteed for those centres that are working well. I am more than happy for them to be judged against criteria. They should be inspected, and they should demonstrate that they work, but their funding should be assured within those parameters.

The recently announced national liaison and diversion service for mentally ill people in the criminal justice system should use women's centres as a foothold to promote the agenda more widely, and not sideline them as an experiment. We have a fantastic joint commitment from the Ministry of Justice and the Department of Health. Women's centres should be used as a model to move forward, and they should be expanded so that we do not start from scratch in 2014, but have a bedrock and a base that we could be utilising now. The women's justice task force, which was established by the Prison Reform Trust, is due to publish its findings shortly, and I hope that the Minister will read them carefully, and provide leadership, as my hon. Friends the Members for Slough (Fiona Mactaggart) and for Garston and Halewood (Maria Eagle) did under the previous Government.

The previous Government were quick to accept the findings of the review showing that intervention and support in the community is more effective than prison, but they were too slow in coming forward with sustainable, increased funding to put the policy into practice. The Justice Secretary bought a lot of good favour in the sector with his warm words last summer, but unless the Green Paper acts on those words he will have wasted a golden opportunity. Will the Minister take the opportunity today to detail how the network of women's centres will be put on a sustainable footing with funding secured for the future so that they can expand, how the Government will provide leadership, how the network of centres will be made accountable to the Ministry of Justice with a system of assessment and inspection, and how the courts will be provided with more information about women's centres so that they can use community sentences with confidence, and so that we do not carry on with the waste of human lives which is represented by the number of women and their children who are damaged by involvement in the criminal justice system?

4.49 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I thank the hon. Member for Bridgend (Mrs Moon) for raising this important issue. It has been a good debate with helpful contributions. As part of the proposals for reforming the justice system, the Government want to continue to focus on turning women away from crime. One-stop shops provide much

needed community provision for women offenders. The complex reasons underlying women's offending, and the particular vulnerabilities of women, were recognised by the Corston review in 2007, and Baroness Corston is welcome here today.

The hon. Lady began by mentioning funding, so I will also start with that issue in case I run out of time. I understand her point about consistency. It has always been the intention to embed the wider network of women's community services—one-stop shops as they are sometimes known—into mainstream local commissioning. I acknowledge, however, that in the current fiscal climate, securing funding at local level has been extremely challenging for many projects. In recognition of that, and of the work needed to embed that approach into mainstream local commissioning, National Offender Management Services and the Corston Independent Funders' Coalition have agreed over £3.2 million of funding for 2011-12, as the hon. Lady recognised, to sustain the majority of projects that were previously funded by the Ministry of Justice. In addition, Michael Spurr, chief executive of NOMS, has made a commitment from 2012-13 onwards to commission services that demonstrate effectiveness. That will be worked through as part of the discussions on the allocation of next year's budget.

Baroness Corston's report highlighted the different risks and needs faced by women. Women are more likely to serve short sentences for acquisitive crime, and to have complex needs that could include a combination of mental health, drug or alcohol problems, or long histories of abuse. As the hon. Lady noted, 37% of female prisoners self-harm compared with 7% of male prisoners. Women tend to be convicted for less serious offences—34% of women prisoners were sentenced for theft and handling offences, compared with 17% of men. About 45% of those remanded in custody in both the magistrates courts and the Crown court do not get a custodial sentence. Women offenders are also likely to be victims of crime.

The costs of the failure to tackle women's offending do not relate only to criminal justice—55% of women in prison have children under the age of 18, and imprisoned mothers are more likely to be lone parents. Twelve per cent. of their children are in care, staying with foster parents or have been adopted. There is, therefore, both a social case and a strong business case for tackling those issues in the community, not least because of the possibility of breaking the intergenerational cycle of offending.

Mr Andrew Smith: Given the commitment the Minister has made, which I welcome, will he undertake that future payment-by-result contracts will have a dedicated stream to address the needs of women offenders?

Mr Djanogly: I will come on to talk about payment by results, and we are certainly looking at that matter.

Baroness Corston called for a greater focus and a gender-specific approach to women in the criminal justice system, and the development of one-stop shops for women offenders was strongly influenced by that report. The Government broadly accept the conclusions in Baroness Corston's report, and we want to ensure that earlier progress continues as part of wider reforms to sentencing and rehabilitation.

A key part of that approach has been the development of a network of women's community services over the past two years. Funding was given to well-established voluntary sector providers to develop effective community-based interventions, working in partnership with probation services. That approach aimed to provide new options for the courts, strong bail provision and robust community sentences. Most of those services are based around a central hub such as a building—a one-stop shop, for example—or a key worker, so that at any point in the criminal justice system, women can access support to meet their complex needs and turn them away from crime.

To date, 45 projects have been supported, including 13 that were jointly funded by the Corston Independent Funders' Coalition through the women's diversionary fund. Over 4,600 women have been referred to those projects—58% with drug and alcohol needs, having made positive progress, and 56% with health needs, including problems of mental health. Women's bail services were also funded to enhance the Bail Accommodation and Support Service contract, and to provide higher levels of support and mentoring for women.

The Government recognise that voluntary sector organisations have long shown the way in providing some of the solutions to reoffending. The £2 million partnership between the MOJ and the Corston Independent Funders' Coalition is a ground-breaking and ongoing collaboration that is, I believe, an excellent example of the big society in action.

Nationally, we are beginning to make an impact on these deeply entrenched problems. The women's prison population has reached a plateau—as the right hon. Member for Oxford East (Mr Smith) pointed out, numbers of women serving short sentences fell by 12% between 2008 and 2009. NOMS works to ensure that we take account of women's different needs, and has developed gender-specific standards. It works to promote and support community-based interventions for women, including out-of-court disposals to intervene at earlier stages. A specific strand of work with probation trusts exists in some of the highest remanding areas.

Criminal justice champions, including the judiciary, are also working to raise awareness and increase confidence in community-based interventions for women. Baroness Corston, the chair of the all-party group on women in the penal system, which focused on women's diversion, has acknowledged that improvement in her assessment of the progress made that was published at the beginning of the year.

There is, however, more to do. We want to ensure that community services are in place to meet women's complex needs and to help them to stop reoffending. The coalition Government do not view effective rehabilitation as what my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) called "the fluffy option", and I am pleased to highlight that again today. In December we published a Green Paper entitled "Breaking the cycle: effective punishment, rehabilitation and sentencing of offenders" because we could see that the system was not delivering what really matters, such as more effective punishments that reduce the prospect of offenders reoffending time and again. That pattern is true for many women offenders as well as men. Our aim was to set out how changes to the sentencing framework, coupled

[Mr Djanogly]

with more effective rehabilitation, will help to break the cycle of crime and prison. In the constituency of the hon. Member for Bridgend, many of the issues that affect rehabilitation, such as health and education, are devolved matters. We are working with the Welsh Assembly to consider how we can take forward our plans in Wales.

The Green Paper provides an opportunity to put a spotlight on the issue of turning women away from crime. It recognises that the needs of women offenders are different, and that the majority of those offenders have multiple and complex needs. We are seeking to create more effective and robust community sentences, with greater flexibility for the assessment and provision of mental health requirements and treatment as part of a community order. We must do more to promote recovery from dependency, and we know that more effective rehabilitation will reduce the number of victims.

The Green Paper confirmed our commitment to an approach that addresses all those matters, including the development, together with the Department of Health, of more intensive community-based drug treatment options for women offenders. It recognises that the criminal justice system is not always the best place to manage the problems of less serious offenders when the offending is related to mental health problems—an issue very relevant to women offenders. The MOJ, the Department of Health and the Home Office are working to ensure that front-line criminal justice and health agencies focus on identifying those people with mental health problems at an early stage of the criminal justice process.

There are also important plans for six payment-by-results pilots to reduce reoffending. Those pilots will test the principle of payment by results, and explore how different commissioning models can help to implement that system. We will ensure that women are included as part of the new approach. The "Breaking the cycle" consultation closed on 4 March 2011, and received over 1,200 responses. Baroness Northover led a consultation event on the specific implications for women. That stimulated an important and informative debate, and we received some thought-provoking responses on how we should further develop our approach to women offenders. The Government expect to publish their response soon in the Green Paper, but we have already started to deliver some of our plans for addressing problems of mental health and substance misuse. The Secretary of State for Health is investing £5 million in 20 mental health pathfinder areas, with the aim of ensuring that liaison and diversion services are available in police custody suites and at courts by 2014.

We already know from women's community services how successful such schemes can be. In Birmingham, for example, the Anawim project has been working with partners to provide specialist mental health women's services. Another major strand of work under way across Government is that of supporting victims of violence. That includes support for women offenders who have been abused and who may face barriers in accessing the support that they need. Women's community services provide much needed support to that group. The MOJ and NOMS have worked with the Home Office in developing the "Call to End Violence Against Women and Girls: Action Plan."

For women in prison there must be a much stronger focus on rehabilitation. Prisons should be places of education, work, rehabilitation and restoration, and we must ensure that all those approaches work with women offenders. For women leaving custody, support is needed to get resettled and eventually to be supported into stable employment.

Many women's community services are working to improve women's employability. North Wales women's centre, for example, put together a package of support for women to gain skills and confidence by embedding that into practical learning through a volunteer programme that exposes participants to practical activities. That programme boosts confidence as well as giving the participant the opportunity to gain practical skills such as food hygiene within a simulated work environment. Across the women's prisons estate good work is under way.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 12 May 2011

[ANDREW ROSINDELL *in the Chair*]

BACKBENCH BUSINESS

Education Performance

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Wiggin.)*

2.30 pm

Elizabeth Truss (South West Norfolk) (Con): I am delighted to have secured this debate under the auspices of the Backbench Business Committee. Underlying many of the key questions facing us, such as where our future growth will come from and issues about youth employment, is our country's education performance, and how it compares with that of our international competitors. There has been much soul-searching around the world about education performance, so when Germany did badly in the programme for international student assessment tables in 2000, it upped the academic standards in many of its technical schools to address the issue. Other countries have delayed specialisation, and the US has introduced new policies in teaching. In Britain, there is not enough soul-searching, either in politics or in the wider education community and establishment, about our performance.

I want to talk about how our results compare internationally, the impact of that, and the main causes. I have identified two. The first is the false choice that is often presented between quality and quantity in our education system, which has led to a decline in standards, and the second is our process-orientated system, which does not rely on the student driving it. I also want to talk about how we can start to move towards the high-quality mass education system that should be our goal in Britain.

There has been much coverage of the hourglass economy. The number of high-skilled jobs has grown by 30% in the past 10 years, and the number of medium-skilled jobs has declined by 10%. There is an increasing return to education throughout the global economy, and if the 20th century was a human capital century, surely we will see an acceleration of that in the 21st century.

The US was very successful in the 20th century, having universal high school education and increased college access, but it has acknowledged that the quality was not there, although the quantity was. There has been a catching-up with that in the UK, where participation has increased at high school and university level, but unfortunately quality has fallen. We see the evidence for that in the PISA league tables. Although flawed, as all international comparisons are, they at least represent students sitting the same test in each country. They show that Britain has dropped to 28th in maths, 16th in science and 25th in reading. Some people will cite TIMSS—the trends in the international mathematics and science study—which shows that the UK came seventh, but we were still behind the Asian elite countries, such as Japan and Hong Kong, and France and Germany were not included in the comparison. However we look at the issue and however it is sliced and diced, we are performing worse than we should as the sixth largest economy in the world.

As well as our current standards not being good enough, our historical standards have also been poor. The problem is deep and historical. According to a CBI survey, 40% of people in the UK do not have basic skills, compared with 34% in the US, 28% in France and 22% in Germany, yet the political debate in this country has been dominated by the idea that our standards are rising year on year, despite the fact that we are clearly not producing enough rigorously educated students to fill available jobs. Schools are producing strings of A* students, when there would previously have been a smattering of As. According to Durham university, a maths A-level grade E in 1988 would now be a C or even higher.

There is still a persistent failure in basic qualifications, with 45% of students not achieving a GCSE in England and maths at grade C or above. The economic impact of all that is clear, and I see it in South West Norfolk, where companies struggle to recruit skilled engineers and graduate business managers, and we have a shortage of teachers in critical subjects such as maths. Between 1997 and 2007—the boom years for our economy—the number of jobs increased, but the majority were taken by people from overseas, many of whom filled our skill gaps. Employers consistently say that they are not satisfied with the quality of people leaving school and university—71% are unhappy with language skills, and half of all universities have remedial courses in English and maths to bring students up to standard. I have spoken to academics at Cambridge university, Greenwich university and throughout our university sector who say that our education system is not delivering people who are ready to learn and able to think for themselves. That is a crucial problem.

Some people say that it is inevitable that if we have more people in our school system, send more people to university, and have higher participation, standards will decline. They claim that there is a trade-off between mass education and standards. I have heard it said during the past year that some students are not suited to such education and are not up to it because they are not academic. I think that belief is holding our country back, compared with other countries, and has driven an unwelcome change in our school system.

Encouraged by the crazy equivalence in league tables and UCAS points, media studies has been given the same value as mathematics in our league tables. I studied both subjects, and I know that they are not equivalent. That has hastened the flight from academic subjects, particularly in comprehensive schools in this country. Employers and universities are absolutely clear about what they want: they want maths, languages, science, and people who can think and analyse. Nevertheless, fewer and fewer people are studying those subjects, and there has been a fall in the number studying GCSE languages from 79% to 44%. There was a fall in the number studying core academic subjects at A-level from 60% to 50% between 1996 and 2010.

That is a uniquely British phenomenon. It is not happening elsewhere. In fact, academic standards elsewhere are being tightened, so at the end of high school in a top

[Elizabeth Truss]

US state such as Massachusetts, students will be studying maths, science, humanities and languages. In France, all students studying for the French baccalaureate study maths, French and foreign languages. In Japan, 95% of 18-year-old students are studying maths, sciences, languages and humanities. We are an outlier. Indeed, the Nuffield Foundation produced a report that showed that we are unusual in not requiring maths from 16 to 18, and that is feeding through into our school system. Unfortunately, we now have primary school teachers—I have seen this in classrooms—who do not understand maths concepts, and are unable to communicate those concepts to the next generation.

Mr Mark Field (Cities of London and Westminster) (Con): My hon. Friend makes interesting international comparisons. Does she have any data for China and India, the two great economic superpowers of the 21st century that she rightly heralds? The great changes being made in schools in those countries, and their passion for what my hon. Friend would regard as hard subjects, is equally important, and augurs badly for the state of our education system.

Elizabeth Truss: My hon. Friend is right, and I believe that the Shanghai region of China is included in the study that I mentioned. The appetite for education in some of those countries—as shown by the thousands of applications for the Indian Institute of Technology—shows a cultural attitude towards education that will help drive those countries in the future.

In Britain, we hear the idea that introducing new subjects is somehow modern, or that it is inclusive to different types of people and that is what is wanted by employers in the broader world. That is simply not the case, and the accusation that it is somehow retrograde or old-fashioned to want those core subjects is wrong. We can see the subjects studied by our international competitors. The reason why those subjects are taken is that an in-depth study of an academic discipline provides a level of rigour and the ability to analyse and think, which prepares a person for any kind of job. Technology is changing rapidly, and we do not know what skills and abilities we will need in 20 or 30 years' time. Studying an academic discipline to a high level gives a person that vital ability to think and learn. Such study is not an elitist or minority pursuit. If it were, how come 95% of students in Japan already study in that way? Why do many emerging countries aspire to study those subjects?

The system in Britain actively encourages students to study subjects that provide little return. I was pleased to hear the announcement earlier by the Secretary of State for Education that some of those qualifications will be removed from the league table, but I think we should go further and also remove low-quality GCSEs and A-levels that are not equivalent to the more rigorous core subjects. Our system hampers young people's chances of going to university, particularly our country's top universities. Computer programming can be studied at Oxford, but it requires maths, not an A-level in information and communication technology. A student is 20 times more likely to study A-level law if they attend a sixth-form college as opposed to a private school. If they take that subject, however, it will not help them to study law at a Russell group university, because that is specifically prohibited. Students are being misled about the kinds of subjects that will help them get ahead in life.

This debate is not only about the sort of subjects that people study, but about the way some subjects are studied. A combination of modular examinations and bureaucratic intervention has damaged the intellectual integrity of many subjects at A-level. I frequently hear academics in universities complaining that students do not have a holistic view of the subject, and that they have been taught a pick-and-mix of various elements and therefore do not have the deep understanding and practice that they need to move to a higher level.

Simon Hughes (Bermondsey and Old Southwark) (LD): Before the hon. Lady leaves the topic of subject choice, I recently visited many schools around the country, and the strong message coming across from young people was that they become interested in, and start thinking about, what they want to do quite early—perhaps as early as year 6 of primary school or the first year of secondary school. By the time they receive what they regard as good advice, it may be too late to have an influence on the subject choices that they need to make to achieve their aspirations. The hon. Lady makes an important point; it is about starting early and not underestimating pupils' competence.

Elizabeth Truss: I agree completely with the right hon. Gentleman. Too often, limiting choices are made early in a student's educational career. I support the English baccalaureate because if that becomes a more general qualification, people will not limit their choices early on. The lesson from other education systems seems to be that delayed specialisation is a good thing, and that too much early specialisation has a damaging effect. I oppose the suggestion that GCSEs be taken earlier, for example, as I think that would be damaging.

Kevin Brennan (Cardiff West) (Lab): The hon. Lady makes a thoughtful speech. On early specialisation, and given the point made by the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), does she believe that selection at age 11, for example, is a good idea?

Elizabeth Truss: I would not personally have such a system, but existing grammar schools do very well, and to abolish the most successful schools would be a mistake; we should improve the other schools instead. My point is about how wide a choice students are given in each school. I am all for freeing up schools and enabling them to select should they so desire. A school in my constituency, for example, wants to select the 20% of pupils who find school hardest. That is a good thing, because it will put a group of learners together to study and achieve academic qualifications. I am in favour of more flexibility, although I am not in favour of imposing mass-selection across the education system.

I was speaking about examinations and how they have changed. One of my concerns is that in trying to ensure that examinations are fair for all students, a lot of use of judgment has been removed. For example, rather than having multi-step questions in which a student has to think about where they want to get to, we

have one-step questions that ask for a simple response. That has damaged the ability of young people to think, be flexible and solve problems.

Our system has also diminished the role of teachers, who, for too long, have been forced to jump through hoops. We have a textbook regime; many textbooks are designed by exam boards and are essentially "how to" guides on how to pass the exam, rather than engendering a deep knowledge and interest in the subject. I speak to a lot of teachers who spend their weekends preparing lessons for the week ahead and essentially reinventing the wheel in subjects that have been taught for decades, if not centuries. Teachers in other countries often use a respected textbook that enables students to study in their own time, rather than only in the classroom. One of our problems is that not enough responsibility for study is given to the student; instead, it is passed to the system. The student is seen simply as a cog in the wheel, or a sausage in the factory. A process that focuses on getting through the exam encourages students to value education as a piece of paper, rather than as a way of gaining and developing capability.

I am an ardent free marketer, and in answer to the question by the hon. Member for Cardiff West (Kevin Brennan), I generally support freedom. However, I question our current set-up of examination boards, which is not a free market but an oligopoly of three organisations in a system. The innovation mentioned by those exam boards often involves innovating a race to the bottom to put easier qualifications into schools. The system also involves an incredible amount of regulation from Ofqual, which I have criticised in the past and which consumes a lot of public money. There is a strong reason for us to look again at the examination system and at how it can be better delivered. If we are to have national standards for exams such as the E-bac, and if we are to regulate exam boards, does it make sense to have those three exam boards in their current structure?

The issue of textbooks urgently needs to be addressed. We are one of the only countries in the world with this exam board structure, and where textbooks are set by the exam board. In my view, that is a conflict of interest. It would be better if independent bodies produced textbooks that students could study, and with which they could take responsibility for their own learning.

I mentioned subject choice. I want particularly to address the issues relating to low-income students, because one of the worst aspects of our educational performance is how much we let down low-income students compared with other countries. The OECD particularly highlighted that in its report; 77% of the performance in UK schools is down to socio-economic background. That is the second highest percentage after Luxembourg.

On the point about subject choice, someone at a private school or grammar school is twice as likely to study A-level maths as someone at a comprehensive school, and three times as likely to study a modern language. Students at comprehensives are seven times more likely to study media studies than students at private or grammar schools. What we have is essentially a reintroduction of the secondary modern in our school system. That huge segregation is a big problem. I have met bright students who are studying subjects such as psychology and media studies. Realistically, they will not have the opportunity to go to Russell group universities. We need seriously to address that.

The other point to make about Britain is that a study from Chicago showed that we have the largest differential between the teaching qualifications of teachers teaching low-income and high-income students. We are actively giving worse teachers to low-income students compared with other countries. The present Government have made excellent progress in reforming the supply side of our education system—opening up academies, developing the free schools programme and reforming the teaching profession. I would like further reforms, including an abolition of national pay bargaining. I would like teaching to become a really well-respected profession, and would like teachers to lead on some of the issues that I have been talking about.

However, the reform that we look to across our education system cannot be just about Government. We have been through 25 or 30 years of education reforms that Governments have tried to drive from the centre. That has happened under both Labour and Conservative Governments. It has shown that a wand cannot be waved by central Government. There must be a change in education culture in this country, and that must involve many institutions and people. One reason why I was so keen to have the debate today was to open up the discussion, not just in Parliament but at national level, about what sort of education system we aspire to.

We need to end the mindset that trades off quality and quantity. It is possible to have a high-quality, high-quantity education system. Countries such as Japan and Germany show that. Germany shows that it is possible to reform a system that has previously educated just the elite so that it becomes a much more broadly based system. The Germans are doing well on that basis. The English baccalaureate is a good start to focusing on the core subjects. We need to widen the number of people taking it. Reporting it on a points basis would be a good idea. Reporting how every student does proportionally on the E-bac would be a good idea. I would like that to be extended to A-levels, so that we get rid of the divide in what A-levels students are studying in different types of schools.

There is a strong case for removing low-value A-levels and GCSEs from the league tables. I said earlier that I thought that there was mis-selling of some vocational qualifications that were given the same value as other qualifications. We are lying to students if we say that those qualifications are of equal weight and worth when they are not. All we are doing is putting our universities in a very difficult position, because they are not getting the necessary applications. We are not getting people ready to enter the top universities because they simply have not studied the necessary subjects.

Simon Hughes: I will intervene just once more; I have come here specifically to hear the hon. Lady. Will she accept that another thing that might help—consensus appears to be growing on this—would be for all schools to have to publish information about their successes in widening participation and access? That would enable people to know where young people go on to from a school—what they do after 16 when they have those choices. Once we start showing that to the wider world, people will start challenging those schools that have a poverty of ambition and a poverty of aspiration.

Elizabeth Truss: I thank the right hon. Gentleman for his intervention. I agree that transparency is the way forward. I would like every school to find its 10 brightest pupils and suggest to them that they apply to the top universities—Oxford and Cambridge and the Russell group universities—so that we monitor how many people are applying from each school. I plan to write to every school in my constituency, asking them how many students from their school applied to Oxford and Cambridge and encouraging such applications next year. There are six secondary schools in South West Norfolk. I am sure that there are six secondary schools in many other hon. Members' constituencies, and that is something we can all do.

My dad is an academic, so I was strongly encouraged in that direction, but many students at the Leeds comprehensive that I went to did not have aspirations in that direction and, frankly, a lot of teachers were not very supportive of those aspirations, perhaps because they had not been to such a university themselves or because they did not have any knowledge of them. There is a culture that needs to change, particularly in our comprehensive schools, so that those universities are seen as a place for the brightest students in the country, not just those who fit into a social perception.

I have already talked about reforming the examinations system so that we stop the tail wagging the dog. It is important that we understand what subjects ought to be examinable at that level, and ensure that the quality holds, rather than allowing a system of downward innovation, which is what we have seen in the past few years.

I hope that this is the start of a debate. I am very pleased to see so many hon. Members here on a Thursday afternoon. That shows the interest in the subject. Other countries have shown that it is possible to have a high-quality mass education system. We can do that here, but we need a lot of things to change, and it is about time we changed them.

2.57 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to speak under your chairmanship for what I think is the first time, Mr Rosindell. I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing the debate. I was delighted to support her in securing it, and I thank the Backbench Business Committee for allocating the time.

I will start with a quote that might ruffle your feathers, Mr Rosindell: "Education, education, education." Perhaps that is the one thing on which I agreed with the former Prime Minister, Mr Blair—how important education is in our country. It is very important that we give our youngsters the best chance in life, to allow them to cast their net further and wider, so that they can reap a rich catch in life and become big fish in a big pond, not minnows in shark-infested waters.

Education performance matters for our country at different levels. At macro level, it is about preparing people to be innovative, and making them ready for business and work—ready to be our future doctors, nurses and teachers. It is about creating people who are flexible and skilled—people who will do the everyday jobs, as well as the ones that involve scanning the world for new wealth to come to this country. At micro level, it is about having people who are cultured and enlightened, and having a social country in which we live at peace with one another in a culture of respect and tolerance. At individual level, there is no question but that education is the passport to a bigger choice in life and to social mobility, that magic phrase that we often hear now. For me, nothing else fits the bill as well as education.

Educational performance is about preparing not only for university, but for life. My hon. Friend the Member for South West Norfolk said that there is a risk of imbalance between vocational and academic choices. Trying to say that one degree is worth the same as, or a similar amount to, another perhaps suggests that not going to university means that one has failed in life. Far from it; we need people to develop all their talents in whatever way they can.

I genuinely believe that every child has talents that can be nurtured through school and later in life, but every child needs a good foundation in reading, writing and mathematics to allow them to succeed. There is no one more disadvantaged than the voter I met in the streets of my constituency the other day, who said that he could not read. He had struggled all his life to find work that did not involve him using his hands. I am not saying that he did not have a valuable skill, but how much more he could have achieved! For instance, he could have set up his own business or something similar. Frankly, even Wayne Rooney and David Beckham need a good educational foundation if they are not to be reliant solely on their lawyers and accountants and are to get the best out of them; they need to be conscious of that.

I will not rattle off a lot of statistics. My hon. Friend has already given us some good evidence, and I know that others are prepared to do so. Instead, I shall take the House on a bit of a personal journey. I do not pretend that my educational history is typical. I did my first O-levels when I was 13; I then did some A-levels and finished my schooling in the constituency of the hon. Member for Liverpool, West Derby (Stephen Twigg). I went to university and then changed universities; I effectively stopped attending one and moved to another because I could not cope with the way of learning at the first. I then went on to do a PhD. I do not pretend that that is typical, but during that journey I found out that, in a way, standards have changed, and that is unfair on those who are slightly younger than me. That leads me on to the challenges that the country is struggling with 20 years later. I know of them as a result of my science education.

I am old enough to have taken O-levels; I took them a bit early in 1986. When I went on to do A-levels, I happened for whatever reason to do physics for a year. I was working with students from the lower and upper sixth forms, doing a combined kind of crash course. When I was with one group—I should keep up to date; we now call them year 12 students—I was often told, "Oh, Thérèse, you'll have to do an extra half hour because year 12 does not need to learn that any more, but you can add that topic during your extra learning out of class." That happened quite regularly throughout my physics A-level studies.

Some might argue that I took a harder A-level, but that is not strictly fair. I genuinely believe that the year-on-year debate about A-levels, O-levels or GCSEs not being as difficult as they used to be gives rise to a

false argument about standards. I do not want to make this into a generational slanging match. I would not say that those studying physics 20 years ago were any brighter than the youngsters doing it today, but the opportunity to stretch the learning, to stretch the imagination, may now be constricted. The differentiation, with more children getting A and A* grades, is the result of youngsters today having to learn a lot less. Frankly, if children now have to learn their times tables only up to three, when before they had to learn them up to 12, it does not surprise me that more children now get their sums right.

Mr Mark Field: I am sorry to interrupt my hon. Friend's journey. As she is a Liverpudlian, it must have been a magical mystery tour. Although I agree with much of what she says, I am not sure that she is correct about the exam system. There has been an utter debasing of the results system over the past 20 years in GCSE and O and A-level exams. The results are now largely discredited, and there needs to be an urgent rethink. As my hon. Friend the Member for South West Norfolk (Elizabeth Truss) said, someone who got a grade E in an A-level exam only a decade and a half ago could now receive a mark as high as grade B. That does not allow great confidence in the system. There has been a debasing of the system, and we need to consider it afresh.

Dr Coffey: I fully accept what my hon. Friend says, but I am trying not to turn this into an inter-generational slanging match. There is nothing worse than getting these wonderful results in August and then, all of a sudden and from whatever quarter—not from politicians but from others—people say, "Oh well, standards are getting lower." I imagine that that is really hurtful to those receiving their results because, frankly, they are doing the best they can with the course and the exams that are set. It is not their fault, and I agree with my hon. Friend that we need to challenge the education establishment and the Government.

That brings me to another part of my speech. We should not be ashamed to challenge the education establishment, and even ask it to pause and reflect, in order to improve educational standards and performance. The Government are already doing that with elements of the English baccalaureate. We saw it also with the acceleration of academies under the previous Government. I note that academies have longer school days, and that they build other activities into their school day; school is no longer a half-past 8 to 3 o'clock existence, with pupils then being sent out. Academies allow a much wider existence; they are building an education for the entire person, not just slotting pupils into classes. I accept what my hon. Friend said, but I do not want to attack the young people or teachers of today, because they are already in the system. It is our role to challenge it and to get it changed.

Stepping back a little further, I am sure that many Members who went to university did three-year degree courses. I did my BSc in three years. Just as I was finishing my PhD, I saw that many universities were starting to move to four-year courses, and that is now almost the standard; the degree is now called MSci. Although not many universities will say so, the reason for the change is that when students had finished their A-levels, they did not have enough of the curriculum to grab the university course in year one. It is not that they were doing a remedial year, but they needed a foundation year at university. They could then continue. Some courses were perhaps not really four years; they were three and a half years with an extended research project to make up the time. As a consequence, students now spend four years at university, and with fees going up, that means more money being spent on university courses.

It would be honest to ask whether A-levels are at the right standard for entry to university, so that we ensure that we do not leave the universities with the challenge of making up the gap. The Russell group universities have done a great service to schools and teachers—and, most importantly, students and parents—with their brochure "Informed Choices", in which they give a list of subjects. The facilitating subjects are maths, English, physics, biology, chemistry, geography, history and languages, classic and modern. The Russell group believes that those building blocks allow students to go on to do almost any subject. I accept that those who want to do a degree in art need to study art, and that it would probably help those who want to do music if they have studied a bit of music on the way, but for most degrees, it almost does not matter what subjects have been taken at A-level; students simply need the ability to think and to analyse, as suggested by my hon. Friend the Member for South West Norfolk.

Damian Hinds (East Hampshire) (Con): I am not sure whether my hon. Friend was in the Chamber yesterday when the right hon. Member for Leigh (Andy Burnham) said that he had no idea where the subjects that made up the English baccalaureate could possibly have come from. Would the list from the Russell group university be a suitable response?

Dr Coffey: My hon. Friend is right. I hope that the right hon. Member for Leigh (Andy Burnham) has read the brochure; I shall be sure to send him a copy. I do not doubt that some of the softer subjects mentioned, such as media, photography and business studies, are popular. I see them when I visit sixth forms in my constituency, and I accept that they are valid A-levels. I do not decry them, but we need to get the message across to students that such subjects will not necessarily lead them to the wider choice of career and life to which they may aspire. It may take them down a narrow career path, and they should be fully aware of that.

Kevin Brennan: Given what the hon. Lady has said, does she think that I wasted 10 years of my life teaching A-level economics?

Dr Coffey: I would not say that the hon. Gentleman had wasted any of his life, although if he had had the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) as a pupil, we might be in a better place today. However, I studied a bit of economics at university, and I can assure hon. Members that I did not do A-level economics beforehand. As to whether someone teaching business studies at school will have ever run a business, I do not know, but that may well be a possibility with Teach First and Teach Next.

Elizabeth Truss: When I speak to economics academics at university, it is interesting that they often say that they would rather that people did mathematics than

[Elizabeth Truss]

economics as a precursor to the subject. There is a question about what level we are studying subjects at, and that is particularly true of law. One thing that economics—

Andrew Rosindell (in the Chair): Order. I remind the hon. Lady that she should make brief interventions rather than a second speech.

Dr Coffey: My hon. Friend was perhaps going on to say that we should never forget mathematics as one of the core subjects.

Kevin Brennan: In defence of economics, I should say that it is a rigorous academic subject, and mathematics is an extremely important skill to bring to the study of it. However, when a subject is left out of prescriptive lists such as the one the hon. Lady mentioned, we can understand why that can be insulting to some people—not to me, but to those who study it.

Dr Coffey: I understand that point. The hon. Gentleman will know the famous joke that there are different kinds of economists: ones who can count and ones who cannot. However, I think the Russell group is trying to help students and parents in choosing options. That can be early in someone's life—we have talked about children aged 11, and some people have talked about even younger children. If people are not careful, they can narrow their choices later in life, which would be a shame. The Russell group is doing people a good service by making sure that they fully understand the choices they make. We are talking not about people making poor choices, but about people deciding not to do certain subjects in the full, conscious knowledge that that will restrict them later in life.

The hon. Member for Cardiff West (Kevin Brennan) mentioned selection. I am not suggesting that we return to selection, but I do praise efforts to differentiate and to ensure that people reach their full potential. One school I attended was a grammar school; it was not a particularly flash grammar school, but it produced Lord Birt, Roger McGough and Brendan Barber, who have all gone on to do extremely well in their chosen fields.

The Government have an opportunity to put the United Kingdom—particularly England and Wales—back at the top of the class. We need an A* and we need "education, education, education" to be the Government's mantra. I am confident that we can carry on this journey, but I hope that we will accelerate and that the three R's will no longer be a dirty word, but the founding blocks of a successful education.

3.13 pm

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Thank you, Mr Rosindell, for calling me to speak in this vital debate. It is a pleasure to speak under your chairmanship.

I want to focus on the improving performance of schools in our education system. I speak as a parent, an employer and a former governor of a large secondary school. As a parent, I know that it is vital to us all that our children make the most of the opportunities they have and meet their full potential. As an employer, I need—indeed, we collectively need—a good supply of well-educated, well-motivated and engaged employees at every level. They need not only the ability to learn, but the basic core skills to make their way in the world. As a former governor of a secondary school, I care deeply about the school system and the service that it provides to society. I want to ensure that we always recognise and applaud schools' efforts.

The Government have made great headway in the short time they have been in post. I particularly welcome today's statement from my right hon. Friend the Secretary of State for Education on Professor Wolf's report. However, there are other good things to celebrate, including the £2.5 billion for the pupil premium, the emphasis on vigorous and rigorous academic attainment, the encouragement given to schools to go for academy status and the fact that we are attracting more good graduates into the teaching profession. We also recognise the value of high-quality vocational education.

I want to focus on three issues. The first is the role of the head teacher in improving education performance. It is universally recognised that good schools have good head teachers. An energetic, dynamic head teacher really sets a school's ethos. Their energy can drive forward improvements, and they set the framework in which the school functions.

One key aspect of that framework is discipline across the whole school, which is as much about the staff as it is about the students. If a head sets out clear and high expectations of the staff, that can quickly filter down into the student body. The consistent application of school rules means that everyone knows precisely where they stand. If that ethos is instilled in staff and students from day one, it can avert the problems that students may otherwise have had later in their school careers.

Teachers, too, have to set down clear guidance for behaviour and stick to it. Whether that guidance relates to uniform policy, behavioural standards or classroom etiquette, it must be consistent. A flaky approach to discipline undermines students so that they do not know where they stand from one day to the next. If schools get their approach right, that can dramatically improve their performance. We must recognise and accept that the head teacher plays a vital role in that.

Mr Mark Field: I entirely agree. In our time as Members of Parliament, all of us will have visited schools, and the single most important difference between well-performing schools, which have positive results and a positive attitude among parents, and less well-performing schools is the leadership of the head teacher, as my hon. Friend rightly said. Does he not agree, however, that clamping down on paucity of aspiration, which was mentioned earlier, and having zero tolerance for it, is an important part of that leadership?

Stephen Metcalfe: Absolutely—I agree 100%. I picked on discipline as one aspect of the framework that a head teacher can put in place in a school, but aspiration, energy, drive and ensuring that all staff want to get the maximum out of every pupil they come into contact with are also vital. There are other things, but I wanted to focus particularly on discipline.

Unfortunately, a good teacher does not always make a good head teacher, because the two roles require very different skills. I therefore want to ask the Government

to examine a system that would allow for greater movement across the senior management team. I am aware of senior managers—members of a school's top team—who may have had excellent pastoral skills and data manipulation skills, but who have been promoted to the role of head only to find that they did not have the entire skill set to do the job.

Unfortunately, the school and the individual are then left with few options. There is always the nuclear option of going down the competency route, but that is a painful experience for the individual and the school, and it normally results in someone who was a highly skilled professional leaving the service, which means that we have lost a good teacher, their skills and their commitment. Just because someone cannot be a good leader and a head in a school, that does not make them a bad teacher. I would therefore very much like to find a flexible system that would allow someone to recognise that they are perhaps in the wrong role.

Tessa Munt (Wells) (LD): Is my hon. Friend aware that in Australia, after someone has been in a job for 10 or so years, they are entitled to a year or six months off? I think that that is true in most walks of life. It is certainly true in most professions, including teaching. The state provides for that by taking a section of salary to ensure that the person is paid throughout the period. The benefits to a teacher are that they have a break and an opportunity to go elsewhere, perhaps into industry or whatever, and they come back refreshed. It also means that everybody is in a position to act up in another position to gain experience of being a head teacher or head of department, which is fantastically valuable.

Andrew Rosindell (in the Chair): Order. I remind the hon. Lady that interventions should be brief. She is not on my list to speak. I would have considered putting her on my list if she had asked me to do so, but a long speech should not be dressed up as an intervention.

Tessa Munt: Forgive me.

Andrew Rosindell (in the Chair): You are forgiven.

Stephen Metcalfe: I am aware of the system my hon. Friend mentions, and she is right that it is along those lines, but it is about more than that.

When an individual recognises that they have entered a role that they cannot fulfil properly, they are trapped. If we adopted a system that allowed them to move back to their original role or transfer to a similar one, without losing their skills in the profession, it would create a system that could allow more movement in senior management, which would ensure that we got the right people in leadership positions more quickly. As we accept, good leadership leads to good schools and we want to ensure that the right people are in the right roles.

Secondly, we must remember that education is about the students, not about the school, and we have touched upon that. Performance tables and comparisons among schools with similar backgrounds can be useful and help to drive improvement in performance, but we must not forget that at the heart of it lies the student. We all want to create a system that maximises the full potential of each and every student, makes the most of their talents and helps them to find their true vocation and motivation. For some, that may be a rigorous academic university or higher education experience, but for others it will be high-quality vocational work, other employment or apprenticeships. We must find some way of judging whether schools are making the most of the potential they are given. Although competition can drive up standards, it is not the be-all and end-all. We must remind schools that it is not about being better than the school down the road, but about being better at making the most of the potential of the people in their care and delivering on it.

We must accept that the potential that pupils come through our education system with each year will vary. It is highly unrealistic to expect a good school to deliver year-on-year improvements in exam results. Surely we must accept that different cohorts—year groups—have different potential and therefore different outcomes. If we do not and we end up in the trap of expecting exam results to be higher and higher every year, people, rightly, will begin to lose faith in the system because it does not reflect real-world experience.

We are not saying that students are any brighter now than they were 10 or 20 years ago. Although there have been improvements in how we deliver education, it is unrealistic to expect that to go on and on. If a school consistently achieves good results, one or two poor performances do not necessarily mean that it is failing. I ask that we expand how we compare and judge schools in a way that looks at every pupil and their performance and experience in the school. We could use the contextual value added measure more often, and educate the public about its potential value to create greater understanding in society, so that parents and pupils can better understand what a particular school can deliver.

Thirdly, a good experience across the whole education system is important. I am fortunate in my constituency to have six secondary schools all of which are performing or about to perform very well under excellent leadership—vigorous, dynamic and energetic. The one concern that is repeatedly expressed to me is that when schools receive their year 7 pupils, it takes time to prepare them for the rest of their school career in secondary education. They have to bring them up to speed, which can sometimes last well into the second year of secondary school education. That is not unique to my patch. There are reasons for it, including issues about communication between primary and secondary school, but we must put greater emphasis on the importance of primary education so that we attract the best teachers into the early years.

I suspect that when a teacher is training and looking at where they want to place themselves within the education system, those with more rigorously challenging academic degrees will look to teach in secondary schools. We need to bring some of that excellence into the whole of our education system. There are many excellent teachers and heads in our primary system, but that does not mean that we cannot do more. I would like to think that we can make primary education as attractive as secondary.

We also need to encourage more collaboration among primary schools. Many primary, infant and junior schools are quite small, and we need to encourage them to work more closely with their secondary schools and other

[Stephen Metcalfe]

schools in the system, to see if the intimacy and familiarity that they enjoy as a small school can be maintained while benefiting from the ability to share resources, staff and perhaps even head teachers. The recruitment and retention of good head teachers is particularly a problem for small schools. I would like to think that we can find a way to encourage local education authorities and schools to work more closely across the whole education system to see if we can deliver a better experience for all students.

Education is one of the most important gifts we can give our children. A good education that suits an individual's strengths and talents will help them to make the most of a life full of opportunities. It falls to all of us to ensure that we do what we can to help schools to deliver that improving educational performance. We must recognise the vital role that they play in the future prosperity and success not only of our country, but of our children.

3.27 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I apologise for being late for this important debate and I congratulate the hon. Member for South West Norfolk (Elizabeth Truss)on initiating it. I also congratulate the hon. Member for Suffolk Coastal (Dr Coffey), who I assume went to St Eddie's in my constituency, and the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe).

The starting point of my contribution is the importance of us all taking seriously the available evidence and data about education performance. It may be legitimate self-criticism for all of us, wherever we stand in terms of our parties or on the issues discussed today, to say that we all have instincts and prejudices. We all went to school, many of us have children at school and we all have schools in our constituencies. Understandably, those things, as well as our political philosophies, inform our outlook on school policy, but we need to supplement those instincts and prejudices by looking at the data and evidence.

Mel Stride (Central Devon) (Con): The hon. Gentleman rightly points to the importance of evidence when comparing countries, so is he a little concerned that we were not listed in the 2003 PISA results because schools did not provide the requisite amount of information? Does he welcome the fact that this Government will make it mandatory for schools to provide such information?

Stephen Twigg: The hon. Gentleman anticipates the next part of my speech. I absolutely share his concern. In fact, I was Schools Minister at the time—I do not know whether he intervened on me with that knowledge—and I remember the difficult conversations we had to have. The subsequent judgment was that the figures, for both 2000 and 2003 I think, were invalid because there were not sufficient schools. All we have to compare is 2006 with 2009.

The hon. Member for South West Norfolk spoke about PISA before I came into the Chamber. I apologise for missing what she said. The Secretary of State has spoken about the PISA outcomes on a number of occasions. Clearly, we must all share his concern about how low down the PISA league table we are for maths, science and reading. There are issues about its methodology and about the new entrants that were not in previous studies, but I will not dwell on them. I share the concern of the hon. Lady and others that we clearly still face a very big challenge.

The hon. Lady referred to Shanghai, which is a part of China that was not in the previous PISA table in 2009 and that went straight in to the current table at No. 1, which is what they used to say on the top 40. It is now top of the PISA league table for maths, science and reading. Clearly, there are lessons that we need to learn from that part of the world.

Kevin Brennan: Let me caution my hon. Friend on this matter and recommend that he read the article in *The New Yorker,* which asked whether help had been given to those taking the tests in Shanghai.

Stephen Twigg: I will read that article.

Whenever we discuss test scores, there is always this argument about whether people are being taught to the test. Of course there are other pieces of research that show rather different outcomes. I know that this has been referred to in previous debates, but the trends in international mathematics and science study, which does not cover English or reading, looked at scores in years 3 and 9 between 1995 and 2007. In terms of progress in both mathematics and science, the United Kingdom was towards the top of the most improved countries in the world.

Elizabeth Truss: I mentioned TIMSS earlier. Part of the concern about TIMSS is that it is based on the curriculum of a particular country. It is not a standardised test that people sit across countries in the way that PISA is. Moreover, France and Germany did not take part in that study. We were still trailing all the Asian tigers, such as Japan and Hong Kong.

Mel Stride *rose—*

Stephen Twigg: Allow me to respond to the hon. Lady and then I will give way to the hon. Gentleman if he still wishes to intervene.

From the information that I have in front of me, I can see that the hon. Lady is correct in what she said about Germany and France. As for Japan, we performed better in science and mathematics in year 3-4 and year 8. I accept her point about the validity of different forms of comparative research. None the less, on TIMSS, we were ahead of Japan and the United States. I know what she will say to that. What I am measuring is the improvement on the absolute score. After the improvement, we are still slightly behind Japan, but in that period we improved faster than Japan, although from a lower base.

Mel Stride: Is it not the case that our apparent improvements in the TIMSS can to some degree be attributed to the fact that the cohort of countries that we are looking at in each year has changed and that a number of non-OECD African and Asian countries have entered in more recent times, thus slightly flattering our figures?

Stephen Twigg: I do not believe so. I am relying on the particular table in front of me. In each case, it examines a country that was in the 1995 cohort and the

2007 cohort. I do not think that the hon. Gentleman's criticism is valid. The hon. Lady's implied criticism is a fairer one because I was relying on the improvement. She is right to say that, if we look at the absolute score for Japan, it is, in every case, slightly better than ours, but we have made a greater improvement in that period. Interestingly, the United States is behind us on not just improvement but the absolute score in every case.

Mr Mark Field: In the midst of this battle over evidence—I accept that evidence is important and that getting the figures right does matter—surely the hon. Gentleman does not disagree with the assertion of my hon. Friend the Member for South West Norfolk that there is a problem. We are going down the league table, although perhaps not by as many places as might have been predicted. More importantly though, there is a lack of rigour in the choice of subjects that the average student is taking for A-level. We are not looking at academic subjects in the way we were in the past, and that is in stark contrast to many of our most important economic rivals in the 21st century.

Stephen Twigg: I thank the hon. Gentleman for that intervention. At the end of the hon. Lady's speech, she said that there is no contradiction between a high-quality and a high-quantity education system, and that is something with which I passionately agree. I do not necessarily agree with everything that she said in constructing that argument, but I certainly believe that we should be aspiring to that.

Let me take up something that the hon. Lady said and that has also been said by other Government Members. We face a real challenge in changing the attitude of many state comprehensive schools to getting their brightest kids into Oxbridge. As someone who went from a comprehensive school to Oxford—okay, it was quite a long time ago, as the hon. Gentleman will know—I relied on a particular teacher who mentored and encouraged me. He studied philosophy, politics and economics at Oxford and I was doing A-level economics. Without him, I am not sure whether I would have made that application. I do not think that that situation has changed as much in the subsequent 25 years as I would like. It is not just about Oxbridge, but if we are rightly to criticise Oxbridge for the comparatively low numbers of state school kids getting in, part of the challenge is for the schools as well as for Oxbridge.

Kevin Brennan: We are all in danger of confessing our educational backgrounds. I also went to a comprehensive school and ended up studying PPE at Oxford. That just shows how predictable MPs are.

Stephen Twigg: Did my hon. Friend study A-level economics?

Kevin Brennan: Yes, I studied A-level economics and got an A in case anybody asks. Cambridge Assessment sent me an article this week about the PISA studies in which Andreas Schleicher, who is often cited by the Secretary of State as his hero, seemed to suggest that there is no evidence of decline in English pupil performance.

Stephen Twigg: I think I will move on from this part of my speech, partly because a lot of Members want to participate in the debate.

Elizabeth Truss: In response to the hon. Member for Cardiff West (Kevin Brennan), we are not arguing that the standards have necessarily gone down, but rather that the standards in other countries are going up faster. That is the key issue.

Kevin Brennan: In one study.

Elizabeth Truss: From a whole series of studies, including TIMSS.

Stephen Twigg: I am not sure whether TIMSS shows that, but I want to move on. When the hon. Lady spoke about China, she mentioned the cultural attitude to education, and that is clearly a factor. We know that in our own country from the data for achievement by ethnicity. Chinese and Indian children consistently outperform all other sections of the population in tests and exams, even when they are from the poorest families, as measured by free school meals, so there clearly are cultural factors.

In my remaining time, I will say a little about progress over time and highlight some successes in Liverpool. I will say a little about the factors that shape success and then something about learning from elsewhere. I want to say a bit about Teach First and about the US and Swedish experience of chartered schools and free schools respectively and then finish by saying something about E-bac and the surrounding debate around measuring achievement.

Between 1997 and 2010, we saw a significant improvement in the scores in the key stage tests—the SATS—A-levels and GCSEs. The national improvement in the five A* to C measure was from 32% in 1997 to 55% in 2010. I wanted to use that fact to pay particular tribute to the schools in Liverpool, which improved by a more significant margin—from a miserable 24% in 1997 to 53% last year, which was just two points below the national average. Linked to that, because of the success that those children and young people have had in their GCSE results, more of them are staying on at school or college after the age of 16. Nationally, there has been an improvement from 64% in 1997, just below two-thirds, to 79% last year, just below four-fifths. Again, in Liverpool, there was much more significant improvement, from just over 50% in 1997 to 78% last year.

There is a very important debate to be had about why those rates are changing. I agree with the hon. Member for South West Norfolk that improving educational performance is not just about Governments waving a magic wand. We will always have a debate about resources. Resources are not the focus of today's debate, but spending is clearly a factor. There is also a debate to be had about the appropriate accountability measures and I will return later to that issue. However, improving educational performance is actually about what happens at the school level and the local level. We know that, because we know that schools with very similar intakes that have very similar amounts of money spent on them perform very differently from each other. Improving educational performance cannot be only about the context or the amount of money that is spent, although clearly both those things matter.

I agree with the hon. Member for South Basildon and East Thurrock that the head teacher in a school is critical. The quality of leadership around and below the

[Stephen Twigg]

position of head teacher is also important. Governors are important, too; the hon. Gentleman referred to his own role as a governor. All those positions are also vital.

Let us consider what we can learn from elsewhere, because it is important that we examine all the evidence available. I have praised the Government for the expansion of Teach First. One of the earliest decisions that I had to make when I became a Minister in 2002 was about whether we should support a programme that was initially called Teach for London, but eventually became the Teach First programme. We can learn a great deal from the Teach First programme.

The hon. Member for South West Norfolk—or perhaps it was one of her colleagues—spoke about the attractiveness of teaching in some of the toughest schools and how the best teachers often may not want to teach in them. As I say, Teach First began in London before expanding to other parts of the country and the whole basis of the programme was to place some of the brightest graduates from some of the top universities in some of the toughest inner-city schools in London as teachers.

Some of the examples of teachers who have gone through the Teach First programme are truly remarkable. Moreover, the number of teachers who went through the programme and stayed in the education world rather than following other careers that are probably much better paid has been another truly remarkable achievement. Research by Manchester university shows that schools in challenging circumstances where Teach First graduates are first placed have seen a statistically significant improvement in their GCSE results and that there is a positive correlation between the degree of improvement at GCSE level and the number of Teach First graduates in a school.

Teach First is a great programme and a great example of learning from another country, because it was modelled on a scheme in the US that enjoys strong cross-party support. Whatever else happens in the field of education policy, we should all continue to support and encourage the further expansion of the Teach First programme.

Having said that, I should add that there is a need to be cautious when we are studying school reform movements in other parts of the world. When the case is made for the Government's policy on free schools and academies, great emphasis is placed on the experience of the US charter schools and the Swedish free schools. In preparation for today's debate, I have looked at some of the evidence from the US and Sweden, and I think that it is fair to say that the evidence from both countries is mixed.

I think that the Secretary of State for Education and the Minister who is here today have both referred to a US programme called KIPP, which is the Knowledge is Power Project. I had an opportunity to visit KIPP schools in New York and Texas some time ago and I was hugely impressed by what was being achieved in those schools. KIPP schools are a great example of how some of these new, more autonomous schools in the US are delivering, particularly for children from some of the poorest backgrounds. There is no doubt that both the US charter schools and the Swedish free schools are hugely popular with the parents of the children who attend them.

However, the evidence about the impact on standards of those schools is mixed. There have been a number of studies in New York that suggest there has been real improvement in the charter schools compared with non-charter schools and that in particular some of the poorest children from ethnic minorities have done better than they might have done otherwise. On the other hand, the Centre for Research on Education Outcomes at Stanford university published a report in 2009 that suggested that there is a much more mixed picture across the US, including significant state-by-state variation. That suggests that the extra autonomy granted to those schools may in itself bring benefits—but there are clearly other factors at play in addition to that extra autonomy, which help to determine whether those schools are successful or less successful.

In some ways, the picture in Sweden is quite similar. The Swedish free schools are popular with parents. One piece of research that I looked at showed higher grade point averages in free schools compared with those achieved in other Swedish schools. It has been suggested that in an area with a concentration of free schools, there was a wider positive impact. On the other hand, other significant studies that I looked at earlier today suggest that there has been a general worsening of performance in the Swedish school system in recent years, so that it is perhaps the case that the free schools have not delivered the national system-wide improvement in Sweden that their proponents originally anticipated.

Furthermore, there is real concern in Sweden—this is different from the experience in the US of the charter school system—that the gaps in terms of socio-economic achievement have widened in the country. Admittedly, those gaps in Sweden have always been much narrower than the gaps in the UK, so I still think that we have a lot to learn from Sweden and from some of the other Scandinavian countries. Nevertheless, we still need to tread with care on both sides of this debate, because I have heard both advocates of the Government's proposals and critics of them somewhat overstating the case for or against by citing evidence from the US and Sweden. As I said, the evidence from those countries is decidedly mixed.

There is a very difficult debate to be had about how we measure how well schools are doing—and, indeed, how such measurement can itself have an impact on what happens in schools. That is really the debate about E-bac. That is a very difficult debate; I do not think that it is easy or straightforward at all. The hon. Member for South Basildon and East Thurrock said something that I passionately agree with—that we should make the contextual value added the key indicator of schools. He then added a very important caveat by saying that we must also find a way to make CVA understood. I remember that when I was a Minister I said, "Why can't people see that the value that this school is adding is actually far more significant than the raw score?" But people did not look at the value that was being added. They looked at the raw score.

The dilemma that all of us who care about education policy face is how we best measure schools and how we ensure that that measurement does not distort choices. I am concerned about E-bac, but that is not because I am not passionate about history, geography and modern foreign languages; I am passionate about all three of those subjects. However, I am not convinced that making

them compulsory for all children, which could happen as a consequence of the E-bac, or emphasising them over other subjects, is necessarily the wisest way to encourage more children to have a passion for, and therefore to learn, foreign languages, history and geography.

The jury is out. We need to look at that issue further. As a Minister, I had some responsibility for the work that we did on modern foreign languages after they were made optional. I had mixed views. In the end, I think that it was probably right that they were made optional. What we sought to do was to encourage primary schools to take up modern foreign language teaching. We have seen a big expansion in such teaching in our primary schools in recent years. I hope that that will result in primary schoolchildren having a passion for foreign languages and that they maintain that passion as they go on to secondary school. That was the thinking behind encouraging language teaching in primary schools.

I can understand the desire of a new Government who are in a hurry to do something quick on E-bac, but I worry that it is effectively being introduced retrospectively. As I said in the Education Bill debate yesterday, there are schools in my constituency that are getting year 10 pupils who are midway through the year to change subjects so that they do E-bac subjects, because the school thinks that it will be measured by the performance in those subjects. I am not convinced that that will either prepare those children well for the world of work or give them a passion for those subjects that they have been told they must switch to.

I will finish by referring to the other thing that I agree with the hon. Member for South Basildon and East Thurrock about—the importance of recognising that progress takes time. The political and educational cycles are not exactly the same. When the Minister responds to the debate, he will say that of course the Government want to see progress. We were the same when we were in government.

We all want that progress for good reasons; it is not only to gain political kudos, but because all of us are passionate about children and young people being able to do well at school, so that they are fully equipped and have the best possible chances later in life. However, we often expect change in schools to happen too quickly. We set hurdles that cannot be crossed. As the hon. Gentleman said, schools cannot necessarily improve every year, because they have a different set of children each year. That is not an excuse for failure; it is just a recognition of reality.

When we assess how well schools do, let us look at subjects beyond English and maths, but let us not lose that vital core of literacy and numeracy. Let us look at a school's progress over the previous five years, and let us look at value added—at how well particular children do at age 16 compared with how they do at age 11.

I very much welcome the opportunity I have had to participate in this debate, and I apologise for taking a bit longer than other Members. However, as I am the only Member on the Opposition Back Benches today, I can assure everyone that everything I have said is on behalf of all Labour Back Benchers. It is vital that we regularly debate education because, in spite of our real policy differences, we all know that education is vital if we are to be a successful economy and a fairer society with greater social mobility.

Andrew Rosindell (in the Chair): May I suggest that Members try to restrict their remarks to something in the region of 10 minutes? If that happens, there is a chance that everyone can be called and have a chance to contribute to the debate.

3.51 pm

Mr Mark Field (Cities of London and Westminster) (Con): I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this extremely important debate. I shall try to make my comments even briefer than you have asked us to, Mr Rosindell. The debate has been very interesting and we have touched on a lot of issues to do with aspiration, but I just want to say a little about education for excellent pupils, a matter about which the Minister and I had a brief exchange on the Floor of the House only yesterday.

It is, I think, in a bid to dampen some of the political furore over tuition fees that fresh debate has recently emerged over access to our best universities. As everyone has been admitting which university they went to, I should say that I, too, was at Oxford but, as I had the misfortune—at least in the eyes of the hon. Member for Cardiff West (Kevin Brennan)—of coming from a grammar school, I did not do a Mickey Mouse subject such as PPE, but read law—*[Interruption.]* Yes, I know, it has been downhill all the way from there.

It has been suggested that the Government would grant permission to charge more than £6,000 a year in fees only to universities willing to widen their intake, and suggestions of measures to avoid penalties have included lowering grade offers and taking background into account when handing out places. We all know that, in practice, that could mean preferring a less-qualified pupil from an inner-city comprehensive over a student with top grades from an independent school. It is not clear how that might objectively be regarded as fair or evidence-based, but I suspect that it was hoped that the airing of such plans might take the sting out of any accusations that the new fees system was making our higher education system too elitist.

I have long contended, and will continue to, that our education system cannot be elitist enough. For far too long, the British attitude has been one of slight embarrassment and discomfort at the notion of high performance, excellence and the pursuit of academic rigour. I am not sure that the rest of the world feels the same, at a time when the likes of India and China are relentlessly pushing forward in global league tables. The two economic superpowers of this century have the pursuit of excellence and academic rigour at the heart of their thinking.

The domestic access-regulation plans have also betrayed an expectation that politicians seem to have had in recent years that our higher education system should somehow miraculously make up for the lack of genuine attainment by children in their primary and secondary-school years, particularly in the state sector. If universities fail to take in students who are not up to the mark, we blame not a child's upbringing or education but the university itself for being too exclusive.

The hon. Member for Liverpool, West Derby (Stephen Twigg) and I were almost contemporaries at Oxford, and he will remember the outreach efforts that our

[Mr Mark Field]

colleges made almost three decades ago, which have continued—*[Interruption.]* The hon. Gentleman went up in 1985 and I went up in 1984, so it was almost three decades ago. Even at that time, tremendous efforts were made by the student union and, more importantly, by colleges via their tutors, to open up access. It is worth putting that on the record.

I do not believe that universities have an innate bias towards students from independent schools, but our top institutions are international leaders with worldwide reputations for excellence, which they aspire to maintain. In their admissions policies, they most pride themselves on recruiting the brightest and best globally. If the brightest and best have a tendency to come from a particular sort of school, we might be wise first to examine the deep shortcomings of the state sector.

That the private education sector has so flourished in recent years is a mark of how many parents have lost faith in the state's ability to deliver their child a rigorous, thorough and excellent education. When articulate, active parents turn away, local state schools lose the key stakeholders that have traditionally helped to drive improvement. As a result, the poorest and most vulnerable children suffer, and they will not be helped by the state's facilitating places for them at the best universities if they do not have the tools to make use of such places.

Margot James (Stourbridge) (Con): I cannot make a lengthy intervention, but my mind has been shifted somewhat, on the topic that my hon. Friend is addressing, by a visit to King's College London, one of the universities in his constituency. I urge him to visit the medical department there and see for himself the fantastic work being done with state school students with lower grades who are enrolled on the extended medical degree. They struggle not with the science but with some lifestyle factors which, with additional support, they are able to overcome.

Mr Field: I very much accept that. I have visited King's College on a number of occasions and get on very well with the authorities there. Funnily enough, a lot of the evidence suggests that medicine is one of the very few subjects in which a lot of the comparators about school performance and expected academic performance at degree level break down to a certain extent. I suspect that King's had that very much in mind when it set up its very innovative and important programme.

It seems to me, however, that the relentless focus of the Minister, who I know has a passion for driving up standards, should be on giving state sector students the tools they need to compete on a level playing field with their peers in the independent sector, and I admire a lot of the work that he is doing in that regard. He instinctively understands the damage that has been done in recent years by the levelling down of standards and opportunities to the lowest common denominator that has so entrenched underachievement. I particularly praise him for his emphasis on phonics, which is an essential learning tool. Given my experience of day-to-day life with a three-and-a-half-year-old son, I can entirely vouch for what the Minister has said on that matter. In some respects, however, the Government could be more radical in promoting choice and competition in the state sector.

Yesterday, I spoke briefly in the House about the importance of looking after the special educational needs of the most gifted children in the state sector, in the same way as we strive to help children who are less gifted, because all too often their needs are ignored. My words provoked an e-mail later that afternoon from a teacher in Norfolk:

> "What a breath of fresh air it was for me, as a retired educator, to hear your intervention. My wife and I are both graduate teachers who have experienced at first hand the consequences of an absence of special provision for the brightest of our pupils, to the serious detriment of their educational development and realisation of their full potential, not to mention that of wider society. The needs of the talented must be formally brought under the SEN purview and schools and Ofsted should be expressly required to give as much attention to these needs as to those of lower achievers."

I ask the Minister to give greater consideration to that issue. We want to retain the most gifted students in our state schools, bring them to their full potential and use them as exemplars for other students, so that a golden thread of aspiration is sewn through each and every school, as has been suggested by a number of other Members.

I am the product of a grammar school, and I remember various episodes when I was there that allowed me to aspire to the university place to which my parents could never aspire, and also to running my own business, becoming professionally qualified and eventually becoming a Member of this House. We must push pupils upwards and not hold back their talents.

I finish this brief contribution by returning to a theme that runs through so many of my speeches, but which nevertheless is important to drive home once again. Our wont in recent years has been to tinker with our educational system to engineer particular social outcomes, but the attitudes of our competing nations could not be more different; my hon. Friend the Member for South West Norfolk covered that matter skilfully and in great detail. It is that sense of being in a highly competitive globalised world that will, and should, remain an important element of all our thinking. One need look only at the high number of highly skilled school leavers and graduates, not just in India and China but in Vietnam, Indonesia, Malaysia and Singapore, to understand that the world is not waiting for Britain to churn out the brightest and best any more.

In my 10 years as a local MP, I have regularly visited primary and secondary schools and higher education establishments to talk to students. Contrary to the negative image of young people sometimes portrayed in the media, I am always impressed by students' sharp and inquisitive minds. Our country is brimming with talent, including here in our inner cities. That talent exists to be developed and can compete with the likes of India and China in the decades ahead, but that will happen only if we pursue excellence relentlessly and equip our young people with the tools to take on their peers. We do everyone a disservice by suggesting that there are shortcuts in this world.

4 pm

Margot James (Stourbridge) (Con): It is a pleasure to serve under your chairmanship, Mr Rosindell. I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) and her colleagues on securing this debate.

I will not comment further on standards and international comparisons, because those points have been well made. The decline in standards in certain subjects and the decline in the study of foreign languages at GCSE level, to less than 50%, are worrying. The problem has many causes.

The first thing that strikes me from my experience as a school and university governor is that our expectations of students at independent and academically selective state schools are very different from our expectations of students educated in the state comprehensive sector. As politicians, we regularly congratulate our schools on increasing the percentage of pupils who pass five GCSEs with a C grade or above, including in English and maths, yet for those of us who aspire to send our own children to independent schools or pray that they get into state academically selective schools, that is an uncomfortable, almost hypocritical situation to find ourselves in.

We celebrate that standard, yet if it were applied to our own children, we would be aghast. For students in independent or academically selective schools, the standard is nine or 11 A grades, and we ask how many are A*. There will be a smattering of Bs, but not many. That division is intolerable. One would not expect the same standards in non-academically selective schools as in the independent and selective sector, but it is reasonable to expect them to be far closer than they are.

In my view, the league tables have contributed to the problem in a couple of ways. I recognise that there must be some externally validated way for parents to compare local schools, and I am mindful of the words of the former Minister, the hon. Member for Liverpool, West Derby (Stephen Twigg), about how difficult such problems are to solve. However, the obsession with C grades has led to far too much teaching emphasis on children who are borderline D-C achievers.

In addition, it is a statutory requirement for all children with special needs—not only statemented, but on school action—to have individual learning plans and a huge amount of support. I argue, as did my hon. Friend the Member for Cities of London and Westminster (Mr Field), that too many schools put far more effort into children of lower ability than into stretching more academic children, who are on course for at least a B, so that they get A grades in the right subjects.

The second problem to which the league tables contribute is that too many children are encouraged to start studying vocational subjects at a young age, for no other reason than to boost their schools' league table rankings. An ambitious boy aged 14 from one of the secondary schools in my constituency told me, while doing work experience for me, that he liked history. When I asked him what GCSEs he was doing, I was surprised to hear that history did not feature among them because he had been encouraged to take leisure and tourism instead. He was a bright boy. That is an example of how average schools, obsessed with league table rankings, have piled into BTEC qualifications.

That is the start of a slippery slope, as has been said. At age 14, many children, especially from families that have never benefited from higher education, make GCSE subject selections that narrow the choices available to them at A-level and finally divert them into a further education college or new university. I am not dismissing BTEC and other such qualifications, but we must be honest with students and their families—by taking such subjects, students set themselves on a vocational route in life.

In Stourbridge, just 25% of students now take history at GCSE level, and fewer than 20% take geography. I do not believe that only 25% of children in my constituency are academically gifted enough to be challenged intellectually and be candidates for top universities.

The prevailing culture militates against improving educational performance. Too many of us have talked in euphemisms about education. We have doled out excessive praise for mediocre performance, and we have eroded competitive sport by declaring no winners and prizes for all. Instead, we should stress that gain without pain is rare. Hard work, study, the pursuit of excellence and the productive use of time, including leisure time, should be imbued in all our children, as they are imbued in the children at our independent and academically selective schools.

The last of the myriad roots of the problem that I shall address is the restrictions on schools involved in contracts between schools and teachers, which I trust the academies and free schools will help overcome. Under the present system, it is virtually impossible for poorly performing teachers to be removed; at best, they are recycled to another school. As has been said, we all know that the important thing is quality of teaching and leadership by the head. I am pleased that the Education Bill will address that problem.

Other hon. Members have mentioned the length of the school day. When I was first selected in Stourbridge, I wondered what was happening when I saw children in school uniform milling around the streets at 3 o'clock, halfway through the afternoon. Then I realised that their day had ended. That was compounded when I toured schools and found that in the middle of the school day, children were playing football, netball and other such worthy pursuits and studying drama.

In independent schools, such things are studied between 4 and 6 o'clock and on Saturday mornings. Of course children taught in independent schools do better: they get hours more educational teaching work a week. It is no surprise that they come out with better grades and have time to pursue more academic subjects, as well as access to all the other pursuits that make up a good, rounded education. They are there for longer. It is almost as simple as that.

I am mindful of the time; I want to speak for only 10 minutes. I end with a plea for pupil referral units. I am a great believer in opportunities for late developers and children who go off the rails early in life, because I am one such. I think that I am the first speaker in this debate who did not go to Oxford. I am sure that there are some good PRUs, but provision in my area is patchy, they are not given enough priority and they can be seen as dumping grounds.

I know of one PRU in the black country where there is absolutely no discipline and no boundaries, which are precisely what children who end up in PRUs require. I suggest that that is an area where we need to encourage passionate voluntary sector providers to participate. We must not forget about those children. The same could be said for looked-after children, who also face many hurdles. We must ensure that voluntary providers are encouraged to come in. There are so many other things

[Margot James]

that we could discuss in this debate, but I end by congratulating those hon. Friends who helped secure it. I hope to hear so much more from other Members and hon. Friends.

4.9 pm

Penny Mordaunt (Portsmouth North) (Con): I congratulate colleagues who helped secure this important debate, particularly my hon. Friends the Members for South West Norfolk (Elizabeth Truss) and for Suffolk Coastal (Dr Coffey). We often talk about budgets, structures and strategies, but we do not discuss performance enough. It is a key issue for my constituents in Portsmouth. We have heard some great speeches that have taken us over the globe, but I hope that Members will forgive me for concentrating on my constituency.

We have some serious challenges and low educational performance in Portsmouth, although it is slowly improving. To name one of the many challenges, we have particular problems in primary education, which means that a lot of children going into secondary school education have a 5% or less chance of getting a GCSE. Although we have very good services for high special educational needs, we do not, in my view and in that of Ofsted, have good provision for medium to low needs or, indeed, for gifted children either. Someone with dyslexia or a pragmatic language disorder really struggles to get the help they need. There is very little support for parents in getting access to the services that their children need. There is also a reluctance to intervene in particular cases and to have a focus on and a drive to get the services that a particular child needs.

In one case with which I am dealing, for example, a young lad who is due to take his GCSE options next year has never been to a secondary school. He has a very low special educational need that could easily be addressed and sorted out through a number of options, including a travel grant. It is a scandal that it has now taken more than two years—we are approaching the end of the third year—for any solution to be put on the table for that family.

A lot of children in Portsmouth have a challenging home life. A lot of our schools do amazing things in supporting such children, but one message that I want to get across today is that although intervention, behavioural support and all the things that those children need, such as being taught life skills, are important, they are no substitute for enabling them to follow an academic path. Sometimes and all too often, they are a substitute. We have to do much better for children from those kinds of backgrounds who do not necessarily have a strong parental advocate.

As an aside, we have discussed media studies and other softer subjects, and I agree absolutely with Members who have said that they are not equivalent and that we do young people a disservice by pretending that they are. However, I should like to mention the Heart of Portsmouth boxing academy, which has piloted a GCSE in boxing. It has been a hook for getting children who would otherwise never be in school to attend lessons. Until recently, 400 pupils a year in Portsmouth spent more than three months of the school year out of school. Pupils who study the GCSE get a taster of more academic subjects—human biology, maths and so on—and all those who have taken it are now involved in further education and going on to careers in sport and all sorts of other fields.

Kevin Brennan: The hon. Lady is making an interesting point, but is there not a slight contradiction in what she is saying? She is saying that developing imaginative types of qualifications can stimulate the interest of young people to go on and study and succeed in what other Members have called the core subjects.

Penny Mordaunt: There is a role for those types of subjects, but I do not think that we do young people any service at all by pretending that they are equivalent qualifications. They serve a particular purpose. One reason why the boxing club and the GCSE were set up was to address a particular problem facing the individuals involved. It has led to them going on to do other things, but it is not an equivalent GCSE to a language, maths or those other core subjects. We do our young people a disservice if we pretend that it is. It is important, however, to pay tribute to some of the work that has been done in that area.

Another point—I shall not dwell on this, but it is key—is that there is a lack of aspiration. That is a consistent theme that I hear from secondary head teachers. It is one of the biggest long-term problems that they face. What can be done about it? I welcome the rigour that is being put back into the curriculum. I am particularly pleased about the focus on the fact that spelling, punctuation and grammar matter in GCSEs. I endorse what previous speakers have said about incentives for choosing particular high-return subjects. Part of that is better careers advice for young people when choosing those options.

We need to do better for those with a special educational need. Every child must get the support they need. I am dealing with the case of a very bright girl who has dyslexia. She is four years behind the reading age that she should be at, but her case is not considered critical or in need of any intervention by the local authority. We need to be smarter about how we provide those services. Some services are just not available, or they are supposed to be available but are not being provided in schools. Needs are dismissed and it is very difficult for parents to get some clout and make sure that the services are delivered.

Another area of great concern in Portsmouth is that about 50 children are not in a school—not because they have been excluded, but because nowhere can cater for their needs—and are being home taught, but not through the choice of the parents. A lot of those parents themselves have a learning disability but zero support. There is no support from the local authority to help them teach their children. In fact, if they admit that they are teaching their children at home, they are struck off the list to get a school place. That is a real problem.

We need to look at the flow of funding. I am dealing with a case in which a child has a high dyslexia need and has to have a specialist, full-time teacher who is accredited by CReSTeD—the Council for the Registration of Schools Teaching Dyslexic Pupils. Only one school in the city provides that kind of service, and it is in the private sector. It would cost the local authority less to send the child to that school than to try to bring in extra facilities to one of its own schools. Where it makes sense for that

happen, I think we should allow funding to flow and to follow the pupil—even if they do not have a statement—if there is a clear, well-documented special educational need. I have a quick plug: on 8 June, I will ask the House whether I can table a Bill to address some of those issues.

Finally, we need much more vision in Portsmouth for our young people. We have some tremendous opportunities in the city. We are surrounded by high-tech industry. We have an MP who is a member of the British Astronomical Association. We have a university that is in the top five in the country for astrophysics and cosmology. Not only do we build aircraft carriers and Type 45 destroyers, but we build spaceships at Astrium. We also have the Navy. I would very much like to see a university technical college set up in the city in the near future.

Speaking of vision for the city, I would like to end by paying tribute to all those who work and volunteer to educate children in Portsmouth. I am very grateful for their time, effort and energy in helping me to put together a vision for our city. I need to ensure that they are properly supported—if not by education expertise in the local authority, then by expertise and support from elsewhere. The Department should be responsive to their needs. As their MP, I will play my role in debates such as this and in providing practical support on the ground.

4.20 pm

Mel Stride (Central Devon) (Con): It is a pleasure to speak under your chairmanship for the first time, Mr Rosindell. I am afraid that I have to inform my hon. Friend the Member for Stourbridge (Margot James) that I am another Oxford graduate and, to compound her concerns, that I went to the same college as my hon. Friend the Member for Cities of London and Westminster (Mr Field)—although, of course, he was there much later than me, which is why he is looking so much more youthful and fresh.

I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this extremely important debate. Education is one of the most important policy areas considered by our Government. It is important to the individual because a high level of educational achievement correlates to higher earnings, a lower propensity to be unemployed, better health outcomes and, indeed, greater longevity. As she eloquently pointed out, in a world that is increasingly dominated by global competition and where knowledge-based industries are king, education is also important to the economy.

I shall illustrate that point. In 1978, 6.5 million people worked in manufacturing. That figure is now down to 2.5 million. The scope for less-skilled jobs in our economy has diminished considerably. As my hon. Friend pointed out, in a recent survey, the CBI indicated that some 40% of the UK's population could be classified as low skilled compared with just 22% in Germany. That is a serious problem for the economy.

Many hon. Members have mentioned social mobility. My parents left school at 15 and 14 for reasons of economic hardship. For them to have dreamt of becoming a doctor or a scientist would have been about as fanciful as any Member in this Chamber dreaming of walking on the surface of the moon—it was simply never going to happen. One of the most striking and pitiful statistics I have heard since becoming a Member of Parliament is that, in the last year for which figures are available, of the 80,000 children who qualify for free school meals, only 40 achieved places at Oxford and Cambridge, which is down from the princely figure of 45 in the previous year. That is simply not good enough.

I have listened with great interest to the debate about the programme for international student assessment figures and trends in international mathematics and science study statistics and so on. Of course, the problem is that there are lies, damned lies and statistics. The Government will rightly point to what they see as a diminishing level of education performance over the past decade, and the Opposition will start to unpick those figures and say that they are unfair comparisons. As the shadow Minister may tell us in a moment, I accept that there is an issue with the 2000 PISA figures having a cohort of just 32 countries and the 2009 figures having a cohort of 65 countries. Of course, such factors make comparisons difficult. However, the Government make a good point that, of those new countries coming into the later figures, many of them are outside the OECD and are therefore lowering the average standard involved.

Kevin Brennan: I may or may not make the point about the figures when I speak, but does the hon. Gentleman accept that the OECD itself has said—not just me—that we cannot make the comparison between the 2000 figures, the 2003 figures and the latest figures for the reason my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) mentioned earlier: the inadequate size of the sample. Given the hon. Gentleman's Oxbridge education, he would not want to make that mistake.

Mel Stride: From one Oxbridge man to another, I accept that that certainly is the case with the 2003 figures, where the lack of information provided by UK and English schools meant we were not included in the league tables. Although there was a paucity of data in 2000, we were included, as the hon. Gentleman will know. Therefore, some level of comparison is justified if we go back to that year.

The Minister of State, Department for Education (Mr Nick Gibb): My hon. Friend is making a good point about the PISA surveys. Of course, Ministers and civil servants were not slow in coming forward in trumpeting the fact the 2000 PISA figures were so high.

Mel Stride: I thank my hon. Friend the Minister for helpfully reminding me of that. I am sure that the shadow Minister will address that comment in due course.

Whether we have gone up or down a bit in such surveys is not the main point, as a number of hon. Members have said. At the end of the day, as I shall demonstrate, being average or around average is simply not good enough—as I think the Opposition accept, including the hon. Member for Liverpool, West Derby (Stephen Twigg) who very much stressed that point. According to the 2009 league table, if we were to have achieved at the level of the best—for example, Finland—67% of students in this country would have obtained five A* to C grades, including English and mathematics.

[Mel Stride]

The actual figure is just 49.8%. That is a huge loss of human capital and is to the enormous detriment of students who did not achieve those grades as a consequence of us not being the best. Average performance is clearly changing through time because those countries with good education systems that consistently put them at the top of the table are good at adapting and innovating. Such countries are not standing still and they are getting better.

Nic Dakin (Scunthorpe) (Lab): Interesting evidence given to the Select Committee on Education this week from the OECD demonstrates how complex the matter is. What does the hon. Gentleman have to say about the OECD's report that, although Finland is very good in terms of attainment, it is very poor at getting young people into employment? The UK is better at that than, for example, Finland. These issues are complex.

Mel Stride: I thank the hon. Gentleman for his point. Of course, these matters are complex. That is exactly what I have been arguing. However, there is no getting away from the fact that we have remained average for far too long across too many measures—PISA, TIMSS, the progress in international reading literacy study and so on.

PISA is, indeed, a complex study. It looks not just at 15-year-olds in terms of reading, mathematics and science, but at the background of those students. It looks at their aspirations and attitudes and how the schools in which those students are studying function. One of the key conclusions that is drawn by the OECD from those studies is that education in this country is not promoting social mobility to the extent that it should. One of the ways of identifying that point is to look at the different achievement levels of individual pupils. There is a high correlation between social deprivation and poorer students, and lower achievement. In fact, 13.9% of a student's achievement can be attributed to their socio-economic background. That figure is far lower in other countries, including in Finland at 8.3% and Canada at 8.2%.

That brings me on to my next point. This is not a zero-sum game where having excellence and achieving well in these league tables means letting down poorer students. It is quite possible to achieve both—to make sure that we are at the top of the league table and that we are doing well by students from less advantaged backgrounds. That has been shown not just by Finland and Canada, but by Japan and South Korea. In this country, we have for too long tolerated a long tail of underachievement in the distribution of education performance, which is why I am pleased that a lot of the Government's very radical education policies are specifically designed to address that.

My final point—I will be brief—is that the PISA studies also highlight the link between various underlying factors in education and performance, for example, the key effect of operational independence of schools on results. There is a clear correlation between schools being allowed to get on with it and good educational achievement. That is one of the reasons why I welcome the free schools and academies programme we have put into effect. Standards-based external examinations are also key drivers of performance in education. I also welcome the English baccalaureate and very much subscribe to the comments that my hon. Friend the Member for South West Norfolk made about it.

The quality of teachers lies right at the heart of the issue and is absolutely key; in fact, it is referred to in the title of the White Paper that we have brought forward. It is absolutely right to raise the bar on qualifications for teachers and to be more rigorous in selecting them. That includes taking a close look at interpersonal skills as well as academic qualifications. I urge the Minister to look very carefully at the point about interpersonal skills for teachers. We can all remember from our student days—in my case, at Portsmouth Grammar school in the constituency next door to that of my hon. Friend the Member for Portsmouth North (Denny Mordaunt)—those teachers who were highly-qualified, but could not inspire. It is very important that we do what we can to identify them.

The final point that comes out of the PISA and OECD analysis is the importance of the culture in a school, specifically as regards discipline, an issue mentioned by my hon. Friend the Member for South Basildon and East Thurrock (Stephen Metcalfe). I welcome the Government's approach: 24 hours' notice will no longer be required for detentions; pupils may be searched if teachers are concerned; anonymity will be provided to teachers who face serious allegations from pupils; and head teachers and governing bodies will have more autonomy over exclusion. As a governor of a school, I think that all those things are absolutely spot on, and I congratulate the Government.

This is an important debate. For too long, measuring success in education has been with reference to the past. It has been done with reference to inflated examination results—results pumped up by resits, continuous assessment and diminishing examination standards—and we have simply disguised failure by doing that. Worse, we have also failed far too many of our young people. I congratulate my hon. Friend the Member for South West Norfolk on securing the debate, and the Government on placing international standards right at the heart of our education policy.

4.32 pm

Damian Hinds (East Hampshire) (Con): It is a great pleasure to serve under your chairmanship, Mr Rosindell. I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this debate, which is indeed important, because while some things have unambiguously improved in education in the past 10 or 15 years—we should all be proud and celebrate that—overall there have clearly been insufficient returns on a very large amount of money spent. Universities struggle to differentiate between students and have to take remedial action, as my hon. Friend outlined. We again had employers in the Select Committee on Education this week complaining about the lack of generic skills in the people they see coming forward, and about a lack of work ethic, too. There is a yawning gap between the rich and the poor. Frankly, far too many young people are left behind, with a million young people not in school, not in training and not in a job.

That has all been happening at a time when we have been breaking records year after year in our presumed education performance. The fact is that many of the

so-called comparisons are not comparable over time, and not comparable between schools, individual students or groups of students. Although PISA is not perfect, it gives us an anchor point. It gives us an external benchmark with which to compare. It is, of course, not just about our changed place in the league table, as it were. I fully accept that there are difficulties with the methodology and, of course, if the number of countries in the sample is changed, then that will change the rankings. What should concern us, however, is where we were in any year relative to others—both relative to our traditional competitors of Germany, the United States, Japan and so on, and relative to our new competitors, particularly China. A province of China was at the very top of the table, but as everybody knows, a single province comfortably dwarfs the size of our population.

That is doubly important, because the Chinese have already whupped us on low-cost volume manufacturing, and we will never again make t-shirts cheaper than China. It is already ahead of us in natural resources, and what it does not have, it makes up for by bringing it in from Africa and elsewhere. The arenas left for us really to compete and excel in are largely those in which academic achievement is very important, such as advanced manufacturing, pharmaceuticals, the knowledge and creative industries, and education itself. Many of the others in which we need to excel, such as tourism and the non-tradable service sector in general, call for a much higher level of soft skills, interpersonal skills, communication skills and so on than we typically see from 18-year-olds coming out of large parts of the British education system.

I will not talk about what the Government are doing. I was going to say a lot, but most of it has already been said, which is lucky, considering the lateness of the hour. I will talk just about measurement and accountability. The English baccalaureate has filled up our inboxes to a degree that I suppose most of us did not really expect. I have been astounded, actually—

Stephen Twigg *indicated dissent.*

Damian Hinds: The hon. Gentleman has not. Perhaps it is just me. I have attracted comments on the subject like a magnet—I am a very popular fellow, obviously. They have mostly been from teachers, not parents. In fact, I have not had a single parent or child spontaneously mention the English baccalaureate in any way whatever. People are particularly worked up, as we know, about religious studies, music and other subjects. They are particularly exercised about what they call the retrospective nature of the way the proposal was applied. I can understand teachers' frustration on that in some ways, but only to an extent. The English baccalaureate tells us one really important thing, and I am not sure that we would have found this out any other way: the yawning gap that I mentioned between the rich and the poor. Among kids on free school meals—free school meals are not the only measure of deprivation, but it is the best and most accurate one that we have—only 4% were achieving the English baccalaureate. Overall, it was 16%, so that is a quarter of the level for the cohort as a whole. Even more worrying than the fact that only 4% of those children passed that set of exams, what really scares me is that only 8% were entered for that set of exams. That is truly shocking.

Stella Creasy (Walthamstow) (Lab/Co-op): Can the hon. Gentleman enlighten us on what the pass rate among private schools was for the English baccalaureate? One of the problems with a retrospectively applied mechanism is that many schools were not doing the courses and subjects involved, so the figures that he mentioned are not really equivalent. Perhaps this is a debate and a point that he might want to make in two or three years' time, when everyone has been forced to do them by this policy.

Damian Hinds: As the hon. Lady should know—her colleagues may help her—we are not talking about the national curriculum, but a measure of how many children take one particular subset of subjects. The measure is not to be compulsory. The fact that it was revealed that some private schools were not offering those subjects tells us other interesting things. We have not got time, sadly, to debate them all now, but I would love to on a separate occasion.

Conversations with colleagues from all parts of the House on the subject have been interesting. I am sure that there will be exceptions to this, but most colleagues to whom I talk, whether they went to a comprehensive, grammar or secondary modern school, all studied the English baccalaureate. We did not necessarily pass all those exams, but that was pretty much considered the obvious set of exams that kids would take. The fact that that happened in the past does not make it perfect or right, but it does raise the question of why that has changed. As I say, we are not talking about a perfect measure. In fact, I would suggest that any single measure of performance of any particular age group will promote gaming behaviour. A particular issue with the English baccalaureate—I fully accept this—is that not every child is ever going to be in contention, as it were, for making that benchmark. There needs to be a balanced basket of measures. Alongside the English baccalaureate, I would hope that we might see a technical baccalaureate, and perhaps others, too.

Ministers are going down that exact track. We had the opportunity to talk to the Minister about that in the Education Committee the other day. There are more, rather than fewer, measures coming through, but that memo does not seem to have arrived in a lot of staff rooms, where the assumption seems to be that the English baccalaureate will be the sole or primary measure. In fact, in that basket of measures—this was alluded to earlier—the most important measure or measures should be things that track not a snapshot of achievement, but progress over time. That is what school is all about: developing the individual and helping them to fulfil their potential. If we lead on measures of progress, we get rid of any incentive there might be to select only those children who will be, as it were, easiest.

Contextual value added is not that measure. I have now sat on the Education Committee for a year; I am still waiting for the first teacher, head teacher, union leader, educational psychologist, education professional or anyone else to mention contextual value added as a measure of the achievement of any school, local authority or anything else. That has not happened, because it is an impenetrable measure—it is impossible to figure out what it means. When I have asked people to explain, I have quickly wished that I had not.

[Damian Hinds]

The Government are working on a specific measure or measures of the progress of children at the most challenging end of the scale. In our recent Select Committee report, "The role and performance of Ofsted", we recommended something in which I firmly believe: a metric system tracking the performance of all the different ability groups—by quintile, for example—and measuring the progress of those not only in the middle and bottom of the range, but in the gifted and talented category at the top. We recommended Ofsted as probably being in the best position to interpret the accompanying complex data and to convert them into the English language in a way that contextual value added struggles to do.

There is a real danger of drowning in a sea of measures—uncapped GCSE scores, five or more A* to C grades, five or more A* to C grades with mathematics, contextual value added, raw value added and the English baccalaureate—or, potentially, a technical baccalaureate, the new measure of progress among the most challenging and challenged students. Ultimately, we need one or two lead measures to hold schools to account so that parents know what the key things to look at are.

I am keen to hear the Minister's comments, but I suggest that the five or more A* to C grades is not that measure for a couple of reasons: first, because of its tendency to focus on the average and on that borderline between C and D grades; and, secondly, because it is a cliff-edge binary measure, which therefore does not take into account enough of the richness going on in that cohort.

I suggest that the best lead way in which to measure school performance is a combination of some sort of average point score measure—perhaps the average point score towards the English baccalaureate subjects, or something else—and a progress measure, whether a simplified version of value added or something more like the progress by quintile that I was outlining.

I still managed to speak for more than the five or six minutes that I thought I was going to, for which I apologise profusely.

4.42 pm

Mr Dominic Raab (Esher and Walton) (Con): I join other Members in congratulating my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this timely and important debate. I listened with great interest to a variety of different speeches.

The simple but uncomfortable truth is that, under the previous Government, the British education system let our children down, systematically and consistently. My hon. Friend referred to the UK tumbling down the PISA ranking. We have heard a lot about the related methodological issues, but that is only one of a series of powerful indicators revealing the extent of falling—or at least stagnant—standards, despite the huge amount of money that has gone in. Interestingly, the OECD explicitly criticised the persistent grade inflation at A-level, which has disguised poor outcomes and undermined students' achievements.

Leading universities have had to offer classes in essay writing to undergraduates who lacked the ability to structure an argument properly—not only the mid-ranking universities, but Bristol, Newcastle and the London School of Economics. I heard directly from the former head of Imperial college, Sir Richard Sykes, about the problems with science and constantly having to spend six months redoing the A-level syllabus, because the standards are not what they were a decade or so ago.

This week the CBI revealed that almost half of employers have to invest in numeracy or literacy training for school and college leavers. That situation would be unacceptable at any time, but it is untenable at the beginning of a century in which Britain needs to be delivering a first-class education for young people, so that they and Britain itself can compete in an increasingly competitive and globalised economy.

I welcome the measures initiated by the Minister and the Government to reverse the trend—in particular the plans to raise the professional status and standards of teachers and the respect that we as a society offer teachers. Some of the measures were set out in the schools White Paper. It is right that we expect a lot from teachers, but it is also essential that they get the best training and that they are better protected from violence in the classroom and from spurious and malicious allegations that we know from the polling is deterring graduates from going into the profession.

One of the Government's most important schools policies is the academies programme. I commend the Minister on the Government's record to date: the number of academies has more than doubled in the past year, and more and more schools are embracing the opportunity to acquire greater freedom and to innovate. In my constituency, I am delighted that Rydens school in Walton is currently applying for academy status—a great school, led by a dynamic head teacher, with really committed governors. I wish it every success.

Contrary to claims in attacks by the teaching unions, academies are raising standards. The Harris Federation achieved a 10% increase in pupils getting five good GCSEs in schools last year, while ARK academies saw a 12% improvement. That is a strong base on which the Government can build. We are only a year in, however, and challenges remain, one in England certainly being the pressure on school places—in my constituency, I have seen it cause concern to many parents in Elmbridge. I would like to know a bit more about what the Government will do to address such pressures on school places and parental choices, in addition to the academies and free schools programme.

At a time of financial pressure, funding is difficult and contentious, and the allocation of existing funding becomes even more important. The whole issue of the funding formula—its transparency and objectivity—is of acute concern to parents in my constituency. It is probably the No. 1 issue raised with me at open town hall meetings; I have held six recently. The issue comes up time and again. We know that the funding formula will be addressed in the context of the NHS and local authorities, but I am interested to hear more about the process in relation to the schools budget.

What further consideration is being given to the role of profit-based schools in providing extra capacity? I appreciate that talking about this is regarded as almost taboo, but a recent study by the Adam Smith Institute revealed how well placed such schools are to boost the number of free schools, which are a flagship Government policy.

Proprietorial schools deliver excellent academic outcomes—we all know that—but an impressive one third of them do so while charging less per pupil than is spent in the state sector, exposing one of the great fallacies at the heart of the previous Government's approach, which is that outcomes are dependent simply on resources. The proprietorial schools also erode the dogmatic argument against any consideration of the idea of vouchers—namely that they allow middle class students to opt into the upper tier of a two-tier system. That accusation cannot be levelled against schools that cost less but deliver more.

Apart from the whole issue of structures, we also need to think long and hard about what we want our school leavers to do and about what they want to do; others have referred to that issue today. The previous Government's target of 50% of young people going to university was an arbitrary and clunky piece of social engineering, resulting in more degree courses, quite a few of dubious value to the students taking them. Furthermore, quotas miss the point. I suspect that there will be broad agreement, but standards must be improved in our state schools and not dumbed down in our universities.

Does the Minister agree that we also need a cultural shift in this country? We heard one of the leading lights at McDonald's talk about that earlier in the week. We must certainly do something to reverse the snobbery that insists that people must go to university to be a success in life. That certainly did not apply to my parents, who were both successful without going to university.

Mr Sam Gyimah (East Surrey) (Con): I take my hon. Friend's point about how 20 or 30 years ago not everyone needed to go to university to become a success in life. However, will he acknowledge that, for most jobs nowadays, the requirement is a 2:1 degree, even to get an application through the main gate? Unless employers agree to accept people without degrees, we have a real problem to deal with.

Mr Raab: My hon. Friend makes a perfectly valid point. That is why the question is not just about what the Government do, but about a much broader cultural shift. In my own profession, the legal profession, we can spend six or seven years training, but once qualified we do very little of what we were trained to do.

It seems to me that some of the high street practices could get young, aspirational, talented youngsters into the profession without the huge cost of going through the red brick university parade and on to postgraduate qualifications. There should be a way to open up the professions. They have been some of the worst culprits, and that is true not just of the legal professions. That is precisely why I welcome the Government's commitment to increase the number of apprenticeships. When considering the UK's skills needs, two thirds of employers believe that apprenticeships should be the priority for Government funding. From what I have heard in the House and more broadly over the past few months, I suspect that that is an area of emerging consensus among the main parties.

I am acutely conscious of time. I shall close by saying that I am optimistic that the Government's policies will reverse the decline and stagnation in the standards of teaching and education in our country. The recipe for success is not complicated and bureaucratic. We must trust teachers and parents more, demand academic rigour, and free up schools to innovate. I wish the Minister the best of luck in those endeavours, and I again congratulate my hon. Friend the Member for South West Norfolk on securing this important debate.

4.51 pm

Tessa Munt (Wells) (LD): I want to touch on some of the points that may help. I know that the Minister is already familiar with much of what I will say, but I will make my points none the less.

I have a particular passion for ensuring that children have a smooth progression and that we get the best out of them, and it will be no surprise to hear me mention middle schools. I am a big fan of middle schools because they provide an opportunity, particularly in rural areas where we have very small schools, for children to move from being a big fish in a small pool to being a medium fish in a medium pool. In view of the vast number of students in upper and secondary schools, we should think about how children fare when they move at the age of 11 from a school of perhaps 100 or 150 pupils to one of 300 or 350 in a year. We should consider what happens to their performance at age 11.

My second point is about teacher training. I hope that the colleges have been listening, and are aware of the evidence. So often, we have heard from teachers, the unions and others that little time is spent during teacher training on learning about behaviour and how to cope with it. I am sure that we could do something to help newly qualified teachers, because it can be traumatic for some of them when they are faced with situations that they are unable to cope with.

I mentioned during an intervention the Australian long-leave system, and I cannot emphasise enough what a good thing that is, because it provides teachers with a career break with the security of knowing that they can return to teaching. It allows them to broaden their experience by going into business or another area, or perhaps by following a personal interest for six months or a year. That must mean that they come back with a fresh look and a fresh start, ready to take on the next 10 years. It also provides the opportunity for teachers to try all levels of management. Comments have been made about whether some people are well suited to being heads. If they have a test run for six months, they may find that it is not their bag and may choose to take a different route.

It might be helpful if we made it possible—and perhaps even recommended—that newly qualified teachers should spend a period in a special school so that they become familiar with the difficulties of communication and of social and life skills that face young people who go into the special school system. That would be helpful, because it would allow people to build knowledge and have strategies to identify early and support children who may be in the mainstream system, but need a little extra help.

When Martin Narey was chief executive officer of Barnardo's, he made it clear that people who naturally surround young children—nursery teachers, health visitors and so on—can spot difficulties coming when children are two and three. If we ensure that all teachers can spot

[Tessa Munt]

difficulties as they occur, we may be able to interrupt what need not necessarily be an inevitable downward process. We should concentrate on that, and ensure that people have the opportunity to gain the skills that they may need.

They may not always be right, but there are stats for dyslexia, for example, suggesting that we may not always be able to identify children, particularly boys, who develop dyslexia at the ages of seven and eight—rather than six, when the Government are considering doing a screening test for reading and understanding skills. Ensuring that teachers have that extra ability and experience will help them.

I have spoken at length elsewhere about the fact that I am completely enthused about measuring students' performance and progress, instead of spending the whole time looking at achievement and league tables. We have seen what happens, and it has been explained this afternoon. I have shown the Minister a 16-year-old boy's report. It clearly shows the effort that he put in was generally marked as A in all subjects, with one or two exceptions, and attainment was generally marked at A, with one or two exceptions. However, the target grades were C, C, C, C. It is ludicrous to give such a report to any child because it will smash any chance of personal aspiration and desire to achieve. It is barmy for someone who is trotting along with As in a subject to be told to aim for Cs.

I have visited many different schools, and have spoken at length about the fact that primary school teachers are completely tuned into measuring progress. They may not do so formally, but they are used to the idea. They know every child in the class, their rate of progress, where the blocks are and where there may be problems. We must develop a system so that we do exactly the same in middle schools, senior schools, upper schools and so on. That will deal with those quintiles, and children who are achieving will be pushed a bit further so that we get to the point where every local school is a good school and measures the performance of all students.

Again, I have discussed this with the Minister, but I want to place on the record my dismay—this may be another aspect of what I have just said—at the examination system and the obsession with resitting and multiple attempts. We must stop that. We need a balance. I do not mean that no one should resit an exam, but there should not be automatic resits. A 16-year-old lad who had 102 questions right out of 106 in his GCSE maths was automatically put in for a resit. That just says, "Sorry, you're not good enough", but four marks off perfect is not so bad, is it? We should concentrate on extending such a child into a different sort of exam at the next level up, or whatever—it does not matter. But resitting the same exam is a disincentive.

I have two minutes left, and I apologise for taking up all this time, but I want to consider the impact—for me, it is a positive impact—of "Jamie's Dream School" on the debate. When I visit my local pubs, schools and so on, people talk about education in a different way having seen the programme. Opportunity, inspirational teaching and genuine care clearly change outcomes. The other factor that is absolutely clear is that parents' involvement is needed—they had to sign up to allow their young people to be involved in Jamie's dream school—and that is the one parallel that I would draw with the independent sector, where parents' involvement is absolute because they write the cheques.

4.59 pm

Kevin Brennan (Cardiff West) (Lab): I, too, congratulate the hon. Member for South West Norfolk (Elizabeth Truss) on securing this important debate. We have heard contributions from 11 Back-Bench Members, and it has been a useful opportunity for an extended discussion. The hon. Lady commenced the debate with a thoughtful and serious speech, and as the parent of a 17-year-old girl who is currently studying for AS-levels, I have a lot of sympathy with some of her comments about examinations. When I return home tonight, hopefully I will help my daughter to prepare for her English AS-level next Tuesday.

We also heard from the hon. Member for Suffolk Coastal (Dr Coffey), who is no longer in her place as I think she is contributing in the main Chamber. She took us on a fascinating personal journey around her education, although I felt slightly upset when she did not mention economics as one of the core subjects that should be studied by everyone. We also heard a thoughtful and interesting speech by the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe). Later I shall study it again as it will be worth reading on the page.

My hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) pointed out—quite rightly as a former Schools Minister—the consequences of some of the policies that he set in train nearly 10 years ago, including the improvement in the numbers of those achieving five GCSEs, including English and maths, at grades A to C. He reminded us that that number rose from 32% in 1997 to 55% by 2010, and was even higher in his area of Liverpool. Despite the carping about that achievement, there is no evidence to suggest that a significant dumbing down of GCSEs took place during that period. Instead, it is evidence of real improvement in schools and of attainment by our young people.

The hon. Member for Cities of London and Westminster (Mr Field) made a thoughtful contribution, and the hon. Member for Stourbridge (Margot James), who to the relief of us all pointed out that she is not an Oxford graduate, went on to make important points about looked-after children and children who are referred to pupil referral units. I am sure that the House can work together on such issues. I did not agree with her remark about competitive school sport and perhaps she might like to walk to another place at the other end of the building and talk to Baroness Sue Campbell about the improvements that have been made in competitive sport over the past 10 years. As a former Minister responsible for school sport, I recommend that conversation. The Baroness is a Cross Bencher and will not be parti pris.

The hon. Member for Portsmouth North (Penny Mordaunt) made an important contribution and provided the best pun of the debate when she told us that GCSE boxing was a great hook to get people on to studying other things. We heard contributions from the hon. Members for Central Devon (Mel Stride), for Esher and Walton (Mr Raab) and for Wells (Tessa Munt). The hon. Member for East Hampshire (Damian Hinds) sounded as if he were supporting something akin to the

report card proposed by the previous Government. Perhaps he should discuss his ideas with the Minister; I thought they were interesting and had some promise as a way of finding a more valid way to measure progress. He spoke a lot about the E-bac, which slightly contradicted what he said at the end of his speech. Perhaps I can ask all Government Members to raise their hands if they passed the E-bac.

Mr Gibb *indicated assent.*

Damian Hinds *indicated assent.*

Kevin Brennan: Just the Minister and the hon. Member for East Hampshire. *[Interruption.]* I see there are a few other late developers. Since I asked that question, it is only fair to say that I did not pass the first time round, and I admit to the hon. Member for Wells that I had to do the dreaded resit. We should be careful about banning resits; the Secretary of State would not be able to drive had he not been able to resit his driving test on several occasions. The hon. Lady should be careful what she recommends.

Let us move to the substance of my remarks. The context for this debate was reflected in the e-mail sent out by the hon. Member for South West Norfolk, and concerns the way that the Secretary of State has used data from international surveys as the evidence base for his reforms. We have debated some of those reforms elsewhere—the Minister and I were recently on a Public Bill Committee and I know he is sick of the sight of me.

Part of the context for this interesting debate was provided by the Secretary of State in the White Paper and concerns international evidence. Quite frankly, I thought that all hon. Members present today made a better effort than the Secretary of State to put that evidence into some sort of context, which is why it has been a better debate. When the Secretary of State speaks about our educational performance in international comparisons, he quotes only from the PISA survey. He did not turn up for the Education Bill's Third Reading, but on Second Reading he stated:

"We moved from fourth to 14th in the world rankings for science, seventh to 17th in literacy and eighth to 24th in mathematics by 2007."—[*Official Report*, 8 February 2011; Vol. 523, c. 167.]

It is, however, misleading to quote out of context the UK's raw rankings in figures from the PISA survey between 2000 and 2009 because, as other hon. Members have pointed out, the number of countries that take part in the PISA survey dramatically increased over that period. I am sure that if a survey took place in Norfolk, the hon. Member for South West Norfolk would be found to be the best MP in Norfolk—there is probably no question about that and since there are no Labour MPs in that area, I can say it with safety. If that survey were extended to the whole of the UK, and for the sake of argument, the hon. Lady finished in 11th place—this is purely hypothetical; I am sure she would still finish first—that would not mean that she had become a worse MP, but simply that there was more evidence and more MPs included in the survey. That is exactly what happened with the PISA survey—over time, there has been a huge expansion in the number of countries that participate. Furthermore, the OECD has stated that it is not statistically valid to make the comparisons over time on which the Secretary of State has relied, because there was no statistically valid sample from this country in the first place.

There is no consensus among statisticians and educationalists that the PISA survey can be relied on, let alone treated as a sort of religious text in the way it is by the Secretary of State—I must be careful because the hon. Member for South West Norfolk is an expert in this area. The Secretary of State likes to say that Andreas Schleicher, who compiles the PISA tables, is the most important man in our education system, but if he wants to base his policy on evidence he should consider all opinions, not just that of one person.

The PISA statistics will be examined in the months and years ahead, but I warn the Secretary of State not to rely too heavily on them. A Danish academic, Professor Svend Kreiner, is preparing a paper that will soon be published. He says that the PISA survey does not compare like with like across all countries, and is not therefore an objective performance benchmark. In this country, Professor Stephen Heppell has long contested the accuracy and usefulness of the PISA results, and his website cites research into PISA's methodology. Professor Alan Smithers doubts its ability to compare like with like. S. J. Prais of the National Institute of Economic and Social Research in London has previously used the example of England's results to demonstrate serious flaws in the response rates and sampling of Pisa, which necessarily lead to biased results.

Gjert Langfeldt of Agder university questions the validity and reliability claims made by PISA, pointing to

"constructional constraints, methodological mishaps and the cultural bias embedded in the PISA design".

Svein Sjøberg at the university of Oslo analysed PISA items and found that some involved confusing and erroneous material. For example, he observed that the title of an article about cloning, "A Copying Machine for Living Beings", was translated literally word for word into Norwegian, rendering the title totally incomprehensible. The questions are supposed to be culturally neutral.

I could go on, but the point that I am making is that it is not accepted universally or even in a widespread way among academics and educationists that PISA can be relied on solely to provide the evidence required. I would forgive the Secretary of State on this if it was the only evidence available to him, but he did not mention in the Second Reading speech that I referred to, which he did turn up for, that other pieces of evidence were available. The hon. Member for South West Norfolk did, but the Secretary of State did not. We might have presumed from what he said that PISA was the only evidence available, but as has been mentioned in the course of this debate and as the hon. Lady mentioned in her remarks, because she is a very honourable lady, there is the trends in international mathematics and science study—TIMSS. She rather played TIMSS down. I will not at this point, having just tried to trash some of the PISA methodology, say that the TIMSS methodology is perfect. All I am saying is that it should be cited at the same time by the Secretary of State when he is making policy that is supposed to be based on evidence.

TIMSS showed that between 1995 and the last tests in 2007, England's primary school maths performance improved by a greater margin than any of the other

[Kevin Brennan]

15 nations that had pupils taking tests in those years, including Singapore, Japan, the Netherlands, the United States, Australia, New Zealand and Norway. Our score went from below the international average in 1995 to comfortably above it in 2007. Our ranking improved from 12th out of 16 countries in 1995 to seventh out of 36 in 2007. It was an expanded table in which we had gone up. An example of that kind of performance would be the hon. Member for South West Norfolk going from 10th in Norfolk to 1st in East Anglia.

Dr Coffey: No chance.

Kevin Brennan: "No chance" says the hon. Member for Suffolk Coastal from a sedentary position. I did not notice her sneak back into the Chamber; I would not have said that if I had.

The most recent round of TIMSS brought even more good news relating to other tests. In secondary maths, England was the joint third most improved of 20 countries during the period 1995 to 2007, rising from 11th out of 20 to seventh out of 49 in the table. In science, the country was seventh most improved out of 16 at primary level, with its ranking moving from sixth out of 20 countries in 1995 to seventh out of 36 in 2007. It was the fifth most improved out of 19 at secondary level, its ranking improving from seventh to fifth between those two years, even though the number of countries taking part had increased from 19 to 49. I could go on—I am going on until 5.15 pm if the Minister wants to know. However, there is no mention of the alternative picture reflected by TIMSS in any of the things that the Secretary of State says.

We have had an extremely interesting and serious debate this afternoon about what we need to do to improve the education of our children, to improve our schools and to improve our economic performance. We should be doing that in the spirit of thinking about what the real evidence is, examining the statistics and accepting that we should all be striving for continual improvement.

Taking only one part of the picture, subjecting it to the extreme hyperbole of the Secretary of State, with his rather dramatic style, and making that the only basis for policy-making is a serious mistake and undermines our shared wish to improve educational performance in our country, to improve opportunity for young people and to improve our economic performance. I therefore make a plea for a higher plane of debate than we have had from the Secretary of State—one that involves less flummery and exaggeration and that is more evidence-based. If that were the case, we could seriously have the kind of education debate that we need and that we want in order to improve our economic performance and to improve education in this country.

5.15 pm

The Minister of State, Department for Education (Mr Nick Gibb): I, too, congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this very important debate, which has seen excellent contributions and consensus on the need to improve our education performance. Her excellent opening speech reiterated many of the points made in her CentreForum report published earlier in the year entitled "Academic rigour and social mobility: how low income students are being kept out of top jobs". Both her speech today and that policy paper are worthy of much wider circulation, and I hope that they will receive that, because she has made very important points.

I could not agree more with my hon. Friend's analysis and, in particular, with her forensic dissection of the UK's educational performance in recent years: her insightful thesis, if I may describe it thus, that equivalence of qualifications has failed the poorest children; her conclusion that comprehensive reform of our education system is urgently required; and her suggestion that there is much more that we can learn from the best performing nations and regions of the world.

There have been excellent speeches from other hon. Members. It is heartening that a debate on education has been so dominated by my hon. Friends, almost all of whom are, as they say, fresh from the people, having been elected in 2010. My hon. Friend the Member for Suffolk Coastal (Dr Coffey) spoke of her own educational journey and emphasised the importance of the foundation subjects of English and maths and the service that the Russell group provided in publishing details of the facilitating subjects, which just happened to match, if I may say so, the subjects in the English baccalaureate. It is a real concern, as my hon. Friend the Member for East Hampshire (Damian Hinds) said, that only 4% of students on free school meals achieved the E-bac last year compared with 15.6% nationally. That figure itself—one in six—is lamentably low.

I wonder what the former Schools Minister, the hon. Member for Liverpool, West Derby (Stephen Twigg), would have thought when he looked at the five GCSEs or more figures and the increase over the years—it is up to more than 50% today. I wonder whether he thought that most of those achievements would not be in the English baccalaureate subjects. Did he envisage that only 15.6% would achieve a C or more in the English baccalaureate subjects, compared with the more than 50% achieving five or more GCSEs?

Stephen Twigg: The Minister raises a serious point. As I said in my speech, I am passionate about the particular subjects involved—history, geography and modern foreign languages—but I think that I would have recognised that some people would be achieving five A* to C grades at GCSE with one of the subjects being religious studies or perhaps music. My concern is that in a laudable attempt to celebrate the subjects that he has added, other subjects will be crowded out.

Mr Gibb: I am grateful for the hon. Gentleman's intervention, but of course there is plenty of room outside the English baccalaureate to study RE, music and art and, indeed, for some pupils to take a vocational subject. We have deliberately kept the English baccalaureate small to enable that to happen.

My hon. Friend the Member for South Basildon and East Thurrock (Stephen Metcalfe) spoke of consistent application of school rules and pointed to how dramatically a school can improve its academic performance once behaviour is sorted out. He is absolutely right. He called for more flexibility in the movement of heads going back to teaching. The Government certainly intend to allow more flexibility in terms and conditions for our

schools. The hon. Member for Liverpool, West Derby was right to pay tribute to Teach First, and I welcome his support for its expansion.

My hon. Friend the Member for Cities of London and Westminster (Mr Field) said that the paucity of aspiration was a key characteristic of poorly performing schools. He is absolutely right. We must grapple with that in all our schools, to ensure that we do not sell children short, particularly those from homes where there is not much aspiration; we need to replicate that aspiration in school. I am grateful to my hon. Friend for his support for synthetic phonics. I hope that young Master Field is already reading at the age of three and a half.

My hon. Friend the Member for Stourbridge (Margot James) is right to be concerned about the growing gap between the independent and state sectors. The OECD has commented on the fact that the gap in the UK is one of the widest among OECD countries. I assure her that we are committed to raising the standard of alternative provision, and to including the voluntary sector and other providers that have a proven record of helping children with challenging behavioural problems.

My hon. Friend the Member for Portsmouth North (Penny Mordaunt) said during her contribution that more widely based GCSEs, such as the pilot GCSE in boxing that she cited, can be valued without necessarily having to claim that they are the equivalent of academic GCSEs. That is an important point.

My hon. Friend the Member for Central Devon (Mel Stride) provided an important analysis of the PISA figures from 2000 to 2009. We are determined to address the long tail of underachievement, another factor that was found in many PISA surveys.

The hon. Member for Cardiff West (Kevin Brennan) quoted Andreas Schleicher. However, as politicians tend to do, he failed to give the full quotation. It is true that he said that there has been

"very little change over the last 10 years."

But he went on to say that we are an average performer and that

"improvement on the equality front from a social perspective somewhat declined; performance is average."

He meant that in a pejorative sense, not as something to be happy with.

My hon. Friend the Member for East Hampshire was right to point to the weakness of the figure for five or more A to C grades, and the inevitable focus on the border between grades C and D. We are considering the matter, but measures that look at the performance of the lowest quintile will help to address the problem. A column in the performance tables will show what schools have achieved for pupils qualifying for the pupil premium. Schools will not then be able to say, "Well, this is our intake and this is why we are performing poorly" if we consider GCSE results only of those children who qualify for the pupil premium.

My hon. Friend the Member for Esher and Walton (Mr Raab) asked about school places. We are doing a significant amount to tackle the problem. There has been an increase in the birth rate since 2001, which is now feeding through into an increase in primary school numbers, and there is £800 million of basic need capital funding to cover shortages. Capital funding is a priority, albeit that it rather short in the current circumstances.

The hon. Member for Wells (Tessa Munt) cited Australia. We are introducing a scholarship fund—an education endowment fund—of £125 million, to be administered by the Sutton Trust. Teachers will be able to bid for funds to allow them to undertake further study in their academic field, or to improve their teaching skills. That important initiative is on similar lines to the one that she mentioned.

I shall now address the debate more generally. The challenges that we face in the 21st century and the opportunities that we now enjoy are more global in scope than ever before, as many hon. Members have pointed out. The days are long gone when we could afford to educate a minority of our children well, while hoping that the rest would be okay. As we heard, China and India are already turning out more engineers, computer scientists and university graduates than the whole of Europe and America combined.

The success of other nations in educating more of their young people to a higher level is part of their resolute determination to secure their future prosperity. It is no longer good enough to say that we as a nation are doing better than we did in the past. What matters now is not so much how we are doing compared to the past, but how we are doing compared to the rest and, in particular, how we are doing compared to the best of the rest.

We need to ask ourselves how our 16-year-olds are doing when compared with those in the US, Singapore, China and Scandinavia. Sadly, the answer is that we are not doing anywhere near well enough. Across the globe, other nations are outpacing us, accelerating reforms, creating more innovation and pulling ahead in international comparisons.

As has been pointed out, in recent years the UK has slipped down the international league tables. Indeed, when the PISA tables were first published, to the disbelief of the German education establishment they demonstrated that its education system was nowhere near being the global leader it had always thought. In Germany, it became known as "PISA-shock". Most important, it stimulated a furious debate about how Germany could catch up, and that is the approach that we should be taking. We should not be saying, "Now that the figures are low, this academic or that will not believe them." That was not being said in the years after 2000 by Labour Ministers or civil servants when the figures showed us being fourth, seventh and eighth in science, literacy and maths.

Similarly, when the United States was confronted with evidence showing that that 15-year-olds in the far east were comfortably outperforming their pupils in maths and science, it was described as a "Sputnik moment". Most important, it again prompted radical reform of science education in the US. The good news is that the coalition Government are determined to ensure that the latest PISA study leads to similar action here. We are doing so by using examples of what works in the best-performing education nations.

As well as the OECD's findings, another invaluable contribution was made by Sir Michael Barber and McKinsey. The seminal 2007 report, "How the world's best performing school systems come out on top", provided a blueprint for all nations serious about reforming their education systems of what they needed to do to catch up. The 2010 report, "How the world's most

[Mr Gibb]

improved school systems keep getting better", provided further invaluable insights for all nations aspiring to improve their education system.

Stella Creasy: I am pleased to hear the Minister talking about science being an important subject and something on which the Government wish to measure progress. Will the Minister update us on what assessment his Department has made of the implications of the lack of science labs many schools will suffer as a result of cancelling the Building Schools for the Future fund projects and the lack of investment in science, particularly in areas such as mine?

Mr Gibb: We are concerned about science, of course, and we are concerned about science labs, but the state of our science laboratories came about over the 13 years of Labour Government. Of course there are problems, but we cannot debate now the Building Schools for the Future programme and the capital and funding problems that are the consequence of economic mismanagement over the past 13 years, which we are trying to tackle.

In the remaining minute, I wish to make a final point. If we dismiss what the OECD and McKinsey tell us, and fly in the face of the evidence of what works, we will not genuinely tackle the problems. Our recently published schools White Paper was deliberately designed to bring together policies that have worked in other high-performing nations.

I would have liked to talk about the academies movement. We have increased the number of academies from 203 to 658, and we have 1,000 applications to convert to academy status. Evidence of what works around the world shows that only by extending greater autonomy to schools, trusting professionals to get on with their jobs, providing stronger accountability to local communities and raising teacher quality can nations become among the best performing in the world. That is our objective.

5.28 pm

Elizabeth Truss: We have had a most interesting debate. I thank everyone who has contributed, particularly my hon. Friends the Members for Portsmouth North (Penny Mordaunt), for Suffolk Coastal (Dr Coffey) and for Wells (Tessa Munt), who pitched with me to the Backbench Business Committee to secure the debate. I hope that we have future debates on this important subject, so that we can get to the bottom of what the issue is.

We have had a lot of disputes about what is in the table. My hon. Friend the Minister put it very well when he said that average is simply not good enough in today's world. We have seen some acknowledgement of that by the Opposition. I am an optimist, and I hope that the Opposition will be less defensive about their record, so that they can focus on the future and on how to raise standards. That is important for everyone. If Japan can get 95% of students from 16 to 18 studying maths, science, languages and humanities, so can we and we can compete internationally.

Question put and agreed to.

5.29 pm

Sitting adjourned.